

Town of Hebron, Connecticut

Comprehensive Annual Financial Report



**For the Year Ended
June 30, 2018**

Prepared by: Department of Finance
Elaine Griffin, Finance Director

TOWN OF HEBRON, CONNECTICUT
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INTRODUCTORY SECTION



Town of Hebron

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HEBRON, CONNECTICUT 06248
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FINANCE DIRECTOR

SUE HUSHIN
FINANCIAL ADMINISTRATOR

TAMMY FILBIG
ACCOUNT CLERK

ANDREW J. TIERNEY
TOWN MANAGER

December 26, 2018

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, 2018.

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, 2018. 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 and has recently been ranked the sixth top Connecticut town with a description classification of “quaint”.

The net taxable grand list for October 1, 2016 was \$755,158,200, a decrease of 4.10% from the October 1, 2015 grand list amount of \$786,093,820. With the economy appearing to be on the incline, crumbling foundations and the influx at the State level with grant funding seemed to be the primary culprits in the grand list reductions. However, building permits continue to remain fairly steady in application requests. Hebron's unemployment rate fell slightly to 3.5% at June 30, 2018. This is indicative of a continued fluctuating local re-employment process and economy. Hebron still ranked better than the Federal rate of 4.4% and the State rate of 5.1% at June 30, 2018.

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, Giuliano 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.
- Construction of Colebrook Village, an Assisted Living Facility and the first in this area was completed during this past fiscal year.
- Completion of the financing for the installation of 8 miles of Connecticut Natural Gas pipeline also occurred during this fiscal year and involved many Managerial hours to bring to fruition.
- Receipt of several large STEAP and DOT Grants for reconstruction of the Marjorie Circle Bridge and RHAM Campus Improvements through the combined efforts of management and Elected Officials.

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. Budget to actual comparisons are provided in this report for the General Fund, the only fund for which an appropriated annual budget has been adopted. This comparison is presented on pages 54 through 58 of the Required Supplementary Information. 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.

2017/2018 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. Fiscal year 2017/2018 was especially cumbersome with the continuing influx at the State level and anticipated annual grant receipt such as the Educational Cost Sharing Grant which is the largest offsetting Grant revenue to the Municipal Tax Base. The Town evaluated the impact of the possible reduction in revenues at the State level and during the budget development for 2017-2018 utilized the most accurate numbers available.

2017/2018 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2017/2018 fiscal year. The combined overall Town, Debt, Capital, RHAM Assessment and Education budget increased by \$562,289 or 1.55% largely due to the RHAM Operating Budget increase. 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. Major funding was returned to the Capital Improvement Plan Fund through the referendum process of an additional \$404,000 in this fiscal year. 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, 2017. 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 fourteenth 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,

A handwritten signature in black ink, appearing to read "Elaine M. Griffin". The signature is fluid and cursive, with the first name "Elaine" being the most prominent.

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, 2017

Christopher P. Morill

Executive Director/CEO

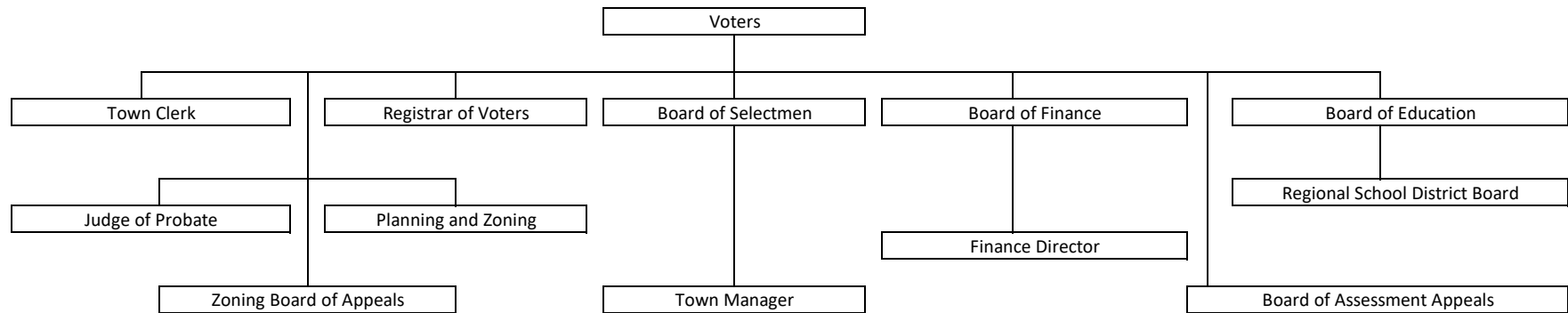
TOWN OF HEBRON, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

JUNE 30, 2018

Chairman of the Board of Selectman	Daniel Larson
Chairman of the Board of Finance	David Veschi
Town Manager	Andrew J. Tierney
Assessor	Debra Gernhardt
Building Inspector	Randy Blais
Resident Trooper	Daniel Greenwood
Town Clerk	Carla Pomprowicz
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	Randy Blais

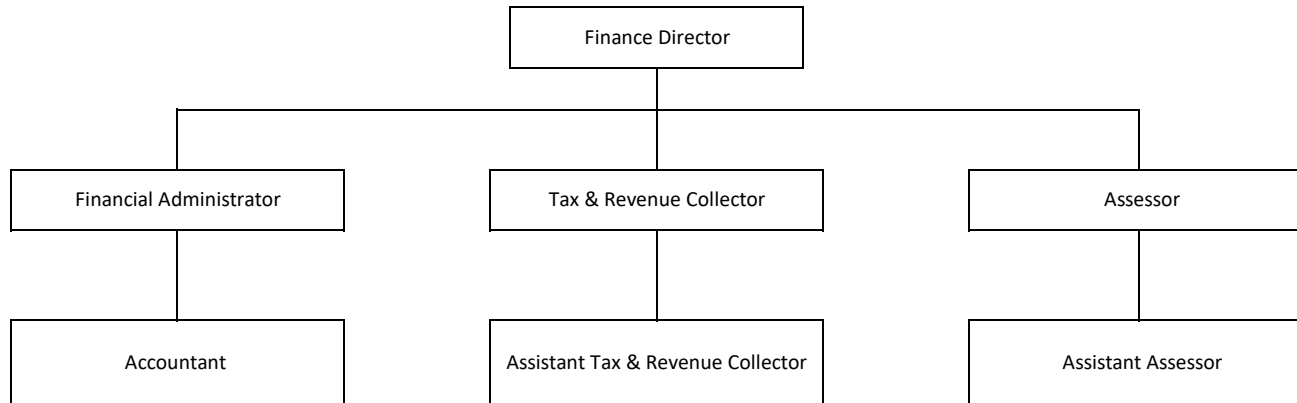
TOWN OF HEBRON, CONNECTICUT
 ORGANIZATIONAL CHART AND TOWN AGENCIES
 JUNE 30, 2018



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, 2018



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, 2018, 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, 2018 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Town adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

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, the budgetary comparison information and the schedules on pension and other post-employment benefit plans on pages 54 through 64 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 65 through 80 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 81 through 98 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the Town'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.



Certified Public Accountants
Glastonbury, Connecticut
December 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vi of this report, as well as the Town's basic financial statements that follow this section.

HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$59,200,975 (net position). Of this amount, \$10,425,179 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 \$725,551 during the current fiscal year.
- The beginning net position of the Town was decreased by \$383,720 as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. This decrease represented the difference between the net other post-employment benefits obligation previously recognized in accordance with GASB Statement No. 45 and the total other post-employment liability recognized in accordance with GASB Statement No. 75.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$10,654,946, a decrease of \$916,137 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$6,758,878 or 18.9% 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 the fiscal year 2019 General Fund budgetary expenditure appropriations.
- The Town's total long-term bonded debt and capital lease obligations decreased by \$1,036,136 or 17.33% during the current fiscal year. This decrease represents scheduled principal repayments made during the current fiscal year.

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, liabilities, and deferred inflows of resources, 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)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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, public safety, public works, civic and human services, planning and land use, sewer fees, 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.

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.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds (Continued)

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 53 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 54 and 64 of this report. Combining and individual fund financial statements and schedules can be found on pages 65 through 80 of this report and statistical information can be found on pages 81 through 98 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

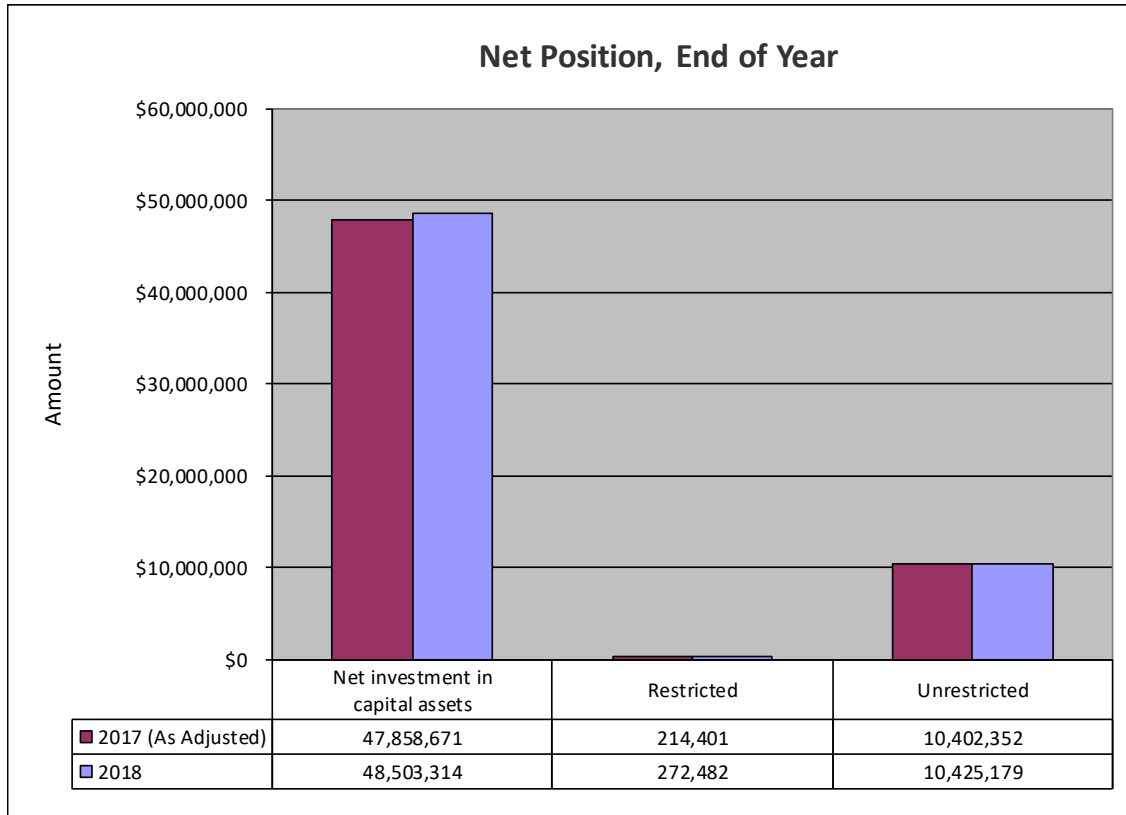
Over time, net position may serve as one measure of a government's financial position. Total net position of the Town totaled \$59,200,975 as of June 30, 2018 and \$58,475,424 as of June 30, 2017, as adjusted for the implementation of GASB Statement No. 75, and is summarized as follows:

	2018	2017 (As Adjusted)	\$ Variance	% Variance
Current and other assets	\$ 13,644,610	\$ 14,174,639	\$ (530,029)	-3.7%
Capital assets	53,408,193	52,706,566	701,627	1.3%
Total assets	67,052,803	66,881,205	171,598	0.3%
Deferred outflows of resources	37,796	51,102	(13,306)	-26.0%
Other liabilities	311,710	545,430	(233,720)	-42.9%
Long-term liabilities	7,504,714	7,911,453	(406,739)	-5.1%
Total liabilities	7,816,424	8,456,883	(640,459)	-7.6%
Deferred outflows of resources	73,200	-	73,200	100.0%
Net position:				
Net investment in capital assets	48,503,314	47,858,671	644,643	1.3%
Restricted	272,482	214,401	58,081	27.1%
Unrestricted	10,425,179	10,402,352	22,827	0.2%
Total net position	\$ 59,200,975	\$ 58,475,424	\$ 725,551	1.2%

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



As of June 30, 2018, approximately 81.93% 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 0.46% 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 \$725,551 in comparison with the prior year.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position

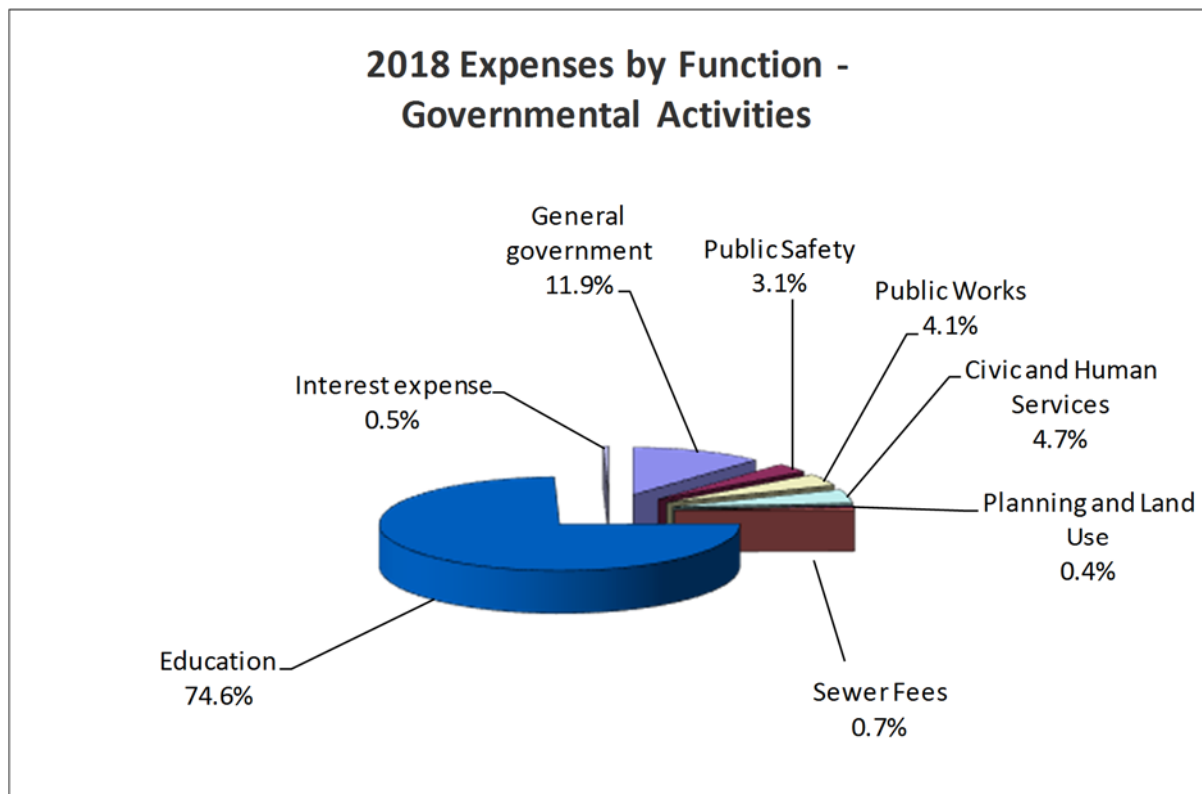
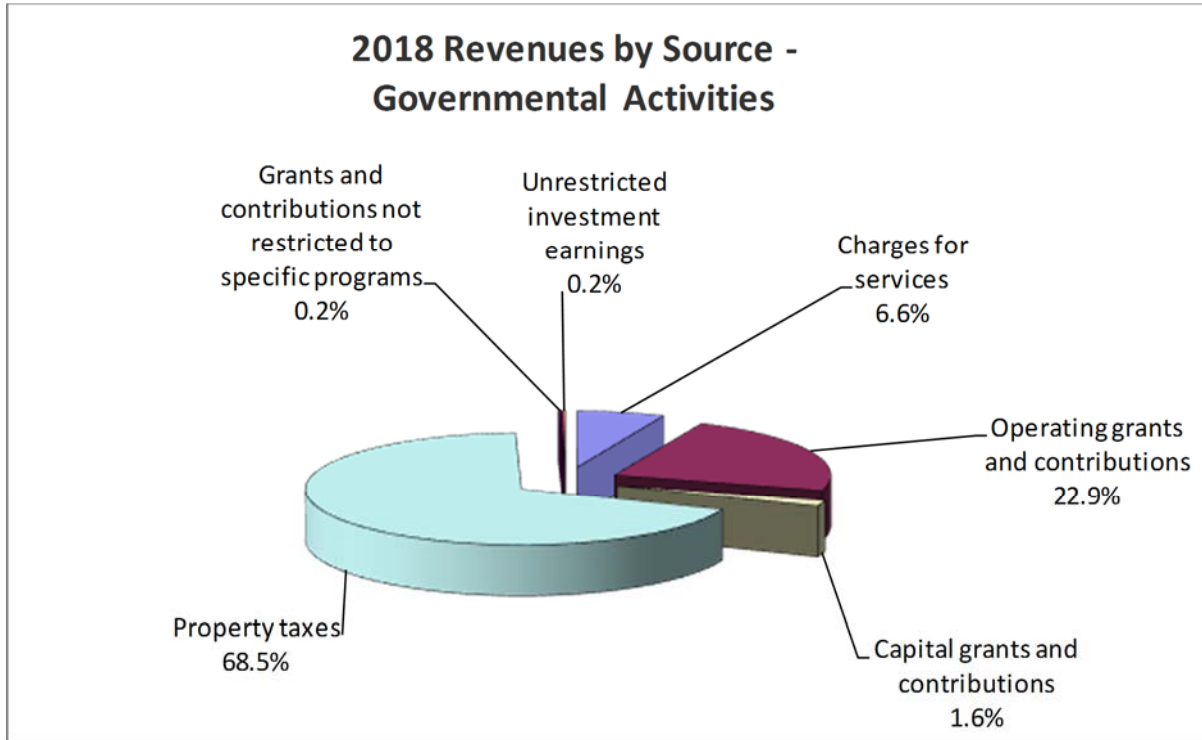
Changes in net position for the years ended June 30, 2018 and 2017 are as follows. Reclassifications have been made to the amounts reported for the year ended June 30, 2017 to conform with the current year presentation. The amounts reported for the year ended June 30, 2017 have not been adjusted for the implementation of GASB Statement No. 75, since the effects of the adjustments on the statements of changes in net position are not readily determinable.

	2018	2017	\$ Variance	% Variance
Revenues				
Program revenues:				
Charges for services	\$ 2,729,603	\$ 2,878,928	\$ (149,325)	-5.2%
Operating grants and contributions	9,506,291	9,732,741	(226,450)	-2.3%
Capital grants and contributions	670,384	643,547	26,837	4.2%
General revenues:				
Property taxes, levied for general purposes	28,447,338	28,500,682	(53,344)	-0.2%
Grants and contributions not restricted to specific programs	100,627	293,076	(192,449)	-65.7%
Unrestricted investment earnings	88,263	46,525	41,738	89.7%
Total revenues	<u>41,542,506</u>	<u>42,095,499</u>	<u>(552,993)</u>	-1.3%
Expenses				
General government	4,852,884	4,511,393	341,491	7.6%
Public safety	1,270,103	1,441,755	(171,652)	-11.9%
Public works	1,669,748	1,575,925	93,823	6.0%
Civic and human services	1,921,900	2,125,803	(203,903)	-9.6%
Planning and land use	147,348	143,330	4,018	2.8%
Sewer fees	289,147	337,576	(48,429)	-14.3%
Education	30,472,350	30,086,366	385,984	1.3%
Interest expense	193,475	210,015	(16,540)	-7.9%
Total expenses	<u>40,816,955</u>	<u>40,432,163</u>	<u>384,792</u>	1.0%
Change in net position	725,551	1,663,336	<u>\$ (937,785)</u>	-56.4%
Net position, beginning, as originally reported	<u>58,859,144</u>	<u>57,195,808</u>		
Cumulative effect of implementing new accounting standard	<u>(383,720)</u>	<u>-</u>		
Net position, beginning, as adjusted	<u>58,475,424</u>	<u>57,195,808</u>		
Net position, ending	<u>\$ 59,200,975</u>	<u>\$ 58,859,144</u>		

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*



TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Change in Net Position *(Continued)*

Governmental activities increased the Town's net position by \$725,551.

Revenues generated by the Town decreased by \$552,993 or 1.3% in comparison to the prior year. This decrease was due primarily to a decrease in operating grants and contributions of approximately \$447 thousand, a \$192 thousand decrease in grants and contributions not restricted to specific programs, and a decrease of approximately \$149 thousand in charges for services, offset by an increase in on-behalf contributions made by the State of Connecticut into the State Teachers' Retirement System of approximately \$221 thousand. The decrease in operating grants and contributions was primarily related to an anticipated decrease of \$1.5 million in operating grants received in connection with the State of Connecticut's Education Cost Sharing Assistance Grant. The decrease in charges for services is primarily attributable to a decrease in building fee collections from the prior year.

Expenses incurred increased by \$384,792 in comparison to the prior year. This increase is primarily a result of an increase of approximately \$342 thousand in general government expenses relating to the recognition of a contribution payable to a natural gas distribution company and an increase in Board of Education expenses. This increase was offset by a decrease in civic and human services related to a decrease in overall enrollment for recreation activities and a decrease in public safety expenses of approximately \$172 thousand. The increase in education expenses include the current year recognition of on-behalf contributions made by the State of Connecticut into the State Teachers' Retirement System of approximately \$221 thousand.

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 \$10,654,946.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,758,878, while total fund balance was \$7,459,192. 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 18.9% 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 the fiscal year 2019 General Fund budgetary expenditure appropriations.

The fund balance of the Town's General Fund decreased by \$283,569 during the current fiscal year, which was primarily due to significant transfers out to fund various capital projects and current year acquisitions of land offset by favorable budget variances as outlined below under the General Fund Budgetary Highlights section.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by \$737,755 during the current fiscal year. This decrease was primarily due to increased expenditures relating to a gas line extension and conversion project and replacement of self-contained breathing apparatus for the Town's Fire Department, offset by budgeted transfers in from the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original operating budget for the General Fund included no use of fund balance. An additional appropriation of \$404,133 was approved by the Board of Finance and Town Meeting during the year ended June 30, 2018. The appropriation was from unassigned fund balance to fund 2017-2018 capital projects. The actual net change in fund balance of the General Fund on a budgetary basis was a decrease of \$452,874 in the current fiscal year. Total budgetary revenues were \$1,073,138 less than expected due to overall reductions in State aid.

Expenditures were \$953,838 less than budgeted, of which approximately \$594 thousand related to favorable variance within education expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2018 and 2017 totaled \$53,408,193 and \$52,706,566, 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 increase in the Town's investment in capital assets for the current fiscal year was \$701,627 or 1.3%. This increase is attributed to capital asset additions of approximately \$2.7 million offset by depreciation expense of \$2,034,454. Major capital asset events during the current fiscal year included the following:

- Outlays for various ongoing construction projects totaling \$1,489,461; including expenditures relating to the replacement of Marjorie Circle Bridge and expenditures related to a gas line extension and conversion project;
- Acquisition of a 47.5 acre parcel of land located at the Fish Property on Gilead Street in the amount of \$175,000; and
- Outlays for various machinery and equipment purchases totaling \$809,432, primarily for the purchase of new self-contained breathing apparatus equipment for the Town's Fire Department and public works equipment;
- An increase of \$150,594 in buildings and improvements relating to the completion of various Town improvement projects.

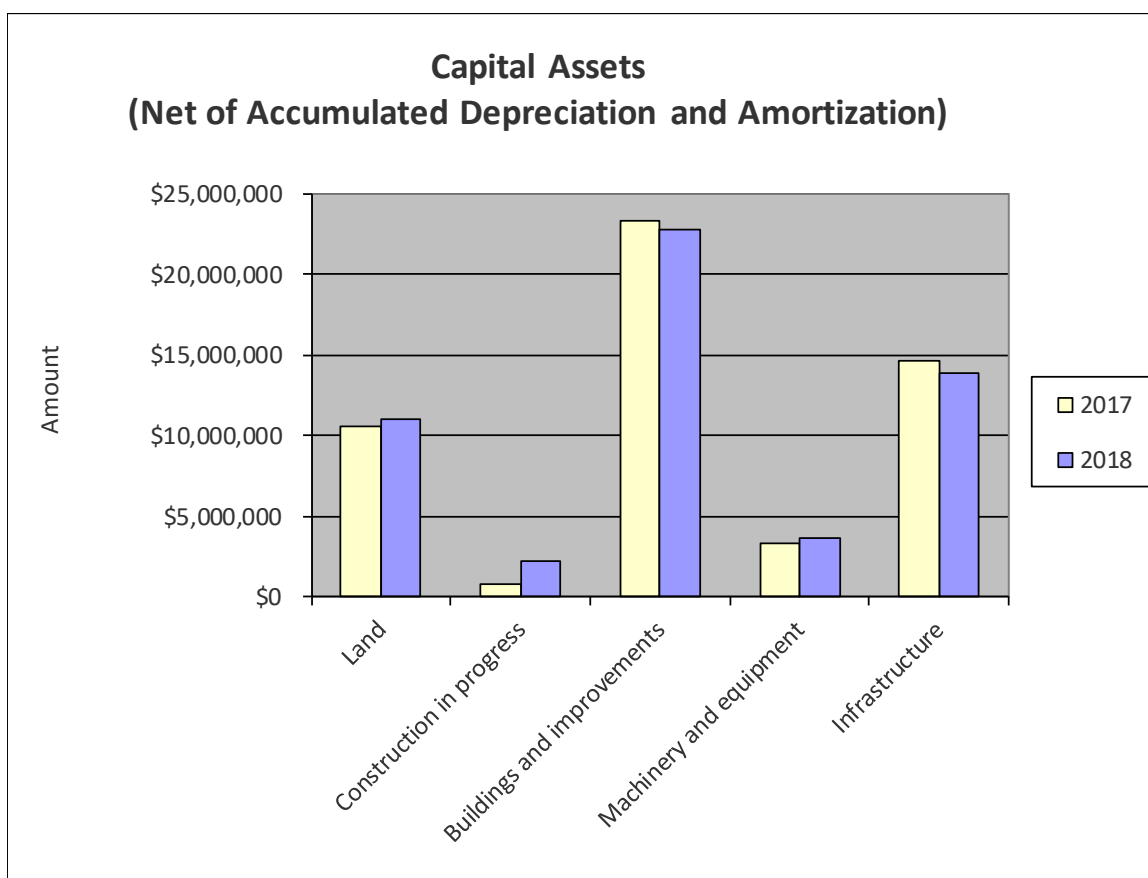
TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

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

	2018	2017
Land	\$ 10,966,512	\$ 10,527,058
Construction in progress	2,187,199	848,332
Buildings and improvement	22,737,668	23,342,964
Machinery and equipment	3,605,423	3,355,626
Infrastructure	13,911,391	14,632,586
Totals	<u>\$ 53,408,193</u>	<u>\$ 52,706,566</u>



Additional information on the Town's capital assets can be found in Note 4 on page 34 of this report.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

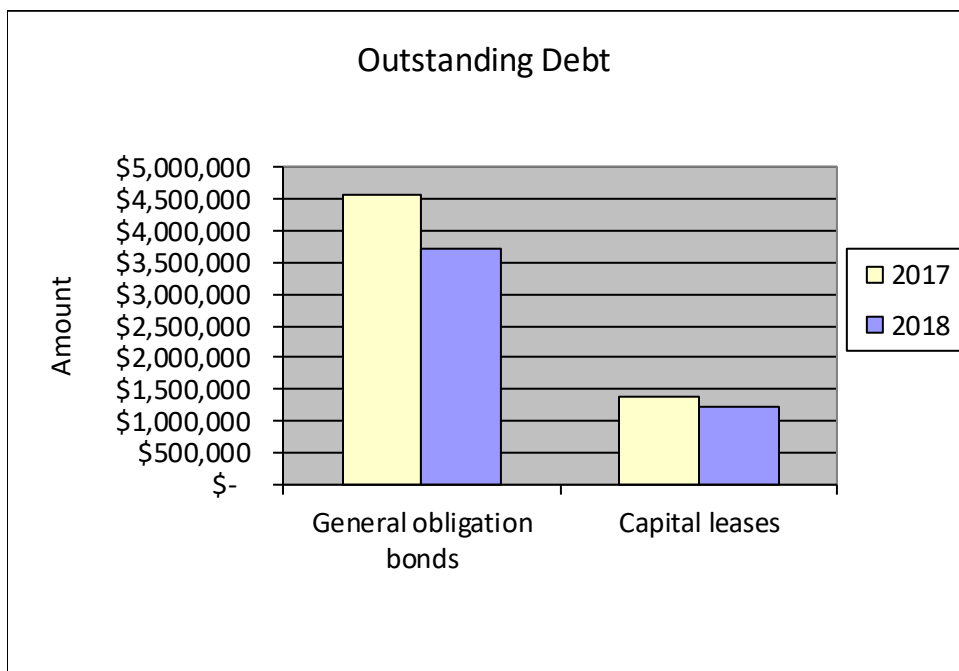
Long-term Debt

At the end of the current fiscal year, the Town had total long-term debt (consisting of bonds and capital lease obligations) outstanding of \$4,942,675. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$1,036,136 or 17.3% during the current fiscal year due to scheduled debt repayments. As of June 30, 2018, 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:

	2018	2017
General obligation bonds	\$ 3,726,000	\$ 4,586,000
Capital leases	1,216,675	1,392,811
Totals	<u>\$ 4,942,675</u>	<u>\$ 5,978,811</u>



Additional information on the Town's long-term debt can be found in Note 7 on page 36 of this report.

TOWN OF HEBRON, CONNECTICUT
MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

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 (October 2018) was 2.7%, which compares favorably to the state's unemployment rate of 3.8%.
- 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 2019, 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 2019. The Town's fiscal year 2019 General Fund budget was approved on May 8, 2018. The fiscal year 2019 budget contemplated General budgetary expenditures of \$35,799,365 and a Capital Improvement budget of \$781,171.

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, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 9,933,529
Investments	524,791
Receivables:	
Property taxes and interest, net	2,392,986
Sewer assessments and user fees, net	208,713
Grants and contracts receivable	192,317
Other	56,906
Inventories	22,716
Contracts receivable, long-term portion	179,400
Loans receivable, long-term portion	133,252
Capital assets:	
Non-depreciable	13,153,711
Depreciable, net	40,254,482
Total assets	<u>67,052,803</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding	<u>37,796</u>
LIABILITIES	
Accounts payable	57,008
Accrued interest payable	37,972
Unearned revenue	199,230
Other liabilities	17,500
Noncurrent liabilities:	
Due within one year	1,117,821
Due in more than one year	6,386,893
Total liabilities	<u>7,816,424</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charges on OPEB expense	<u>73,200</u>
NET POSITION	
Net investment in capital assets	48,503,314
Restricted for:	
Endowments:	
Expendable	6,157
Nonexpendable	5,945
Grant restrictions	200,153
Donor restrictions	60,227
Unrestricted	10,425,179
Total net position	<u>\$ 59,200,975</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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
General government	\$ 4,852,884	\$ 473,526	\$ 100,000	\$ 197,556	\$ (4,081,802)
Public safety	1,270,103	409,211	2,014	-	(858,878)
Public works	1,669,748	68,185	381,686	472,828	(747,049)
Civic and human services	1,921,900	682,382	96,933	-	(1,142,585)
Planning and land use	147,348	6,439	-	-	(140,909)
Sewer fees	289,147	742,426	-	-	453,279
Education	30,472,350	347,434	8,925,658	-	(21,199,258)
Interest expense	193,475	-	-	-	(193,475)
Total governmental activities	<u>\$ 40,816,955</u>	<u>\$ 2,729,603</u>	<u>\$ 9,506,291</u>	<u>\$ 670,384</u>	<u>(27,910,677)</u>
General revenues:					
Property taxes, levied for general purposes					28,447,338
Grants and contributions not restricted to specific programs					100,627
Unrestricted investment earnings					88,263
Total general revenues					<u>28,636,228</u>
		Change in net position			725,551
		Net position - beginning, as originally reported			58,859,144
		Cumulative effect of implementing new accounting standard (See Note 1)			<u>(383,720)</u>
		Net position - beginning, as adjusted			<u>58,475,424</u>
		Net position - ending			\$ 59,200,975

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

TOWN OF HEBRON, CONNECTICUT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,036,744	\$ 1,100,583	\$ 796,202	\$ 9,933,529
Investments	512,689	-	12,102	524,791
Receivables:				
Property taxes, net	1,803,289	-	-	1,803,289
Interest on property taxes, net	589,697	-	-	589,697
Intergovernmental	-	-	92,317	92,317
Loans	-	-	133,252	133,252
Sewer assessments, net	-	-	117,407	117,407
Sewer user charges, net	-	-	91,306	91,306
Other	11,837	-	45,069	56,906
Due from other funds	504,763	437,842	1,334,010	2,276,615
Inventories	-	-	22,716	22,716
Total assets	<u>\$ 11,459,019</u>	<u>\$ 1,538,425</u>	<u>\$ 2,644,381</u>	<u>\$ 15,641,825</u>
LIABILITIES				
Accounts payable	\$ 38,318	\$ 1,955	\$ 16,735	\$ 57,008
Due to other funds	1,710,322	504,763	61,530	2,276,615
Unearned revenue	-	85,286	113,944	199,230
Other liabilities	17,500	-	-	17,500
Total liabilities	<u>1,766,140</u>	<u>592,004</u>	<u>192,209</u>	<u>2,550,353</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes and interest	2,233,687	-	-	2,233,687
Unavailable revenue - sewer assessments	-	-	117,408	117,408
Unavailable revenue - sewer user charges	-	-	85,431	85,431
Total deferred inflows of resources	<u>2,233,687</u>	<u>-</u>	<u>202,839</u>	<u>2,436,526</u>
FUND BALANCES				
Nonspendable	-	-	28,661	28,661
Restricted	-	209,439	266,537	475,976
Committed	-	736,982	1,954,135	2,691,117
Assigned	700,314	-	-	700,314
Unassigned	6,758,878	-	-	6,758,878
Total fund balances	<u>7,459,192</u>	<u>946,421</u>	<u>2,249,333</u>	<u>10,654,946</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,459,019</u>	<u>\$ 1,538,425</u>	<u>\$ 2,644,381</u>	<u>\$ 15,641,825</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, 2018

Total fund balances for governmental funds	\$	10,654,946
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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	\$	10,966,512	
Construction in progress		2,187,199	
Buildings and improvements		41,262,594	
Machinery and equipment		11,597,073	
Infrastructure		35,751,325	
Less accumulated depreciation and amortization		(48,356,510)	
Total capital assets, net			53,408,193

Long-term contract receivable amounts from the Town's Regional School District is not susceptible to accrual and is therefore not reported in the funds.		279,400
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The following deferred outflows and inflows of resources are applicable to the Town's governmental activities, but do not effect the current period and, therefore, are not reported in the funds:

Deferred amount on refunding		37,796	
Deferred gains on OPEB expense		(73,200)	
Total deferred outflows (inflows) of resources, net			(35,404)

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.		2,436,526
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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		(37,972)	
Long-term debt:			
Bonds payable		(3,726,000)	
Contract payable		(650,400)	
Capital lease obligations		(1,216,675)	
Other long-term liabilities:			
Compensated absences		(536,106)	
OPEB liability		(1,375,533)	
Total long-term liabilities			(7,542,686)

Net position of governmental activities	\$	59,200,975
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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, 2018

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 28,169,495	\$ -	\$ -	\$ 28,169,495
Intergovernmental	7,846,979	171,997	1,048,491	9,067,467
Charges for services	801,549	-	1,765,207	2,566,756
Investment income	69,017	10,323	8,923	88,263
Other	186,091	60,066	30,318	276,475
Total revenues	<u>37,073,131</u>	<u>242,386</u>	<u>2,852,939</u>	<u>40,168,456</u>
EXPENDITURES				
Current:				
General government	3,029,899	-	53	3,029,952
Public safety	783,923	-	119,369	903,292
Public works	850,808	-	95	850,903
Civic and human services	658,652	-	669,772	1,328,424
Planning and land use	124,783	-	-	124,783
Sewer	9,800	-	279,347	289,147
Education	28,089,532	-	811,980	28,901,512
Insurance and benefits	1,379,971	-	-	1,379,971
Capital outlays	76,285	2,117,727	750,085	2,944,097
Debt service:				
Principal payments	1,072,143	82,942	-	1,155,085
Interest and fiscal charges	175,601	1,826	-	177,427
Total expenditures	<u>36,251,397</u>	<u>2,202,495</u>	<u>2,630,701</u>	<u>41,084,593</u>
Excess (deficiency) of revenues over expenditures	821,734	(1,960,109)	222,238	(916,137)
OTHER FINANCING SOURCES (USES)				
Transfers in	264,165	1,222,354	216,144	1,702,663
Transfers out	(1,369,468)	-	(333,195)	(1,702,663)
Total other financing sources (uses)	<u>(1,105,303)</u>	<u>1,222,354</u>	<u>(117,051)</u>	<u>-</u>
Net change in fund balances	(283,569)	(737,755)	105,187	(916,137)
Fund balances - beginning	<u>7,742,761</u>	<u>1,684,176</u>	<u>2,144,146</u>	<u>11,571,083</u>
Fund balances - ending	<u>\$ 7,459,192</u>	<u>\$ 946,421</u>	<u>\$ 2,249,333</u>	<u>\$ 10,654,946</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, 2018

Net change in fund balances - total governmental funds	\$	(916,137)
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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	\$	2,540,791	
Depreciation and amortization expense		(2,034,454)	
Net adjustment			506,337

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds.	(2,266)
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Donated capital assets are accounted for at their acquisition value at the date of donation in the statement of activities.	197,556
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Contract revenue from the Town's Regional School District is not susceptible to accrual and therefore, is only reported as revenue in the governmental funds when the cash is received. In the government-wide financial statements, the cash received reduces the contract receivable recognized.	(100,000)
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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:			
Contract payable	(379,400)		
Principal repayments:			
Bonds payable	860,000		
Contract payable	108,400		
Capital lease financing	176,136		
Net adjustment			765,136

(Continued)

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 *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2018

Deferred inflows of resources resulting from changes in the components of the net OPEB liability are amortized as a component of pension expense in the statement of activities.	\$ (73,200)
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	\$ 7,807
Deferred amount on refunding	(13,306)
Compensated absences	28,816
Total OPEB liability	<u>(7,813)</u>
	15,504
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 unavailable revenues.	<u>332,621</u>
Change in net position of governmental activities	<u><u>\$ 725,551</u></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, 2018

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 141,653
Investments - pooled separate accounts	4,191,364	-
Other assets	-	6,864
Total assets	<u>4,191,364</u>	<u>\$ 148,517</u>
LIABILITIES		
Due to student groups	-	\$ 27,815
Due to others	-	120,702
Total liabilities	<u>-</u>	<u>\$ 148,517</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 4,191,364</u>	

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

TOWN OF HEBRON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 239,392
Other revenue	5,154
	<u>244,546</u>
Investment earnings:	
Interest	28,327
Net change in the fair value of investments	264,192
Total investment earnings	<u>292,519</u>
Total additions	<u>537,065</u>
DEDUCTIONS	
Benefit payments	193,589
Administrative expenses	470
Other	3,964
Total deductions	<u>198,023</u>
Change in net position	339,042
Net position - beginning	<u>3,852,322</u>
Net position - ending	<u><u>\$ 4,191,364</u></u>

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

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - 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, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The adoption of these statements did not have a material effect on the Town's financial statements.

Effective July 1, 2017, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and expenses/expenditures for post-employment benefits other than pensions. This standard identified the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, this statement provided for certain required supplementary information and note disclosures about postemployment benefits other than pensions.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Implementation of Accounting Standards *(Continued)*

The Town has reported the following cumulative effect of applying GASB Statement No. 75 as an adjustment of beginning net position as of July 1, 2017. The adjustment does not include deferred outflows or deferred inflows of resources related to OPEB.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 58,859,144
Adjustment to remove net other post-employment benefit obligation recognized under GASB Statement No. 45	984,000
Adjustment to record total other post-employment liability recognized under GASB Statement No. 75	<u>(1,367,720)</u>
	<u>(383,720)</u>
Net position - beginning, as adjusted	<u>\$ 58,475,424</u>

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

Cash and 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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Property Taxes, Sewer Assessment and Usage Charges *(Continued)*

Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest receivables of \$283,000 and \$258,000, respectively, as of June 30, 2018.

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. Due to the filing of liens on the properties, the Town will ultimately collect delinquent amounts outstanding on sewer assessment charges when title is transferred. As such, as of June 30, 2018, the Town has not established an allowance for uncollectible sewer assessments. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible sewer user charges of \$23,000 as of June 30, 2018.

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, 2018, 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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Capital Assets *(Continued)*

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.

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 revenues that are reported as being unavailable in the governmental funds balance sheet and deferred charges on OPEB expenses reported in the government-wide statement of net position. Unavailable revenues are recognized as an inflow of resources in the period that the amounts become available. Deferred charges on OPEB expenses are amortized as a component of OPEB expense on a systematic and rational basis.

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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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.

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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - 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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - 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 2 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

A reconciliation of the Town's cash deposits as of June 30, 2018 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 9,933,529
Statement of fiduciary net position	141,653
Plus: certificates of deposit considered cash deposits	
for disclosure purposes	524,791
Less: cash equivalents considered investments	
for disclosure purposes	(5,067,721)
	<u>\$ 5,532,252</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$4,507,522 of the Town's bank balance of \$6,015,438 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,056,770
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	450,752
	<u>\$ 4,507,522</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits (Continued)

Custodial Credit Risk (Continued)

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.

Investments

A reconciliation of the Town's investments as of June 30, 2018 is as follows:

Investments:		
Government-wide statement of net position	\$	524,791
Statement of fiduciary net position		4,191,364
Plus: cash equivalents considered investments for disclosure purposes		5,067,721
Less: certificates of deposit considered cash deposits for disclosure purposes		(524,791)
		<u>\$ 9,259,085</u>

As of June 30, 2018, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Valuation Basis</u>	<u>Credit Rating</u>	<u>Value</u>	<u>Investment Maturities (In Years) Less Than 1</u>
Debt Securities:				
<i>Governmental activities:</i>				
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 5,058,074	\$ 5,058,074
Money market mutual funds	Net asset value	Unrated	9,647	9,647
			5,067,721	<u>\$ 5,067,721</u>
Other investments:				
<i>Fiduciary:</i>				
Pooled separate accounts	Contract value		4,191,364	
			<u>\$ 9,259,085</u>	

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

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - 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, 2018, more than 10% of the Town's governmental activities investments are invested in the Short-term Investment Fund (99.8%). As of June 30, 2018, more than 10% of the Town's fiduciary investments are invested in Voya Financial pooled separate accounts (91.1%).

NOTE 3 - RECEIVABLES

Contract Receivable

The Town has entered into an agreement with a natural gas distribution company to partially offset the revenue requirement associated with the costs of construction of a natural gas pipeline in the amount of \$758,800 (see Note 7). Contract terms and required payments are more fully described in Note 7. Regional School District No. 8 has agreed to contribute half of the cost in the amount of \$379,400. During fiscal year 2018, the Town received \$100,000 from the District to be applied towards the total contract amount.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 - RECEIVABLES *(Continued)*

Contract Receivable *(Continued)*

Future payments to be received by the Town consist of the following as of June 30, 2018:

Year Ending June 30:	Governmental Activities
2019	\$ 100,000
2020	100,000
2021	79,400
Total receivable	<u>\$ 279,400</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 10,527,058	\$ 439,454	\$ -	\$ 10,966,512
Construction in progress	848,332	1,489,461	(150,594)	2,187,199
Total capital assets, not being depreciated	<u>11,375,390</u>	<u>1,928,915</u>	<u>(150,594)</u>	<u>13,153,711</u>
Capital assets, being depreciated:				
Buildings and improvements	41,112,000	150,594	-	41,262,594
Machinery and equipment	10,897,784	809,432	(110,143)	11,597,073
Infrastructure	35,751,325	-	-	35,751,325
Total capital assets, being depreciated	<u>87,761,109</u>	<u>960,026</u>	<u>(110,143)</u>	<u>88,610,992</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,769,036)	(755,890)	-	(18,524,926)
Machinery and equipment	(7,542,158)	(557,369)	107,877	(7,991,650)
Infrastructure	(21,118,739)	(721,195)	-	(21,839,934)
Total accumulated depreciation	<u>(46,429,933)</u>	<u>(2,034,454)</u>	<u>107,877</u>	<u>(48,356,510)</u>
Total capital assets, being depreciated, net	<u>41,331,176</u>	<u>(1,074,428)</u>	<u>(2,266)</u>	<u>40,254,482</u>
Governmental activities capital assets, net	<u>\$ 52,706,566</u>	<u>\$ 854,487</u>	<u>\$ (152,860)</u>	<u>\$ 53,408,193</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS *(Continued)*

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

General government	\$ 841,556
Public safety	250,760
Public works	155,953
Civic and human services	262,107
Education	524,078
Total depreciation expense	<u>\$ 2,034,454</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Projects Fund	<u>\$ 504,763</u>
Capital Projects Fund	General Fund	<u>437,842</u>
Other Governmental Funds	General Fund	<u>1,334,010</u>
		<u>\$ 2,276,615</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 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Other Governmental Funds	<u>\$ 264,165</u>
Capital Projects Fund	General Fund	<u>1,222,354</u>
Other Governmental Funds	General Fund	147,114
	Other Governmental Funds	<u>69,030</u>
		<u>216,144</u>
Total transfers		<u>\$ 1,702,663</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)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Beginning Balance <i>(As Adjusted)</i>	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 4,586,000	\$ -	\$ (860,000)	\$ 3,726,000	\$ 849,000
Other liabilities:					
Capital leases	1,392,811	-	(176,136)	1,216,675	106,810
Compensated absences	564,922	36,354	(65,170)	536,106	53,611
Contract payable	-	758,800	(108,400)	650,400	108,400
Net OPEB liability <i>(Note 11)</i>	1,367,720	7,813	-	1,375,533	-
	<u>\$ 7,911,453</u>	<u>\$ 802,967</u>	<u>\$ (1,209,706)</u>	<u>\$ 7,504,714</u>	<u>\$ 1,117,821</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, 2018 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	\$ 1,710,000
2013 General Obligation Refunding Bonds	1,164,000	2.25%	7/15/2024	664,000
2013 General Obligation School Refunding Bonds	2,227,000	1.80%	6/1/2019	352,000
2017 General Obligation Serial Note	1,112,000	2.37%	6/30/2027	1,000,000
				<u>\$ 3,726,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2018:

Year ending June 30:	Governmental Activities General Obligation Bonds		
	Principal	Interest	Totals
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	488,000	34,085	522,085
2024-2027	909,000	30,794	939,794
	<u>\$ 3,726,000</u>	<u>\$ 369,533</u>	<u>\$ 4,095,533</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - 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, 2018, the District's total outstanding bonds were \$12,260,000. The Town's share will be approximately 54.33% of the total, or \$6,660,858. 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, 2018.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2018:

	Governmental Activities
Furniture and Equipment	\$ 2,159,160
Less: accumulated amortization	581,086
	<u>\$ 1,578,074</u>

Depreciation expense relative to leased property under capital leases totaled \$143,707 for the year ended June 30, 2018 and is included in depreciation expense disclosed in Note 4.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2018 are as follows:

Year Ending June 30:	Governmental Activities
2019	\$ 145,345
2020	117,691
2021	119,942
2022	79,740
2023	92,441
Thereafter:	<u>1,011,604</u>
Total minimum lease payments	1,566,763
Less: amount representing interest	<u>350,088</u>
Present value of minimum lease payments	<u>\$ 1,216,675</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 - LONG-TERM LIABILITIES (Continued)

Contract Payable

The Town has entered into an agreement with a natural gas distribution company to partially offset the revenue requirement associated with the costs of construction of the natural gas pipeline. Upon completion of the construction of approximately eight miles of pipeline within the Town and the connection of service to all eligible municipal buildings adjacent to the pipeline, the Town agreed to contribute an amount of \$758,800 towards the project. Under the terms of the agreement, the Town will make seven annual payments to the company in the amount of \$108,400 through 2024. Each payment is due no later than January 30th of the following year.

NOTE 8 - FUND BALANCE

The various components of fund balance at June 30, 2018 are as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ -	\$ -	\$ 22,716	\$ 22,716
Permanent principal	-	-	5,945	5,945
Restricted for:				
Donor restrictions	-	-	66,384	66,384
Grant restrictions	-	-	51,771	51,771
Loan program	-	-	148,382	148,382
Capital projects	-	209,439	-	209,439
Committed to:				
Capital outlays	-	736,982	-	736,982
Open space and land acquisition	-	-	637,454	637,454
Sewer operations	-	-	1,034,793	1,034,793
Parks and recreation activities	-	-	144,393	144,393
Cafeteria operations	-	-	31,599	31,599
Debt repayment	-	-	41,859	41,859
Public safety	-	-	55,147	55,147
General government	-	-	8,890	8,890
Assigned to:				
Revaluation	131,000	-	-	131,000
Retiree benefits	86,387	-	-	86,387
Encumbrances - General government	27,399	-	-	27,399
Encumbrances - Public safety	96,481	-	-	96,481
Encumbrances - Public works	182,309	-	-	182,309
Encumbrances - Civic and human services	8,142	-	-	8,142
Encumbrances - Planning and land use	24,032	-	-	24,032
Encumbrances - Education	121,316	-	-	121,316
Encumbrances - Insurance and benefits	500	-	-	500
Encumbrances - Debt service	22,748	-	-	22,748
Unassigned	6,758,878	-	-	6,758,878
	<u>\$ 7,459,192</u>	<u>\$ 946,421</u>	<u>\$ 2,249,333</u>	<u>\$ 10,654,946</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - EMPLOYEE RETIREMENT PLANS

Town of Hebron Retirement Plan

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

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

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 \$239,392 for the year ended June 30, 2018.

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

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The TRS is included as a fiduciary pension trust fund in the State of Connecticut's Comprehensive Annual Financial Report and the Board issues publicly available financial reports.

Benefit Provisions

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

Normal Retirement: Retirement benefits for the employees are calculated as 2.0% of the average annual salary times the years of credited service (maximum benefit is 75.0% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6.0% contributions made prior to July 1, 1989 and voluntary contributions are payable.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Benefit Provisions *(Continued)*

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6.0% per year for the first 5 years preceding normal retirement age and 4.0% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.0% per year by which retirement precedes normal retirement date.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

Per CGS 10-183z, contribution requirements of active employees and the State are amended and certified by the Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amounts to finance any unfunded accrued liability.

In accordance with CGS Section 10-183z, 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 100% of an employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Effective January, 1, 2018, active employees are required to contribute 7.0%, previously 6.0%, of their annual earnings to the plan.

Administrative Expenses

Administrative costs of the plan are funded by the State.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Basis of Presentation

The collective net pension liability, deferred outflows and inflows of resources, and pension expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net pension liability that is attributed to the Town as of June 30, 2018.

Allocation Methodology

The schedule of employer allocations for the TRS was calculated based upon the fiscal year 2017 expected contribution effort for each participating employer. The employer allocations were then applied to the net pension liability and pension expense to determine the amount applicable to each employer. For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$1,386,274 or 0.137% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

The components associated with the collective pension expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective pension expense allocated to the Town totaled \$2,139,101. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net pension liability of participating employers for the TRS was approximately \$13.502 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$18,493,006 or approximately 0.137% of the total collective net pension liability.

Actuarial Assumptions

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

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

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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Actuarial Assumptions *(Continued)*

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Discount Rate

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

Long-Term Rate of Return

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

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.0%	5.8%
Developed Non-U.S. Equities	18.0%	6.6%
Fixed Income (Core)	7.0%	1.3%
Private Equity	11.0%	7.6%
Emerging Markets (Non-U.S.)	9.0%	8.3%
Alternative investments	8.0%	4.1%
Inflation Linked Bonds	3.0%	1.0%
Cash	6.0%	0.4%
Real Estate	7.0%	5.1%
Emerging Market Bonds	5.0%	3.7%
High Yield Bonds	5.0%	3.9%
	<u>100.0%</u>	

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 9 - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability

The following presents the proportionate share of the collective net pension liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 8.00%, as well as what the proportionate share of the net pension liability attributed to the Town 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:

	1% Decrease (7.00%)	Current Discount (8.00%)	1% Increase (9.00%)
Town's Proportionate share of the net pension liability	\$ 23,147,790	\$ 18,493,006	\$ 14,557,677

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Town and Board of Education Plan

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"). The program is considered to be a single-employer defined benefit plan, which is administered by the Town. 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.

Benefits Provided

The OPEB Plan provides for medical benefits to eligible retirees, spouses and beneficiaries. 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.

Employees Covered by Benefit Terms

As of July 1, 2017, the valuation date, the following employees were covered by the benefit terms:

Retirees, beneficiaries, and dependents currently receiving benefits	7
Active participants	<u>121</u>
	<u>128</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Town and Board of Education Plan *(Continued)*

Total OPEB Liability

The Town's OPEB liability reported as of June 30, 2018 totaled \$1,375,533. The Total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation of as July 1, 2017.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Discount rate	3.87% as of July 1, 2017
Healthcare cost trend rates	7.00% in 2017, decreasing by 0.50% per year, 4.60% ultimate rate Prior: 8.00% in 2014, reducing by 0.50% each year, 5.00 ultimate rate

The discount rate was based on the Bond Buyer 20 (GO 20 Index) as of the measurement date, which represents municipal bond trends based on a portfolio of 20 general obligation bonds that mature in 20 years.

Mortality rates were based on the RP2-14 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

Assumptions regarding participation and coverage election relating to benefits provided are as follows:

- 80% of current active members are assumed to elect medical coverage
- 20% of current Certified Board of Education members hired prior to April 1, 1986 are assumed to continue coverage post 65, without Medicare coverage
- 50% of active members are assumed to be married and elect spousal benefits at retirement

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance as of June 30, 2017	\$ 1,367,720
Changes for the year:	
Service cost	52,430
Interest	50,537
Changes of benefit terms	-
Differences between expected and actual experience	(32,997)
Changes in assumptions or other inputs	(45,051)
Benefit payments	(17,106)
Net changes	<u>7,813</u>
Balance as of June 30, 2018	<u>\$ 1,375,533</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Town and Board of Education Plan *(Continued)*

Changes in the Total OPEB Liability *(Continued)*

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB Liability	\$ 1,538,960	\$ 1,375,533	\$ 1,233,394

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Total OPEB Liability	\$ 1,191,790	\$ 1,375,533	\$ 1,597,364

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$86,899. At June 30, 2018, the Town reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 42,253
Differences between expected and actual experience	30,947
	<u>\$ 73,200</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized as a reduction of OPEB expense as follows:

Year ended June 30,	
2019	\$ (4,848)
2020	(4,848)
2021	(4,848)
2022	(4,848)
2023	(4,848)
Thereafter	(48,960)
	<u>\$ (73,200)</u>

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System

Plan Description

The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple-employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") *Title 10, Chapter 167a* and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

Benefit Provisions

The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Contributions

Per CGS 10-183z, which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Contributions *(Continued)*

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

Contributions remitted by the State are recognized when legally due, based upon statutory requirements.

Administrative Expenses

Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Basis of Presentation

The collective net OPEB liability, deferred outflows and inflows of resources, and OPEB expense for the TRS has been measured as of June 30, 2017 based on an actuarial valuation performed as of June 30, 2016. Since the Town does not contribute directly to the TRS, the Town does not recognize its proportionate share of these amounts in its financial statements. The information determined as of the June 30, 2017 measurement date for the TRS has been utilized by the Town for reporting on-behalf revenues, expenditures and expenses for the year ended June 30, 2018 and for reporting the proportionate share of the collective net OPEB liability that is attributed to the Town as of June 30, 2018.

The components associated with the OPEB expense and deferred inflows and outflows of resources have been determined using the unrecognized portions of each year's experience and assumption changes for the year ended June 30, 2017.

Allocation Methodology

The schedule of allocations have been prepared to provide the total amount of employer contributions from the State and the proportionate share percentages that have been determined based on these contributions. Based on these percentages the proportionate share amounts of the net OPEB liability associated with each participating employer and the employer OPEB expense and revenue for State support for each participating employer for the year ending June 30, 2017.

For fiscal year 2017, the Town's expected contribution effort for allocation purposes totaled \$27,286 or 0.137% of the total expected contribution effort. The Town has recognized this amount as an on-behalf payment into the TRS as intergovernmental revenues and related education expenditures of the General Fund for the year ended June 30, 2018.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Allocation Methodology *(Continued)*

The components associated with the collective OPEB expense and deferred inflows and outflows of resources for the TRS have been determined based on the fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2017. The portion of the collective OPEB expense allocated to the Town totaled \$220,598. The Town has recognized this amount as an operating contribution and related education expense of the governmental activities for the year ended June 30, 2018.

The total collective net OPEB liability of participating employers for the TRS was approximately \$3.475 billion as of the June 30, 2017 measurement date. The portion attributed to the Town totaled \$4,759,901 or approximately 0.137% of the total collective net OPEB liability.

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	3.25% - 6.50%, including inflation
Investment rate of return	2.75%, net of investment related expense
Healthcare cost trend rates:	
Pre-Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022
Medicare	7.25% for 2017 decreasing to an ultimate rate of 5.00% by 2022

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.

Long-Term Rate of Return

The long-term expected rate of return on plan assets is reviewed as part of the actuarial valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Long-Term Rate of Return *(Continued)*

The target asset allocation and best estimates of geometric 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>
U.S. Treasuries (Cash Equivalents)	100.0%	0.04%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate was performed in accordance with the applicable standards. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate.
- Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.
- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Proportionate Share of the Collective Net Pension Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using a discount rate of 3.56%, as well as what the proportionate share of the net OPEB liability attributed to the Town would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage-point higher (4.56%) than the current rate:

	<u>1.00% Decrease (2.56%)</u>	<u>Current Rate (3.56%)</u>	<u>1.00% Increase (4.56%)</u>
Proportionate share of the net OPEB liability attributed to the Town	\$ 5,736,443	\$ 4,759,901	\$ 3,992,058

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

Proportionate Share of the Collective Net Pension Liability *(Continued)*

Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trend Rates - The following presents the proportionate share of the collective net OPEB liability attributed to the Town as of the June 30, 2017 measurement date, calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Proportionate share of the net OPEB liability attributed to the Town	\$ 3,919,116	\$ 4,759,901	\$ 5,891,915

NOTE 11 - 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 \$79,780 for the year ended June 30, 2018. Deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

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 12 - 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 except workers' compensation and liability-automobile-property insurance for which it participates in risk sharing pools. During the year ended June 30, 2018, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - RISK MANAGEMENT (Continued)

Workers' Compensation Pool

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

Liability-Automobile-Property Pool

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk-sharing pool. The Liability-Automobile-Property Pool provides general liability, automobile liability, employee benefit liability, law enforcement liability, public officials and property coverage. The premium is subject to these coverages, and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

Insurance Consortium

During fiscal year 2018, the Town became a member of the Regional School District No. 8 Health and Medical Insurance Consortium (the "Consortium"), a cooperative formed in accordance with Public Act 10-174 of the Connecticut General Statutes. The Consortium provides medical and dental benefits to the employees and eligible retirees of its member Towns and Boards of Education. The costs of claims are paid by the Consortium and the risk of claims are shared collectively by its members. The Consortium has purchased a stop-loss policy for claims in excess of \$150,000 per member and \$6,627,424 per subscriber. Each member is responsible for its share of any assessment or additional contribution. This share is based on its relative premium or equivalency contribution to the plan(s) as a percentage of the aggregate net total premium equivalency contribution to the plan(s), as is appropriate based on the nature of the assessment or contribution. In addition, each member is liable, on a pro rata basis, for any additional contributions required in the event the Consortium funding falls below specified levels. The Town believes that no additional contributions will be assessed for the year ended June 30, 2018.

Amounts paid to the consortium by the Town totaled \$2,307,215.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Federal Awards and State Financial Assistance

The Town has received federal awards and state financial assistance 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, management believes such disallowances, if any, will not be material. 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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund. Encumbrances are recognized as a valid and proper charge against a General Fund budget appropriation in the year in which a purchase order, contract, or other commitment is issued. Open encumbrances as of June 30, 2018 are included in assigned fund balance (see Note 8).

Legal and Other

There are several lawsuits 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 may be subject to rebate penalties to the federal government relating to various bond issues. The Town expects such amounts, if any, to be immaterial.

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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 is currently evaluating the potential impact of adopting this Statement 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 is currently evaluating the potential impact of adopting this Statement on its financial statements.

TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE (Continued)

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 is currently evaluating the potential impact of adopting this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2018. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement should be applied prospectively and are effective for the Town's reporting period beginning July 1, 2020. The Town is currently evaluating the potential impact of adopting this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes	\$ 28,236,545	\$ 28,236,545	\$ 28,069,187	\$ (167,358)
Licenses and permits	676,150	676,150	702,438	26,288
Intergovernmental	7,304,519	7,304,519	6,332,492	(972,027)
Investment income	25,000	25,000	69,017	44,017
Other revenues	233,859	233,859	229,801	(4,058)
Total revenues	36,476,073	36,476,073	35,402,935	(1,073,138)
EXPENDITURES				
Current:				
General government	2,941,439	2,964,369	2,836,727	(127,642)
Public safety	888,901	912,797	841,809	(70,988)
Civic and human services	686,442	694,170	656,627	(37,543)
Planning and land use	144,356	144,356	128,048	(16,308)
Public works	1,024,925	1,043,168	1,007,644	(35,524)
Sewer	9,800	9,800	9,800	-
Insurance and benefits	1,525,213	1,451,858	1,379,739	(72,119)
Education	27,427,524	27,427,524	26,833,811	(593,713)
Debt service	1,132,417	1,132,975	1,132,974	(1)
Total expenditures	35,781,017	35,781,017	34,827,179	(953,838)
Excess of revenues over expenditures	695,056	695,056	575,756	(119,300)
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	-	404,133	-	(404,133)
Cancellation of prior year encumbrances	-	-	70,559	70,559
Transfers in	264,165	264,165	264,165	-
Transfers out	(959,221)	(1,363,354)	(1,363,354)	-
Total other financing sources (uses)	(695,056)	(695,056)	(1,028,630)	(333,574)
Net change in fund balances	\$ -	\$ -	(452,874)	\$ (452,874)
Fund balances - beginning			7,211,752	
Fund balances - ending			\$ 6,758,878	

See accompanying notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
REVENUES				
Property taxes:				
Taxes, interest and lien fees	\$ 28,236,545	\$ 28,236,545	\$ 28,069,187	\$ (167,358)
Licenses and permits				
Zoning board of appeals	500	500	250	(250)
Wetland fees	1,000	1,000	690	(310)
Building fees	110,000	110,000	141,199	31,199
Notary fees	1,500	1,500	1,974	474
Town clerk fees	16,000	16,000	15,338	(662)
Recording fees	47,000	47,000	45,245	(1,755)
Sportsmen's licenses	50	50	1,374	1,324
Conveyance tax	79,000	79,000	118,264	39,264
Marriage licenses fees	-	-	38	38
Records	50	50	(102)	(152)
Planning and zoning fees	11,000	11,000	5,134	(5,866)
Compactor/recycling fees	66,000	66,000	77,404	11,404
Dog fund fees	5,500	5,500	6,414	914
Health department	5,000	5,000	-	(5,000)
Animal population control	2,000	2,000	2,311	311
Library fees	29,000	29,000	34,414	5,414
Engineering fees	1,000	1,000	-	(1,000)
Blasting permits	50	50	365	315
Xerox fees	1,100	1,100	522	(578)
Soil and water conservation fees	1,400	1,400	986	(414)
Education fee assessment	500	500	(1,460)	(1,960)
PA CIP funding	4,000	4,000	3,345	(655)
Ambulance service	226,000	226,000	222,939	(3,061)
Plotter/copier fees	1,000	1,000	509	(491)
Software permit fees	5,500	5,500	5,010	(490)
Farmland preservation fees	3,000	3,000	3,818	818
Recreation	-	-	300	300
CIRMA equity earnings	-	-	16,157	16,157
CNG debt reimbursement	59,000	59,000	-	(59,000)
Total licenses and permits	676,150	676,150	702,438	26,288
Intergovernmental revenue				
Education equalization grants	4,093,767	4,093,767	5,979,566	1,885,799
Miscellaneous	1,600	1,600	61,826	60,226
Property tax relief for totally disabled	757	757	650	(107)
Property tax relief for veterans	3,900	3,900	3,700	(200)
Property tax relief	30,400	30,400	-	(30,400)
Pequot grant	28,525	28,525	28,438	(87)
Municipal revenue sharing	1,300,369	1,300,369	-	(1,300,369)
MRSF motor vehicle	299,820	299,820	2,216	(297,604)
PILOT: state property	9,172	9,172	-	(9,172)
Town aid road	241,021	241,021	241,079	58
Emergency management performance grant	4,600	4,600	1,304	(3,296)
Telecommunications funding	18,000	18,000	13,713	(4,287)
Special education excess cost	1,272,588	1,272,588	-	(1,272,588)
Total intergovernmental revenue	7,304,519	7,304,519	6,332,492	(972,027)

(Continued)

See accompanying notes to required supplementary information.

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, 2018

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original Budget	Final Budget	Actual	
Investment earnings	\$ 25,000	\$ 25,000	\$ 69,017	\$ 44,017
Other revenues				
Constable fees	-	-	14,456	14,456
Housing authority	4,400	4,400	-	(4,400)
Elderly van	9,682	9,682	29,612	19,930
State trooper private duty	6,000	6,000	2,398	(3,602)
Party patrol	10,800	10,800	3,663	(7,137)
Maple festival private duty	2,100	2,100	-	(2,100)
Elderly demand respond	26,000	26,000	14,098	(11,902)
Building officer reimbursement	53,190	53,190	35,077	(18,113)
Miscellaneous	6,000	6,000	4,378	(1,622)
Senior center physical fitness	3,500	3,500	-	(3,500)
Senior center transportation fees	3,100	3,100	1,740	(1,360)
CIRMA equity earnings	-	-	21,843	21,843
EMS reimbursement	3,000	3,000	-	(3,000)
Hebron harvest fair	5,587	5,587	-	(5,587)
Parking ticket fines	-	-	60	60
Other	500	500	2,476	1,976
RHAM CNG reimbursement	100,000	100,000	100,000	-
Total other revenues	233,859	233,859	229,801	(4,058)
Total revenues	36,476,073	36,476,073	35,402,935	(1,073,138)
OTHER FINANCING SOURCES				
Appropriation of fund balance	-	404,133	-	(404,133)
Cancellation of prior year encumbrances	-	-	70,559	70,559
Transfers in:				
Cell tower fund	25,000	25,000	25,000	-
WPCA operating fund	25,000	25,000	25,000	-
Recreation fund	10,736	10,736	10,736	-
Debt management fund	203,429	203,429	203,429	-
Total other financing sources	264,165	668,298	334,724	(333,574)
Total revenue and other financing sources	\$ 36,740,238	\$ 37,144,371	\$ 35,737,659	\$ (1,406,712)
				<i>(Concluded)</i>

See accompanying notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance With Original Budget Over (Under)
	Original Budget	Final Budget	Actual	
General government				
Payroll:				
Clerical	\$ 453,231	\$ 453,231	\$ 437,890	\$ (15,341)
Administration	691,967	691,967	688,711	(3,256)
Health and welfare	134,696	134,696	126,500	(8,196)
Public safety	95,650	90,110	65,881	(24,229)
Recreation	184,473	190,013	190,013	-
Public works	707,865	707,865	698,807	(9,058)
Library	146,613	146,613	143,928	(2,685)
Fire marshal	30,414	30,414	18,854	(11,560)
Elected officials	63,351	63,351	63,348	(3)
Contractual commitments	18,320	18,320	18,320	-
Total payroll	2,526,580	2,526,580	2,452,252	(74,328)
Selectman's office	39,945	39,945	33,992	(5,953)
Central services	41,000	41,000	32,244	(8,756)
Legal	40,000	62,930	62,930	-
Central computer services	66,900	66,720	61,269	(5,451)
Tricentennial commission	75	255	255	-
Town buildings	61,161	61,161	57,442	(3,719)
Board of Finance	35,000	35,000	32,935	(2,065)
Financial administrator	2,845	2,845	2,000	(845)
Tax collector	17,150	17,150	16,385	(765)
Assessor	27,900	27,900	24,523	(3,377)
Board of tax review	170	170	-	(170)
Town clerk's office	30,450	30,450	18,050	(12,400)
Registrar of voters	52,263	52,263	42,450	(9,813)
	414,859	437,789	384,475	(53,314)
Total general government	2,941,439	2,964,369	2,836,727	(127,642)
Public safety				
Police administration	308,511	308,510	284,059	(24,451)
Fire administration	369,378	393,275	359,303	(33,972)
Fire marshal	8,827	8,827	6,668	(2,159)
Burning official	1,478	1,478	1,448	(30)
Emergency management	13,615	13,615	13,610	(5)
Animal control	31,900	31,900	29,881	(2,019)
Ambulance service	155,192	155,192	146,840	(8,352)
Total public safety	888,901	912,797	841,809	(70,988)
Civic and human services				
Community agency donations	134,989	134,989	134,989	-
Regional health district assessment	103,554	103,554	103,553	(1)
Library	252,822	252,822	232,103	(20,719)
Van - disabled	57,059	59,482	58,926	(556)
Senior center	29,575	29,575	24,372	(5,203)
Probate court	2,815	8,120	8,120	-
St. Peter's lease	850	850	800	(50)
Recreation programs	104,228	104,228	93,264	(10,964)
Public Celebrations	550	550	500	(50)
Total civic and human services	686,442	694,170	656,627	(37,543)

(Continued)

See accompanying notes to required supplementary information.

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, 2018

	Budgeted Amounts			Variance With Original Budget Over (Under)
	Original Budget	Final Budget	Actual	
Planning and land use				
Economic development	\$ 30,215	\$ 30,215	\$ 28,343	\$ (1,872)
Planning and development	114,141	114,141	99,705	(14,436)
Total planning and land use	<u>144,356</u>	<u>144,356</u>	<u>128,048</u>	<u>(16,308)</u>
Public works				
Highways and grounds administration	287,083	287,083	282,538	(4,545)
Town yard and garage	58,544	60,573	59,090	(1,483)
Street services	499,840	516,054	503,656	(12,398)
Solid waste, recycling, bulky	179,458	179,458	162,360	(17,098)
Total public works	<u>1,024,925</u>	<u>1,043,168</u>	<u>1,007,644</u>	<u>(35,524)</u>
Sewer fees				
Town property user fees	9,800	9,800	9,800	-
Insurance and benefits				
Insurance	267,500	265,069	252,783	(12,286)
Employee benefits	1,257,713	1,186,789	1,126,956	(59,833)
Total insurance and benefits	<u>1,525,213</u>	<u>1,451,858</u>	<u>1,379,739</u>	<u>(72,119)</u>
Debt service				
Town	472,083	472,083	472,082	(1)
School	478,278	478,278	478,278	-
Sewers	157,056	157,614	157,614	-
Computer	25,000	25,000	25,000	-
Total debt service	<u>1,132,417</u>	<u>1,132,975</u>	<u>1,132,974</u>	<u>(1)</u>
Education				
Regional School District No. 8 assessment	15,838,978	15,838,978	15,654,750	(184,228)
Hebron Elementary School education	11,588,546	11,588,546	11,179,061	(409,485)
Total education	<u>27,427,524</u>	<u>27,427,524</u>	<u>26,833,811</u>	<u>(593,713)</u>
Total expenditures	<u>35,781,017</u>	<u>35,781,017</u>	<u>34,827,179</u>	<u>(953,838)</u>
Other financing uses				
Transfers out:				
Land Acquisition Fund	100,000	100,000	100,000	-
Capital Improvement Fund	770,911	1,175,044	1,175,044	-
Capital Nonrecurring Fund	3,050	3,050	3,050	-
Revaluation	41,000	41,000	41,000	-
Capital Projects Fund	44,260	44,260	44,260	-
Total other financing uses	<u>959,221</u>	<u>1,363,354</u>	<u>1,363,354</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 36,740,238</u>	<u>\$ 37,144,371</u>	<u>\$ 36,190,533</u>	<u>\$ (953,838)</u>
				<i>(Concluded)</i>

See accompanying notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FOUR FISCAL YEARS
(Rounded to the Nearest Thousand)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.137%	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	18,493,000	19,510,000	16,380,000	15,140,000
Total	<u>\$ 18,493,000</u>	<u>\$ 19,510,000</u>	<u>\$ 16,380,000</u>	<u>\$ 15,140,000</u>
Town's covered payroll	\$ 6,039,000	\$ 5,951,000	\$ 5,428,000	\$ 5,456,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	55.93%	52.26%	59.50%	61.51%

See accompanying notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (UNAUDITED)
OTHER POST-EMPLOYMENT BENEFITS PROGRAMS
LAST FISCAL YEAR

	2018
Total OPEB liability	
Service cost	\$ 52,430
Interest	50,537
Changes in benefit terms	-
Differences between expected and actual experience	(32,997)
Changes of assumptions	(45,051)
Benefit payments, including refunds	(17,106)
Net change in total OPEB liability	7,813
Total OPEB liability - beginning	1,367,720
Total OPEB liability - ending	<u>\$ 1,375,533</u>

See accompanying notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (UNAUDITED)
LAST FISCAL YEAR
(Rounded to the Nearest Thousand)

	<u>2018</u>
Proportion of the net OPEB liability attributed to the Town	0.137%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability attributed to the Town	<u>4,760,000</u>
Total	<u><u>\$ 4,760,000</u></u>
Town's covered payroll	\$ 6,039,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

See accompanying notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund (the only fund for which a legal budget is adopted) 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.
- 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.

TOWN OF HEBRON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*

BUDGETARY INFORMATION *(Continued)*

- 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, 2018:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Total Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
Budgetary basis	\$ 35,402,935	\$ 34,827,179	\$ (1,028,630)	\$ (452,874)
"On-behalf" payments - State Teachers Retirement Fund	1,413,560	1,413,560	-	-
Change in encumbrances	-	(198,864)	(70,559)	128,305
Reserve for Revaluation	-	-	41,000	41,000
Certain transfers recorded as expenditures for budgetary purposes	-	(47,114)	(47,114)	-
Intergovernmental grants and local revenue netted against expenditures	256,636	256,636	-	-
GAAP basis	<u>\$ 37,073,131</u>	<u>\$ 36,251,397</u>	<u>\$ (1,105,303)</u>	<u>\$ (283,569)</u>

NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, in fiscal year 2015. GASB Statement No. 68 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total pension liability.

TOWN OF HEBRON, CONNECTICUT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM *(Continued)*

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

- the inflation assumption was reduced from 3.00% to 2.75%,
- the 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 payroll growth assumption was reduced from 3.75% to 3.25%, and
- various demographic assumption changes including the utilization of the RPH-2014 mortality tables.

NOTE 3 - SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY - OTHER POST-EMPLOYMENT BENEFITS PLAN

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

The Total OPEB Liability as of June 30, 2018 was determined based upon the results of the actuarial valuation as of July 1, 2017.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

NOTE 4 - SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY - CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The Town began to report this schedule when it implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, in fiscal year 2018. GASB Statement No. 75 requires the information within this schedule to be presented for the ten most recent fiscal years.

Actuarial valuations are prepared every two years with the most recent available actuarial valuation performed as of June 30, 2016. The June 30, 2016 actuarial valuation was rolled forward to the most recent measurement date of June 30, 2017. This information is utilized by the Town for reporting as of June 30, 2018.

Benefit Changes - There have been no changes in benefit terms that have had a significant effect on the measurement of the total OPEB liability.

Assumption Changes - There have been no changes in assumptions that have had a significant effect on the measurement of the total OPEB liability.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2018

	General Fund	Revaluation Fund	Retiree Benefit Reserve Fund	Eliminations	Combined General Fund
ASSETS					
Cash and cash equivalents	\$ 8,055,744	\$ (19,000)	\$ -	\$ -	\$ 8,036,744
Investments	362,689	150,000	-	-	512,689
Receivables:					
Property taxes, net	1,803,289	-	-	-	1,803,289
Interest on property taxes, net	589,697	-	-	-	589,697
Grants and contracts	-	-	-	-	-
Other	11,837	-	-	-	11,837
Due from other funds	504,763	-	86,387	(86,387)	504,763
Total assets	<u>\$ 11,328,019</u>	<u>\$ 131,000</u>	<u>\$ 86,387</u>	<u>\$ (86,387)</u>	<u>\$ 11,459,019</u>
LIABILITIES					
Accounts payable	\$ 38,318	\$ -	\$ -	\$ -	\$ 38,318
Due to other funds	1,796,709	-	-	(86,387)	1,710,322
Other liabilities	17,500	-	-	-	17,500
Total liabilities	<u>1,852,527</u>	<u>-</u>	<u>-</u>	<u>(86,387)</u>	<u>1,766,140</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes and interest	<u>2,233,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,233,687</u>
FUND BALANCES					
Committed	-	-	-	-	-
Assigned	482,927	131,000	86,387	-	700,314
Unassigned	6,758,878	-	-	-	6,758,878
Total fund balances	<u>7,241,805</u>	<u>131,000</u>	<u>86,387</u>	<u>-</u>	<u>7,459,192</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,328,019</u>	<u>\$ 131,000</u>	<u>\$ 86,387</u>	<u>\$ (86,387)</u>	<u>\$ 11,459,019</u>

TOWN OF HEBRON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Revaluation Fund	Retiree Benefit Reserve Fund	Eliminations	Combined General Fund
REVENUES					
Property taxes	\$ 28,169,495	\$ -	\$ -	\$ -	\$ 28,169,495
Licenses and permits	801,549	-	-	-	801,549
Intergovernmental	7,846,979	-	-	-	7,846,979
Investment income	69,017	-	-	-	69,017
Other	186,091	-	-	-	186,091
Total revenues	<u>37,073,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,073,131</u>
EXPENDITURES					
Current:					
General government	3,029,899	-	-	-	3,029,899
Public safety	783,923	-	-	-	783,923
Public works	850,808	-	-	-	850,808
Civic and human services	658,652	-	-	-	658,652
Planning and land use	124,783	-	-	-	124,783
Sewer fees	9,800	-	-	-	9,800
Education	28,089,532	-	-	-	28,089,532
Insurance and benefits	1,379,971	-	-	-	1,379,971
Capital outlays	76,285	-	-	-	76,285
Debt service:					
Principal payments	1,072,143	-	-	-	1,072,143
Interest and fiscal charges	175,601	-	-	-	175,601
Total expenditures	<u>36,251,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,251,397</u>
Excess (deficiency) of revenues over expenditures	821,734	-	-	-	821,734
OTHER FINANCING SOURCES (USES)					
Transfers in	264,165	41,000	-	(41,000)	264,165
Transfers out	(1,410,468)	-	-	41,000	(1,369,468)
Total other financing sources (uses)	<u>(1,146,303)</u>	<u>41,000</u>	<u>-</u>	<u>-</u>	<u>(1,105,303)</u>
Net change in fund balances	(324,569)	41,000	-	-	(283,569)
Fund balances - beginning	<u>7,566,374</u>	<u>90,000</u>	<u>86,387</u>	<u>-</u>	<u>7,742,761</u>
Fund balances - ending	<u>\$ 7,241,805</u>	<u>\$ 131,000</u>	<u>\$ 86,387</u>	<u>\$ -</u>	<u>\$ 7,459,192</u>

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018

Grand List Year	Balance Uncollected June 30, 2017	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2001	\$ (651)	\$ -	\$ 651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	8,142	-	-	-	-	8,142	-	-	-	8,142
2003	10,077	-	-	-	-	10,077	-	-	-	10,077
2004	11,094	-	-	-	-	11,094	102	226	328	10,992
2005	13,400	-	-	-	-	13,400	-	-	-	13,400
2006	17,899	-	-	-	-	17,899	278	539	817	17,621
2007	20,079	-	-	-	-	20,079	592	495	1,087	19,487
2008	46,918	-	-	-	-	46,918	241	1,561	1,802	46,677
2009	62,677	-	-	-	-	62,677	170	234	404	62,507
2010	86,476	-	-	-	-	86,476	1,147	1,288	2,435	85,329
2011	119,034	-	-	-	-	119,034	4,420	6,170	10,590	114,614
2012	194,792	-	-	-	-	194,792	19,531	12,648	32,179	175,261
2013	254,970	-	157	112	-	255,015	19,132	21,448	40,580	235,883
2014	370,239	-	266	387	-	370,118	42,825	19,262	62,087	327,293
2015	543,571	-	538	10,411	-	533,698	145,710	33,414	179,124	387,988
Total prior years	1,758,717	-	1,612	10,910	-	1,749,419	234,148	97,285	331,433	1,515,271
2016	-	28,222,150	34,251	89,887	-	28,166,514	27,595,496	74,532	27,670,028	571,018
Total	\$ 1,758,717	\$ 28,222,150	\$ 35,863	\$ 100,797	\$ -	\$ 29,915,933	\$ 27,829,644	\$ 171,817	\$ 28,001,461	\$ 2,086,289

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, 2018

Total cash collections for the year ended
June 30, 2018:

Taxes	\$ 27,829,644
Interest and lien fees	171,817
Total	<u>28,001,461</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	4,350
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Base \$ 28,005,811

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 63,013,075	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	126,026,150	-	-	-
3-3/4 times base	-	-	105,021,791	-	-
3-1/4 times base	-	-	-	91,018,886	-
3 times base	-	-	-	-	84,017,433
Total debt limitation	<u>63,013,075</u>	<u>126,026,150</u>	<u>105,021,791</u>	<u>91,018,886</u>	<u>84,017,433</u>
Indebtedness:					
Bonds payable	3,374,000	352,000	-	-	-
Bonds payable - Regional School District No. 8 share	-	6,660,858	-	-	-
Total indebtedness	<u>3,374,000</u>	<u>6,733,458</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 59,639,075</u></u>	<u><u>\$ 119,292,692</u></u>	<u><u>\$ 105,021,791</u></u>	<u><u>\$ 91,018,886</u></u>	<u><u>\$ 84,017,433</u></u>
Total capacity of borrowing (7 times base)	\$ 196,040,677				
Total present indebtedness	10,107,458				
Margin for additional borrowing	<u><u>\$ 185,933,219</u></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, 2018

	Nonmajor Special Revenue Funds						
	Hebron Park Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	WPCA Sewer Operations Fund	Marion Celio Angel Fund	Douglas Library Fund	Recreation Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 191,710	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Sewer assessments, net	-	-	117,407	-	-	-	-
Sewer user charges, net	-	-	-	91,306	-	-	-
Intergovernmental	-	70,751	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Other	-	2,187	-	-	-	-	-
Due from other funds	37,497	-	69,402	767,807	41,790	18,437	150,102
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 37,497</u>	<u>\$ 72,938</u>	<u>\$ 186,809</u>	<u>\$ 1,050,823</u>	<u>\$ 41,790</u>	<u>\$ 18,437</u>	<u>\$ 150,102</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,733
Due to other funds	-	61,532	-	-	-	-	-
Unearned revenue	-	11,405	-	-	-	-	26,473
Total liabilities	<u>-</u>	<u>72,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,206</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - sewer assessments	-	-	117,408	-	-	-	-
Unavailable revenue - sewer user charges	-	-	-	85,431	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>117,408</u>	<u>85,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	1	-	-	41,790	18,437	-
Committed	37,497	-	69,401	965,392	-	-	106,896
Total fund balances	<u>37,497</u>	<u>1</u>	<u>69,401</u>	<u>965,392</u>	<u>41,790</u>	<u>18,437</u>	<u>106,896</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,497</u>	<u>\$ 72,938</u>	<u>\$ 186,809</u>	<u>\$ 1,050,823</u>	<u>\$ 41,790</u>	<u>\$ 18,437</u>	<u>\$ 150,102</u>
							(Continued)

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2018

	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	\$ -	\$ 41,859	\$ 50,175
Investments	-	-	-	-	-	-	-
Receivables:							
Sewer assessments, net	-	-	-	-	-	-	-
Sewer user charges, net	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	8,298
Loans	-	-	-	133,252	-	-	-
Other	-	-	42,340	-	-	-	-
Due from other funds	3,784	873	12,807	-	4,233	-	-
Inventories	-	-	-	-	-	-	-
Total assets	<u>\$ 3,784</u>	<u>\$ 873</u>	<u>\$ 55,147</u>	<u>\$ 150,133</u>	<u>\$ 4,233</u>	<u>\$ 41,859</u>	<u>\$ 58,473</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	1,751	-	-	6,703
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751</u>	<u>-</u>	<u>-</u>	<u>6,703</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	-	-	51,770
Committed	3,784	873	55,147	-	4,233	41,859	-
Total fund balances	<u>3,784</u>	<u>873</u>	<u>55,147</u>	<u>148,382</u>	<u>4,233</u>	<u>41,859</u>	<u>51,770</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,784</u>	<u>\$ 873</u>	<u>\$ 55,147</u>	<u>\$ 150,133</u>	<u>\$ 4,233</u>	<u>\$ 41,859</u>	<u>\$ 58,473</u>
							(Continued)

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2018

	Nonmajor Special Revenue Funds		Capital Project Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Cafeteria Fund	Total	Land Acquisition Fund	Marjorie Circle Bridge Grant Fund	Total	Cemetery Fund	
ASSETS							
Cash and cash equivalents	\$ 25,670	\$ 326,295	\$ 469,907	\$ -	\$ 469,907	\$ -	\$ 796,202
Investments	-	-	-	-	-	12,102	12,102
Receivables:							
Sewer assessments, net	-	117,407	-	-	-	-	117,407
Sewer user charges, net	-	91,306	-	-	-	-	91,306
Intergovernmental	13,268	92,317	-	-	-	-	92,317
Loans	-	133,252	-	-	-	-	133,252
Other	542	45,069	-	-	-	-	45,069
Due from other funds	57	1,106,789	167,547	59,674	227,221	-	1,334,010
Inventories	22,716	22,716	-	-	-	-	22,716
Total assets	<u>\$ 62,253</u>	<u>\$ 1,935,151</u>	<u>\$ 637,454</u>	<u>\$ 59,674</u>	<u>\$ 697,128</u>	<u>\$ 12,102</u>	<u>\$ 2,644,381</u>
LIABILITIES							
Accounts payable	\$ -	\$ 16,733	\$ -	\$ -	\$ -	\$ -	\$ 16,733
Due to other funds	-	61,532	-	-	-	-	61,532
Unearned revenue	7,938	54,270	-	59,674	59,674	-	113,944
Total liabilities	<u>7,938</u>	<u>132,535</u>	<u>-</u>	<u>59,674</u>	<u>59,674</u>	<u>-</u>	<u>192,209</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - sewer assessments	-	117,408	-	-	-	-	117,408
Unavailable revenue - sewer user charges	-	85,431	-	-	-	-	85,431
Total deferred inflows of resources	<u>-</u>	<u>202,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,839</u>
FUND BALANCES							
Nonspendable	22,716	22,716	-	-	-	5,945	28,661
Restricted	-	260,380	-	-	-	6,157	266,537
Committed	31,599	1,316,681	637,454	-	637,454	-	1,954,135
Total fund balances	<u>54,315</u>	<u>1,599,777</u>	<u>637,454</u>	<u>-</u>	<u>637,454</u>	<u>12,102</u>	<u>2,249,333</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 62,253</u>	<u>\$ 1,935,151</u>	<u>\$ 637,454</u>	<u>\$ 59,674</u>	<u>\$ 697,128</u>	<u>\$ 12,102</u>	<u>\$ 2,644,381</u>

(Concluded)

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, 2018

	Nonmajor Special Revenue Funds						
	Hebron Park Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	WPCA Sewer Operations Fund	Marion Celio Angel Fund	Douglas Library Fund	Recreation Fund
REVENUES							
Intergovernmental	\$ -	\$ 104,175	\$ -	\$ 1,800	\$ -	\$ -	\$ -
Charges for services	80,864	-	1,976	668,546	-	-	516,811
Investment income	-	-	79	2,804	-	-	-
Other	-	-	-	17,126	8,339	3,777	17
Total revenues	80,864	104,175	2,055	690,276	8,339	3,777	516,828
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	95	-	-	-	-	-
Civic and human services	56,783	104,079	-	8,523	101	6,063	484,122
Sewer	-	-	-	279,347	-	-	-
Education	-	-	-	-	-	-	-
Capital outlays	-	-	-	16,634	-	-	16,281
Total expenditures	56,783	104,174	-	304,504	101	6,063	500,403
Excess (deficiency) of revenues over expenditures	24,081	1	2,055	385,772	8,238	(2,286)	16,425
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	69,030	-	-	-
Transfers out	(25,000)	-	(69,030)	(25,000)	-	-	(10,736)
Total other financing sources (uses)	(25,000)	-	(69,030)	44,030	-	-	(10,736)
Net change in fund balances	(919)	1	(66,975)	429,802	8,238	(2,286)	5,689
Fund balances - beginning	38,416	-	136,376	535,590	33,552	20,723	101,207
Fund balances - ending	\$ 37,497	\$ 1	\$ 69,401	\$ 965,392	\$ 41,790	\$ 18,437	\$ 106,896

(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, 2018

	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	\$ -	\$ 410,884
Charges for services	-	-	156,970	-	4,527	-	205,168
Investment income	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	-	-	156,970	-	8,527	-	616,052
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	119,369	-	-	-	-
Public works	-	-	-	-	-	-	-
Civic and human services	-	-	-	-	10,101	-	-
Sewer	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	584,701
Capital outlays	-	-	6,103	-	-	-	-
Total expenditures	-	-	125,472	-	10,101	-	584,701
Excess (deficiency) of revenues over expenditures	-	-	31,498	-	(1,574)	-	31,351
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(203,429)	-
Total other financing sources (uses)	-	-	-	-	-	(203,429)	-
Net change in fund balances	-	-	31,498	-	(1,574)	(203,429)	31,351
Fund balances - beginning	3,784	873	23,649	148,382	5,807	245,288	20,419
Fund balances - ending	\$ 3,784	\$ 873	\$ 55,147	\$ 148,382	\$ 4,233	\$ 41,859	\$ 51,770

(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, 2018

	<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>	
REVENUES							
Intergovernmental	\$ 75,226	\$ 596,085	\$ -	\$ 452,406	\$ 452,406	\$ -	\$ 1,048,491
Charges for services	126,630	1,761,492	3,715	-	3,715	-	1,765,207
Investment income	1	2,884	5,985	-	5,985	54	8,923
Other	-	29,259	1,059	-	1,059	-	30,318
Total revenues	<u>201,857</u>	<u>2,389,720</u>	<u>10,759</u>	<u>452,406</u>	<u>463,165</u>	<u>54</u>	<u>2,852,939</u>
EXPENDITURES							
Current:							
General government	-	-	53	-	53	-	53
Public safety	-	119,369	-	-	-	-	119,369
Public works	-	95	-	-	-	-	95
Civic and human services	-	669,772	-	-	-	-	669,772
Sewer	-	279,347	-	-	-	-	279,347
Education	227,279	811,980	-	-	-	-	811,980
Capital outlays	-	39,018	258,661	452,406	711,067	-	750,085
Total expenditures	<u>227,279</u>	<u>1,919,581</u>	<u>258,714</u>	<u>452,406</u>	<u>711,120</u>	<u>-</u>	<u>2,630,701</u>
Excess (deficiency) of revenues over expenditures	(25,422)	470,139	(247,955)	-	(247,955)	54	222,238
OTHER FINANCING SOURCES (USES)							
Transfers in	47,114	116,144	100,000	-	100,000	-	216,144
Transfers out	-	(333,195)	-	-	-	-	(333,195)
Total other financing sources (uses)	<u>47,114</u>	<u>(217,051)</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(117,051)</u>
Net change in fund balances	21,692	253,088	(147,955)	-	(147,955)	54	105,187
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 54,315</u>	<u>\$ 1,599,777</u>	<u>\$ 637,454</u>	<u>\$ -</u>	<u>\$ 637,454</u>	<u>\$ 12,102</u>	<u>\$ 2,249,333</u>

(Concluded)

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, 2018

	Student Activities Fund	Performance Bonds Fund	Senior Center Fund	Escrow Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 27,815	\$ 67,066	\$ 46,772	\$ -	\$ 141,653
Other assets	-	-	-	6,864	6,864
Total assets	<u>\$ 27,815</u>	<u>\$ 67,066</u>	<u>\$ 46,772</u>	<u>\$ 6,864</u>	<u>\$ 148,517</u>
LIABILITIES					
Due to student groups	\$ 27,815	\$ -	\$ -	\$ -	\$ 27,815
Due to others	-	67,066	46,772	6,864	120,702
Total liabilities	<u>\$ 27,815</u>	<u>\$ 67,066</u>	<u>\$ 46,772</u>	<u>\$ 6,864</u>	<u>\$ 148,517</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, 2018

	Balance, July 1, 2017	Additions	Deletions	Balance, June 30, 2018
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 32,057	\$ 36,499	\$ 40,741	\$ 27,815
Total assets	<u>\$ 32,057</u>	<u>\$ 36,499</u>	<u>\$ 40,741</u>	<u>\$ 27,815</u>
Liabilities				
Due to student groups	\$ 32,057	\$ 36,499	\$ 40,741	\$ 27,815
Total liabilities	<u>\$ 32,057</u>	<u>\$ 36,499</u>	<u>\$ 40,741</u>	<u>\$ 27,815</u>
Performance Bonds Fund				
Assets				
Cash and cash equivalents	\$ 87,624	\$ 6,055	\$ 26,613	\$ 67,066
Total assets	<u>\$ 87,624</u>	<u>\$ 6,055</u>	<u>\$ 26,613</u>	<u>\$ 67,066</u>
Liabilities				
Due to others	\$ 87,624	\$ 6,055	\$ 26,613	\$ 67,066
Total liabilities	<u>\$ 87,624</u>	<u>\$ 6,055</u>	<u>\$ 26,613</u>	<u>\$ 67,066</u>
Senior Center Fund				
Assets				
Cash and cash equivalents	\$ 46,234	\$ 17,258	\$ 16,720	\$ 46,772
Total assets	<u>\$ 46,234</u>	<u>\$ 17,258</u>	<u>\$ 16,720</u>	<u>\$ 46,772</u>
Liabilities				
Due to others	\$ 46,234	\$ 17,258	\$ 16,720	\$ 46,772
Total liabilities	<u>\$ 46,234</u>	<u>\$ 17,258</u>	<u>\$ 16,720</u>	<u>\$ 46,772</u>
Escrow Fund				
Assets				
Other assets	\$ 7,639	\$ 3,055	\$ 3,830	\$ 6,864
Total assets	<u>\$ 7,639</u>	<u>\$ 3,055</u>	<u>\$ 3,830</u>	<u>\$ 6,864</u>
Liabilities				
Due to others	\$ 7,639	\$ 3,055	\$ 3,830	\$ 6,864
Total liabilities	<u>\$ 7,639</u>	<u>\$ 3,055</u>	<u>\$ 3,830</u>	<u>\$ 6,864</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 165,915	\$ 59,812	\$ 84,074	\$ 141,653
Other assets	7,639	3,055	3,830	6,864
Total assets	<u>\$ 173,554</u>	<u>\$ 62,867</u>	<u>\$ 87,904</u>	<u>\$ 148,517</u>
Liabilities				
Due to student groups	\$ 32,057	\$ 36,499	\$ 40,741	\$ 27,815
Due to others	141,497	26,368	47,163	120,702
Total liabilities	<u>\$ 173,554</u>	<u>\$ 62,867</u>	<u>\$ 87,904</u>	<u>\$ 148,517</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, 2018

Governmental funds capital assets:

Land	\$ 10,966,512
Construction in progress	2,187,199
Buildings and improvements	41,262,594
Machinery and equipment	11,597,073
Infrastructure	35,751,325
	<u>\$ 101,764,703</u>

See accompanying Independent Auditor's Report.

STATISTICAL SECTION

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	82
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	87
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.	91
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.	94
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.	96

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

Table 1

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 46,088,678	\$ 47,008,061	\$ 47,141,777	\$ 49,016,212	\$ 48,869,955
Restricted	11,176	11,420	95,985	309,702	220,384
Unrestricted	7,743,736	6,339,484	4,882,063	5,215,082	6,146,256
Total governmental activities net position	<u>\$ 53,843,590</u>	<u>\$ 53,358,965</u>	<u>\$ 52,119,825</u>	<u>\$ 54,540,996</u>	<u>\$ 55,236,595</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 48,321,951	\$ 47,622,263	\$ 47,427,008	\$ 47,858,671	\$ 48,503,314
Restricted	205,419	234,737	263,310	214,401	272,482
Unrestricted	7,087,168	8,479,844	9,505,490	10,786,072	10,425,179 *
Total governmental activities net position	<u>\$ 55,614,538</u>	<u>\$ 56,336,844</u>	<u>\$ 57,195,808</u>	<u>\$ 58,859,144</u>	<u>\$ 59,200,975</u>

Source: Town CAFR

* The Town implemented GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions. The implementation of GASB No. 75 resulted in a cumulative effect adjustment on unrestricted net position in the amount of \$(383,720).

Table 2

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,852,884
Public safety	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	1,270,103
Public works	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	1,669,748
Civic and human services	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	1,921,900
Planning and land use	188,966	146,868	127,342	100,104	118,139	124,735	117,273	158,110	143,330	147,348
Sewer	414,558	439,769	381,677	579,075	453,042	411,358	320,260	303,075	337,576	289,147
Education	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	30,472,350
Interest expense	528,928	412,400	375,805	410,111	297,813	325,736	372,985	201,214	210,015	193,475
Total governmental activities expenses	34,141,646	35,872,509	36,978,403	37,174,689	37,627,031	38,531,791	39,864,820	40,016,320	39,640,667	40,816,955
Program Revenues										
Governmental activities:										
Charges for services										
General government	399,100	165,998	143,971	452,726	505,267	436,543	470,801	600,786	847,306	473,526
Public safety	156,190	158,127	200,145	224,688	274,342	270,560	273,482	293,785	382,534	409,211
Public works	406,485	131,756	509,237	6,642	14,896	6,820	3,345	31,449	53,039	68,185
Civic and human services	606,802	564,552	634,002	726,716	653,200	628,653	638,533	640,935	694,804	682,382
Planning and land use	55,523	15,620	15,119	11,079	1,999	6,252	9,235	18,070	9,009	6,439
Sewer fees	4,912	409,105	414,457	620,627	633,847	511,709	421,331	343,774	508,555	742,426
Education	99,890	263,378	266,019	237,789	232,498	181,824	484,352	285,663	383,681	347,434
Operating grants and contributions										
General government	-	27,936	152,393	-	-	-	-	-	-	100,000
Public safety	28,842	66,180	6,740	80,678	39,175	52,304	13,501	42,786	9,606	2,014
Public works	-	-	2,218	-	-	-	-	-	13,283	381,686
Civic and human services	45,317	2,080	79,841	85,614	91,657	96,589	93,511	155,599	161,631	96,933
Sewer fees	-	671	-	-	-	-	-	-	-	-
Education	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	8,925,658
Capital grants and contributions										
General government	443,146	316,866	-	-	-	-	-	-	-	197,556
Public safety	9,531	-	-	-	-	-	-	-	-	-
Public works	190,677	334,525	249,641	854,104	468,440	273,530	599,662	528,988	643,547	472,828
Civic and human services	-	125,000	-	120,000	-	165,000	-	110,500	-	-
Education	-	-	-	-	142,826	-	37,811	62,885	-	-
Total governmental activities program revenues	9,393,244	10,688,697	10,745,455	12,140,087	12,078,279	11,598,720	12,121,909	12,145,963	12,463,720	12,906,278
Net (Expense)/Revenue	(24,748,402)	(25,183,812)	(26,232,948)	(25,034,602)	(25,548,752)	(26,933,071)	(27,742,911)	(27,870,357)	(27,176,947)	(27,910,677)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	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	28,447,338
Grants and contributions not restricted to specific programs	1,116,089	267,740	81,152	104,092	186,142	157,572	104,649	89,921	293,076	100,627
Unrestricted investment earnings	177,188	46,632	36,275	16,150	14,548	18,447	22,931	31,975	46,525	88,263
Loss on disposal of assets	-	-	(221,926)	-	-	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	24,925,158	24,699,187	24,993,808	26,290,544	26,244,351	27,311,014	28,465,217	28,729,321	28,840,283	28,636,228
Change in Net Position	\$ 176,756	\$ (484,625)	\$ (1,239,140)	\$ 1,255,942	\$ 695,599	\$ 377,943	\$ 722,306	\$ 858,964	\$ 1,663,336	\$ 725,551

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				
	2009	2010	2011	2012	2013
Function/Program					
Governmental activities:					
General government	\$ 842,246	\$ 510,800	\$ 296,364	\$ 452,726	\$ 505,267
Public safety	194,563	224,307	206,885	305,366	313,517
Civic and human services	652,119	691,632	713,843	932,330	744,857
Planning and land use	55,523	15,620	15,119	11,079	1,999
Public works	597,162	466,281	761,096	860,746	483,336
Sewer	4,912	409,776	414,457	620,627	633,847
Education	7,046,719	8,370,281	8,337,691	8,957,213	9,395,456
Total governmental activities	<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>

	Fiscal Year				
	2014	2015	2016	2017	2018
Function/Program					
Governmental activities:					
General government	\$ 436,543	\$ 470,801	\$ 600,786	\$ 847,306	\$ 771,082
Public safety	322,864	286,983	336,571	392,140	411,225
Civic and human services	890,242	732,044	907,034	856,435	779,315
Planning and land use	6,252	9,235	18,070	9,009	6,439
Public works	280,350	603,007	560,437	709,869	922,699
Sewer	511,709	421,331	343,774	508,555	742,426
Education	9,150,760	9,598,508	9,379,291	9,140,406	9,273,092
Total governmental activities	<u>\$ 11,598,720</u>	<u>\$ 12,121,909</u>	<u>\$ 12,145,963</u>	<u>\$ 12,463,720</u>	<u>\$ 12,906,278</u>

Source: Town CAFR

Table 4

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

	Fiscal Year	
	2009	2010
General Fund		
Reserved	\$ 232,226	\$ 213,975
Unreserved	3,166,328	3,213,048
Total general fund	<u>\$ 3,398,554</u>	<u>\$ 3,427,023</u>
All Other Governmental Funds		
Reserved	\$ 37,764	\$ 33,208
Unreserved, reported in:		
Special revenue funds	1,232,285	70,691
Debt service funds	1,815,959	1,119,038
Capital projects funds	522,902	1,180,577
Total all other governmental funds	<u>\$ 3,608,910</u>	<u>\$ 2,403,514</u>

	Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	77,095	194,396	337,742	262,071	525,116	372,486	531,009	700,314
Unassigned	3,045,117	3,084,946	4,123,853	5,210,642	5,809,658	6,650,032	7,211,752	6,758,878
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>	<u>\$ 7,459,192</u>
All Other Governmental Funds								
Nonspendable	\$ 11,391	\$ 163,115	\$ 168,234	\$ 173,731	\$ 169,810	\$ 162,006	\$ 24,925	\$ 28,661
Restricted	84,594	298,833	62,193	47,228	71,476	105,119	1,288,270	475,976
Committed	1,910,802	2,085,658	1,899,324	1,710,461	1,961,270	2,057,931	2,515,127	2,691,117
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>	<u>\$ 3,195,754</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	\$ 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	\$ 28,169,495
Intergovernmental	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	9,067,467
Charges for services	466,833	550,077	545,393	2,123,372	2,047,175	1,859,181	2,172,563	2,094,390	2,517,494	2,566,756
Investment income	111,851	19,090	26,140	16,150	14,548	18,447	22,931	31,975	46,525	88,263
Other revenue	203,643	191,653	129,380	135,914	378,990	104,013	142,931	199,528	367,593	276,475
Total revenues	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	40,168,456
Expenditures										
General government	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	3,029,952
Public safety	750,671	849,513	809,348	855,946	934,377	833,543	933,736	979,887	1,034,702	903,292
Public works	1,080,910	969,220	971,170	840,028	963,490	975,317	929,827	1,119,108	950,830	850,903
Civic and human services	-	-	692,084	1,282,464	1,191,593	1,202,394	1,242,954	1,320,479	1,480,587	1,328,424
Planning and land use	-	-	108,318	87,989	103,723	108,366	117,273	144,713	120,512	124,783
Sewer	-	-	9,280	373,354	354,023	331,144	320,260	290,010	337,576	289,147
Recreation, library, health and welfare	715,392	771,594	-	-	-	-	-	-	-	-
Education	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	28,901,512
Interest and benefits	-	-	1,127,567	1,105,978	1,125,058	1,203,852	1,272,418	1,339,685	1,387,591	1,379,971
Capital outlays	-	121,813	92,709	1,524,456	2,670,844	1,411,772	1,088,699	1,434,523	1,825,468	2,944,097
Debt service:										
Principal	1,220,489	1,513,841	1,524,220	1,630,182	952,787	820,041	909,496	971,905	1,000,247	1,155,085
Interest and fiscal charges	390,048	396,141	351,050	320,378	281,095	320,995	209,053	196,389	183,131	177,427
Total expenditures	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	41,084,593
Excess of revenues over (under) expenditures	174,139	(93,009)	(620,893)	743,508	(551,772)	387,373	1,003,336	572,568	1,011,509	(916,137)
Other Financing Sources (Uses)										
Transfers in	1,490,000	1,230,000	950,000	1,565,573	850,070	970,457	1,090,036	808,046	1,265,844	1,702,663
Transfers out	(2,119,786)	(1,107,522)	(726,627)	(1,565,573)	(850,070)	(970,457)	(1,090,036)	(808,046)	(1,265,844)	(1,702,663)
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)	(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	\$ (455,647)	\$ 29,469	\$ (304,811)	\$ 799,264	\$ 751,250	\$ 812,787	\$ 1,155,348	\$ 810,244	\$ 2,223,509	\$ (916,137)
Debt service as a percentage of noncapital expenditures	4.99%	5.78%	5.43%	6.63%	3.37%	3.06%	2.90%	3.00%	3.03%	3.46%
Total debt service	\$ 1,610,537	\$ 1,909,982	\$ 1,875,270	\$ 1,950,560	\$ 1,233,882	\$ 1,141,036	\$ 1,118,549	\$ 1,168,294	\$ 1,168,517	\$ 1,332,512
Noncapital expenditures	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	38,543,802

Table 6

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

Fiscal Year Ended June 30,	Real Property			Personal Property	Motor Vehicle	Gross Taxable Assessed Value	Net Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other ¹								
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%
2018	632,071,120	25,928,130	1,714,260	15,716,080	74,782,990	755,187,190	750,169,270	-4.57%	37.00	1,027,868,900	72.98%

Source: Town of Hebron, Assessor Office

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

A revaluation of all real estate was effective on the October 1, 2016 Grand List (FY 2018).

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
2010	2008	\$ 21,622,199	\$ 1,870,379	\$ 345,940	23,838,518	28.17
2011	2009	22,342,779	1,975,939	347,843	24,666,561	28.94
2012	2010	23,302,802	2,229,168	385,972	25,917,942	30.26
2013	2011	22,937,205	2,373,378	460,103	25,770,686	33.55
2014	2012	22,904,188	2,559,082	459,315	25,922,585	34.70
2015	2013	24,719,625	2,575,410	541,769	27,836,804	35.75
2016	2014	24,508,507	2,697,514	541,296	27,747,317	36.00
2017	2015	24,836,292	2,633,911	546,254	28,016,457	35.64
2018	2016	24,593,460	2,766,970	581,495	27,941,925	37.00

Source: Town of Hebron, Town Tax Records

Note: 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>	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Grand List
Eversource	\$ 8,220,850	1	1.10%	\$ 4,214,460	1	0.73%
Hebron Lincoln LLC (CVS)	2,450,000	2	0.33%			
Village Shoppes, LLC	1,835,070	3	0.24%	1,862,980	4	0.35%
Hebron Country Manor, LLC	1,807,060	4	0.24%	880,790	9	
Connecticut Water Co., The	1,657,920	5	0.22%			
Blackledge Country Club, Inc.	1,548,550	6	0.21%	2,897,305	2	0.54%
Hebron Properties LLC	1,512,170	7	0.20%	1,092,950	7	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>2.96%</u>	<u>\$ 10,948,485</u>		<u>1.88%</u>

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

Table 9

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

Fiscal Year Ended June 30,	Grand List Year	Adjusted Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2007	\$	23,418,756	\$	22,991,894	98.18%	\$	407,375
2010	2008		24,222,438		23,838,518	98.42%		337,243
2011	2009		25,010,853		24,666,561	98.62%		281,785
2012	2010		26,398,547		25,975,464	98.40%		337,754
2013	2011		25,944,959		25,518,394	98.36%		311,951
2014	2012		26,944,807		26,476,300	98.26%		293,246
2015	2013		28,045,844		27,598,938	98.41%		211,023
2016	2014		28,344,010		27,747,672	97.90%		269,045
2017	2015		28,272,564		27,728,993	98.08%		155,583
2018	2016		28,166,514		27,595,496	97.97%		-
								27,595,496
								97.97%

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

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

Table 10

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

Fiscal Year	General Obligation Bonds and Notes¹	Less Amount Available in Debt Service	Total Primary Government	Percentage of Actual Property Value²	Percentage of Personal Income³	Debt Per Capita⁴
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
2018	3,726,000	41,859	3,684,141	0.36%	3.33%	385

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, 2018
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property tax: RHAM Regional School District No. 8	\$ 12,260,000	54.33%	\$ 6,660,858
Total Overlapping Debt			<u>6,660,858</u>
Direct general obligation bond debt - Hebron			3,726,000
Direct capital lease debt - Hebron			1,216,675
Total Direct Debt			<u>4,942,675</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,603,533</u></u>

Source: Town CAFR

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

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

Table 12

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

Fiscal Year	Net Bonded Debt	Clean Water Fund Notes	Total Net Bonded Debt	Capital Leases	Total Primary Government	Ration of Net Bonded Debt to Est. Actual Taxable Value¹	Percentage of Personal Income²	Debt Per Capita³
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
2018	3,726,000	-	3,726,000	1,216,675	4,942,675	0.48%	4.46%	516

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
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	24,108	43	1,588	4.8%
2017	9,611	105,104	10,936	43	1,454	4.0%
2018	9,580	110,739	22,147	43	1,516	3.5%

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	2018			2009		
	(1) Employees¹	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Regional School District No. 8	242	1	13.8%	211	1	13.6%
Town of Hebron	183	2	10.9%	70	2	4.4%
Ted's Supermarket	68	3	4.4%	68	3	4.3%
Staff Mates	49	4	3.9%	15	6	1.0%
Country Carpenters	26	5	3.0%			
Gina Maries Restaurant	25	6	3.0%			
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	678		43.5%	397		25.5%

Source: Various Town Records

1 Full time equivalent

Table 15

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

<u>Function/Program</u>	<u>Full-Time Equivalent Employees as of June 30</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
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	6	6	7	7	6	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	2	2	3	3	3	3	4	4	5	5
Fire:										
Firefighter and officers	2	2	2	2	2	2	2	3	3	3
Public works:										
Administration	2	2	2	2	2	2	3	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	<u>44</u>	<u>44</u>	<u>45</u>	<u>45</u>	<u>44</u>	<u>44</u>	<u>47</u>	<u>48</u>	<u>48</u>	<u>48</u>

Source: Various Town Records

Table 16

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Police:</u>										
Calls for service	4,750	5,217	5,211	4,358	3,914	4,297	4,410	4,118	4,586	4,216
Adult arrest	72	89	99	73	71	72	75	56	63	41
Juvenile arrest	10	9	10	6	15	10	14	7	11	10
Traffic citations	466	871	1,457	1,019	664	722	771	535	775	521
<u>Fire:</u>										
Total fire runs	237	367	302	226	227	208	271	250	251	294
Total rescue runs	424	429	450	437	493	582	518	511	534	593
<u>Building safety:</u>										
Total building permits	434	438	394	521	532	491	490	542	515	486
Total value all permits	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	\$ 15,573,009
Total building permits - new homes	8	11	7	9	11	6	11	13	13	16
Total value all permits - new homes	\$ 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	\$ 3,460,279
<u>Library</u>										
Volumes in collection	40,292	39,169	39,233	39,329	46,823	39,019	50,018	51,080	50,520	49,810

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)

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<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)	96	98	98	98	98	98	98	98	98	98
Traffic lights	2	2	2	2	2	2	3	3	3	3
Street lights	199	200	201	201	201	201	201	223	223	223
<u>Parks and recreation:</u>										
Acreage	850	850	900	900	900	900	900	900	900	900
Parks	3	4	4	4	4	4	4	4	4	4
Baseball diamonds	7	9	9	9	9	9	9	9	9	9
Soccer fields	4	8	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	2	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	2	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	1	1
<u>Library:</u>										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	40,292	39,169	39,223	39,329	46,823	39,019	50,018	51,080	50,520	49,810
<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