

TOWN OF WESTON, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2017

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Independent Auditors' Report

To the Board of Finance
Town of Weston, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Weston, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Weston, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Weston, Connecticut, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principle

As discussed in Note 5 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 54 through 56 and the pension and OPEB schedules on pages 57 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the Town of Weston, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Town of Weston, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Weston, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
November 17, 2017

Town of Weston, Connecticut
Management's Discussion and Analysis - *unaudited*
June 30, 2017

As management of the Town of Weston, Connecticut (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government'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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town 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 general government, public safety, public works, health and welfare, education, and culture and recreation activities. The Town maintains three business-type activities - the Ravenwood area water supply system, self-funded recreation programs and the recycling and transfer station operation. Additionally, the Town maintains an internal service fund to account for financial transactions related to health insurance.

The Town does not have any component units which would be other governmental units over which the Town can exercise influence through its legislative body and/or may be obligated to provide financial subsidy.

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period of time after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected or paid with cash during the current period, or, shortly after the end of the year.

The governmental funds includes the general fund, as well as other governmental funds which consists of 13 special revenue funds, the capital non-recurring reserve fund, the capital improvement fund, the police special vehicle fund and one permanent fund. For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, different accounting bases are used to prepare fund financial statements and government-wide financial statements. For this reason, there is an analysis which is reflected on page 15 that reconciles the total fund balance to the amount of net position. On page 17 there is a reconciliation of the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources while also reflecting capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate those transactions and incorporate the capital assets and long-term obligations (bonds, etc.) into the governmental activities column.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds. The Town maintains four (4) proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Ravenwood area water supply system, self-funded recreation programs, and the recycling/transfer station as business-type activities. Also included under proprietary funds is the internal services fund.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Weston's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 24-53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide other post-employment benefits to its employees, general fund budgetary information and information regarding participation in cost sharing pension plans.

Financial Highlights - Primary Government

The assets and deferred outflows of resources of the Town of Weston exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$63.8 million (net position). Of this amount, approximately \$14.6 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's total net position increased by \$321 thousand from operations.

As of the close of the fiscal year, the Town of Weston's governmental funds reported combined ending fund balances of approximately \$18.9 million, an increase of approximately \$71 thousand. The general fund reflects a total fund balance of approximately \$14.4 million, or an increase of approximately \$561 thousand from the prior year. Management has committed to the Boards of Selectmen and Finance the goal of achieving a minimum unassigned fund balance in the range of 11% to 13% of the annual budget. As of the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$13.4 million, or approximately 17.0% of general fund expenditures and other financing uses of funds.

Total debt for the Town decreased by approximately \$4.6 million as prior outstanding debt was amortized, and the Town did not issue any new debt.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Weston, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$63.8 million at the close of the fiscal year. The Town's overall financial position is summarized as follows:

Town of Weston, Connecticut Summary Statement of Net Position (000's)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current assets	\$ 28,417	\$ 28,212	\$ 181	\$ 151	\$ 28,597	\$ 28,363
Capital assets, net of accumulated depreciation	85,817	89,504	128	130	85,946	89,634
Total assets	<u>114,234</u>	<u>117,716</u>	<u>309</u>	<u>281</u>	<u>114,543</u>	<u>117,997</u>
Deferred outflows of resources	<u>6,186</u>	<u>2,795</u>			<u>6,186</u>	<u>2,795</u>
Current liabilities	10,270	9,937	23	6	10,293	9,943
Long-term liabilities outstanding	45,583	47,389			45,583	47,389
Total liabilities	<u>55,853</u>	<u>57,326</u>	<u>23</u>	<u>6</u>	<u>55,876</u>	<u>57,332</u>
Deferred inflows of resources	<u>1,071</u>				<u>1,071</u>	<u>-</u>
Net Position:						
Invested in						
capital assets	48,952	47,689	128	130	49,080	47,819
Restricted	127	131			127	131
Unrestricted	<u>14,417</u>	<u>15,365</u>	<u>157</u>	<u>145</u>	<u>14,575</u>	<u>15,510</u>
Total Net Position	<u>\$ 63,496</u>	<u>\$ 63,185</u>	<u>\$ 286</u>	<u>\$ 275</u>	<u>\$ 63,782</u>	<u>\$ 63,460</u>

For more detailed information, see the Statement of Net Position (page 13).

The largest portion of the Town's net position in the governmental activities represents its net investment in capital assets (77.1%), with the remainder classified as restricted (0.2%) and unrestricted (22.7%). Capital assets for the Town decreased by \$3.5 million from the prior year as annual depreciation expense exceeded new capital outlay during the year. Although the Town 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.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental activities.

Town of Weston, Connecticut
Summary Statement of Activities (000's)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 1,018	\$ 914	\$ 707	\$ 727	\$ 1,725	\$ 1,641
Operating grants and contributions	12,318	9,141			12,318	9,141
Capital grants and contributions	1,348	1,058			1,348	1,058
General revenues:						
Property taxes	67,829	67,591			67,829	67,591
Grants not restricted to specific programs	539	905			539	905
Unrestricted investment earnings	47	374			47	374
Miscellaneous	32	73			32	73
Total revenues	<u>83,131</u>	<u>80,056</u>	<u>707</u>	<u>727</u>	<u>83,838</u>	<u>80,783</u>
Expenses:						
General government	7,329	6,809			7,329	6,809
Public safety	3,479	3,073			3,479	3,073
Public works	2,429	2,423			2,429	2,423
Health and welfare	509	445			509	445
Culture and recreation	1,329	1,335			1,329	1,335
Education	66,773	62,086			66,773	62,086
Interest and fiscal charges	868	1,994			868	1,994
Water Supply System			37	40	37	40
Self-funded recreation programs			392	372	392	372
Recycling and transfer station			373	390	373	390
Total expenses	<u>82,715</u>	<u>78,165</u>	<u>802</u>	<u>802</u>	<u>83,517</u>	<u>78,967</u>
Change in net position before transfers	415	1,891	(94)	(75)	321	1,816
Transfers	(105)	(102)	105	102	-	-
Change in net position	<u>311</u>	<u>1,789</u>	<u>11</u>	<u>27</u>	<u>321</u>	<u>1,816</u>
Net Position at Beginning of Year	<u>63,185</u>	<u>61,396</u>	<u>275</u>	<u>248</u>	<u>63,460</u>	<u>61,644</u>
Net Position at End of Year	<u>\$ 63,496</u>	<u>\$ 63,185</u>	<u>\$ 286</u>	<u>\$ 275</u>	<u>\$ 63,781</u>	<u>\$ 63,460</u>

Governmental activities - Governmental activities increased the Town's net position by approximately \$300 thousand.

Major revenue factors impacting the change in net position include the following:

- Operating grants and contributions increased by approximately \$3.2 million as a result of an increase in state on behalf teacher's retirement contributions.
- Capital grants and contributions increased by \$290 thousand mainly due to increases in public safety grants.
- Unrestricted investment earnings decreased by \$327,000 due to the fact that the Town experienced market value unrealized losses as of June, 2017 in the Town's fixed income portfolio.

Grants not restricted to specific programs decreased by \$366,000 due mainly to reduced ECS grant funding.

Major expense factors include:

- For Governmental Activities, approximately \$66.8 million of the Town's expenses relate to education, \$3.5 million relates to public safety, \$7.3 million for general government, \$2.4 million for public works, \$900 thousand for interest on long-term debt while other expenses total approximately \$1.8 million.

Business-type activities - The Town's three business-type activities accounted for an increase of approximately \$11 thousand in net position primarily due to a transfer from the General Fund to cover operating deficits. Operating expenses exceeded revenues for these funds by approximately \$94 thousand. The general fund covered the deficits in these funds with a net transfer amounting to approximately \$105 thousand. Historically, the Town has covered such operating deficits in the Water Supply System and Transfer Station operations through transfers that are included in the Town's annual operating budget.

Financial Analysis of the Government'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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$18.9 million. Approximately 70.4% of this total amount (\$13.3 million) constitutes unassigned fund balance. The remainder of fund balance is categorized among the remaining four classifications of fund balance depending on the level of commitment on these funds.

General fund. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$13.4 million, while total general fund balance totaled approximately \$14.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 17.1% of total general fund expenditures and uses of funds, while total fund balance represents approximately 18.4% of that same amount.

The fund balance of the Town's general fund increased by approximately \$561 thousand during the current fiscal year as revenues exceeded expenditures by \$1.4 million and were offset by net transfers out of \$808 thousand.

Major expenditure factors include:

- Debt payments decreased by \$82 thousand as a result of scheduled debt amortization.
- Public works expenses were down by \$157 thousand due to retroactive wage settlements made in fiscal year 2015-16, and a decrease in road paving.
- Education expenses increased by \$3.8 million almost entirely due to an increase in the on-behalf pension expenses for teachers' retirement benefits provided by the state.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was approximately \$43 thousand and attributable primarily due to supplemental appropriations over the course of the year approved by the Boards of Selectmen and Finance, offset somewhat by favorable variances in other accounts.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental funds as of June 30, 2017, amounts to approximately \$85.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and related systems, improvements, roads, highways, bridges, machinery, furniture, vehicles and equipment, as well as construction in progress.

Major capital asset events during the current fiscal year included the following:

- \$1.4 million was spent on a major renovation project at the public library. Expenditures were largely offset by a state grant and Library Board funding.
- The Town spent a total of \$161 thousand for a new snow removal truck for DPW.
- The Town spent \$64,000 toward air conditioning projects at the public schools.
- \$68,000 was spent toward new breathing apparatus equipment for the Volunteer Fire Department.

Town of Weston, Connecticut Capital Assets, Net of Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 10,149	\$ 10,149	\$	\$	\$ 10,149	\$ 10,149
Land improvements	2,594	2,844			2,594	2,844
Infrastructure	10,159	10,602			10,159	10,602
Buildings and improvements	57,775	60,347	76	81	57,851	60,428
Machinery and equipment	5,036	5,257	53	49	5,089	5,306
Construction in progress	104	306			104	306
Total	\$ <u>85,817</u>	\$ <u>89,505</u>	\$ <u>128</u>	\$ <u>130</u>	\$ <u>85,946</u>	\$ <u>89,635</u>

Additional information on the Town's capital assets can be found in Note 3C of this report.

Debt Obligations. At the end of the current fiscal year, the Town had total long-term debt obligations outstanding of approximately \$51.0 million. Of this amount, approximately \$34.3 million comprises long-term debt backed by the full faith and credit of the Town. The balance of the debt is comprised mostly of OPEB liability, pension liability and compensated absences. The Town has not issued any debt secured solely by specified revenue sources (i.e., revenue bonds). The following summarizes the changes in the Town's general obligation bonds:

**Town of Weston, Connecticut
Changes in Town Debt**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 34,325	\$ 38,965	\$ -	\$ -	\$ 34,325	\$ 38,965

The Town's total debt decreased by approximately \$4.6 million during the current fiscal year due to the amortization of prior bonds.

The Town maintains an "AAA" rating from Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is approximately \$476 million, which is significantly in excess of the Town's outstanding general obligation debt of approximately \$34.3 million.

Additional information on the Town's long-term debt can be found in Note 3E of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town as of June 30, 2017 was 4.9 percent, which compares favorably to the State's average unemployment rate of 5.1 percent and the Stamford Labor Market of 5.2 percent.
- The Town's fiscal year 2016-2017 budget resulted in a mill rate decrease of .4% due to minimal budget increases and a slight increase in the grand list. The 2017-2018 budget saw a modest increase in the mill rate of 1.2%.
- Inflationary trends in the region are similar to national indices.
- The Town receives relatively little State aid in comparison to other Connecticut municipalities. As a result, the Town is considerably insulated from the impact of State revenue shortfalls and corresponding cuts in State grants to municipalities.
- Conservative fiscal policies, particularly in budgeting for revenue and addressing long-term liabilities, have significantly aided in the Town maintaining an unassigned general fund balance consistently in excess of 12% of the total Town budget.
- Primarily a residential community, wealth and income indicators for the Town are among the strongest in the state. Median family income and per capita income for the Town are approximately twice that of the same categories for Fairfield County as a whole based on the latest census figures.

- The Town utilizes a financial forecasting model to project the tax consequences associated with funding annual budget projections as well as the financing of large capital expenditures (school construction) over a ten year period. The model enables Town administration, Boards and the general public to be aware of these consequences by utilizing various assumptions and projections related to bonded debt issuance, annual growth in operating revenues and expenditures, capital non-recurring plans, tax collection rates and grand list growth.
- Similar to regional and national conditions, the Town's overall economic indicators remain mixed as unemployment rates and foreclosures remain at similar levels compared to recent years. Building Permits declined in 2016-17 although Town Clerk conveyance tax fees increased supporting these mixed signals. The Town will continue to monitor such activity in planning future budgets,

Most of these factors were considered in preparing the Town of Weston's annual budget.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 56 Norfield Road, Weston, CT 06883.

TOWN OF WESTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 11,545,216	\$ 146,211	\$ 11,691,427
Investments	13,762,908		13,762,908
Due from Fiduciary Funds	98,823		98,823
Receivables, net:			
Property taxes, current	1,967,044		1,967,044
Other	1,009,674	34,377	1,044,051
Inventories and prepaids	32,897		32,897
Capital assets, nondepreciable	10,252,740		10,252,740
Capital assets, net of accumulated depreciation	75,564,505	128,347	75,692,852
Total assets	<u>114,233,807</u>	<u>308,935</u>	<u>114,542,742</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	477,466		477,466
Deferred outflows related to pension plan	5,708,741		5,708,741
Total deferred outflows	<u>6,186,207</u>	<u>-</u>	<u>6,186,207</u>
Liabilities:			
Accounts payable and accrued items	2,860,480	450	2,860,930
Accrued interest payable	631,595		631,595
Internal balances	69,350	(69,350)	-
Due to Fiduciary Funds	130,741		130,741
Unearned revenue	1,082,419	92,172	1,174,591
Noncurrent liabilities:			
Due within one year	5,495,144		5,495,144
Due in more than one year	45,583,426		45,583,426
Total liabilities	<u>55,853,155</u>	<u>23,272</u>	<u>55,876,427</u>
Deferred Inflows of Resources:			
Advance property tax collections	384,460		384,460
Deferred inflows related to pension plan	686,445		686,445
Total deferred inflows of resources	<u>1,070,905</u>	<u>-</u>	<u>1,070,905</u>
Net Position:			
Invested in capital assets	48,951,585	128,347	49,079,932
Restricted for trust purposes	127,064		127,064
Unrestricted	14,417,305	157,316	14,574,621
Total Net Position	<u>\$ 63,495,954</u>	<u>\$ 285,663</u>	<u>\$ 63,781,617</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 7,328,560	\$ 902,076	\$ 38,167	\$ 233,858	\$ (6,154,459)	\$	\$ (6,154,459)
Public safety	3,479,083	113,648		495,528	(2,869,907)		(2,869,907)
Public works	2,429,038			255,235	(2,173,803)		(2,173,803)
Health and welfare	508,595	1,867	278,975	32,769	(194,984)		(194,984)
Culture and recreation	1,329,190		16,206	230,721	(1,082,263)		(1,082,263)
Education	66,772,609		11,984,304	99,688	(54,688,617)		(54,688,617)
Interest on long-term debt	868,179				(868,179)		(868,179)
Total governmental activities	<u>82,715,254</u>	<u>1,017,591</u>	<u>12,317,652</u>	<u>1,347,799</u>	<u>(68,032,212)</u>	<u>-</u>	<u>(68,032,212)</u>
Business-type activities:							
Water Supply System	37,104	19,874				(17,230)	(17,230)
Self-funded recreation programs	391,639	430,789				39,150	39,150
Recycling and transfer station	<u>372,787</u>	<u>256,787</u>				<u>(116,000)</u>	<u>(116,000)</u>
Total business-type activities	<u>801,530</u>	<u>707,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,080)</u>	<u>(94,080)</u>
Total	<u>\$ 83,516,784</u>	<u>\$ 1,725,041</u>	<u>\$ 12,317,652</u>	<u>\$ 1,347,799</u>	<u>(68,032,212)</u>	<u>(94,080)</u>	<u>(68,126,292)</u>
General revenues:							
Property taxes					67,828,625		67,828,625
Grants and contributions not restricted to specific programs					539,402		539,402
Unrestricted investment earnings					47,106	(129)	46,977
Miscellaneous					33,497		33,497
Transfers					(104,760)	104,760	-
Total general revenues and transfers					<u>68,343,870</u>	<u>104,631</u>	<u>68,448,501</u>
Change in net position					311,658	10,551	322,209
Net Position at Beginning of Year					<u>63,184,296</u>	<u>275,112</u>	<u>63,459,408</u>
Net Position at End of Year					<u>\$ 63,495,954</u>	<u>\$ 285,663</u>	<u>\$ 63,781,617</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 9,456,859	\$ 2,088,357	\$ 11,545,216
Investments	13,762,908		13,762,908
Receivables, net of allowance for collection losses:			
Property taxes receivable, net	1,967,044		1,967,044
Intergovernmental and other	989,633	20,041	1,009,674
Inventories and prepaids	17,883	15,014	32,897
Due from other funds	684,013	4,257,600	4,941,613
Advances to other funds	540,185		540,185
Total Assets	<u>\$ 27,418,525</u>	<u>\$ 6,381,012</u>	<u>\$ 33,799,537</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued items	\$ 1,833,317	\$ 100,548	\$ 1,933,865
Due to other funds	7,787,090	487,735	8,274,825
Advances to other funds		540,185	540,185
Unearned revenue	388,083	694,336	1,082,419
Total liabilities	<u>10,008,490</u>	<u>1,822,804</u>	<u>11,831,294</u>
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	2,653,276		2,653,276
Advance property tax collections	384,460		384,460
Total deferred inflows of resources	<u>3,037,736</u>	<u>-</u>	<u>3,037,736</u>
Fund Balances:			
Nonspendable	558,068	115,014	673,082
Restricted		1,234,641	1,234,641
Committed	418,254	3,227,625	3,645,879
Assigned	42,993		42,993
Unassigned	13,352,984	(19,072)	13,333,912
Total fund balances	<u>14,372,299</u>	<u>4,558,208</u>	<u>18,930,507</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,418,525</u>	<u>\$ 6,381,012</u>	<u>\$ 33,799,537</u>

(Continued on next page)

TOWN OF WESTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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

Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 18,930,507
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 167,948,277	
Less accumulated depreciation	<u>(82,131,032)</u>	
Net capital assets		85,817,245

Other long-term assets and deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

Property tax receivables greater than 30 days	1,812,480
Interest receivable on property taxes	840,796
Deferred outflows related to pension plan	5,708,741
Deferred charge on refunding	477,466

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.	2,305,330
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(34,325,000)
Bonds premium	(2,477,192)
Deferred inflows related to pension plan	(686,445)
Interest payable on bonds	(631,596)
Capital lease	(540,934)
Net OPEB obligation	(1,159,564)
Compensated absences	(1,724,619)
MERS prior service costs	(139,738)
Net pension liability	<u>(10,711,523)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 63,495,954</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WESTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes, interest and lien fees	\$ 67,890,106	\$	\$ 67,890,106
Intergovernmental revenues	10,023,017	1,085,184	11,108,201
Investment earnings	342,469	1,254	343,723
Unrealized gain (loss) on investments	(296,617)		(296,617)
Charges for services	1,296,474	1,665,026	2,961,500
Other revenues	39,041	1,147,200	1,186,241
Total revenues	<u>79,294,490</u>	<u>3,898,664</u>	<u>83,193,154</u>
Expenditures:			
Current:			
General government	6,264,457	440,731	6,705,188
Public safety	2,894,608	20,000	2,914,608
Public works	1,913,462		1,913,462
Health and welfare	458,451		458,451
Culture and recreation	972,098		972,098
Education	59,113,732	2,245,959	61,359,691
Debt service:			
Principal retirement	4,640,000		4,640,000
Interest and other charges	1,668,838		1,668,838
Capital outlay		2,791,193	2,791,193
Total expenditures	<u>77,925,646</u>	<u>5,497,883</u>	<u>83,423,529</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,368,844</u>	<u>(1,599,219)</u>	<u>(230,375)</u>
Other Financing Sources (Uses):			
Capital lease proceeds	406,023		406,023
Transfers in	180,375	1,259,311	1,439,686
Transfers out	(1,394,071)	(150,375)	(1,544,446)
Total other financing sources (uses)	<u>(807,673)</u>	<u>1,108,936</u>	<u>301,263</u>
Net Change in Fund Balances	561,171	(490,283)	70,888
Fund Balances at Beginning of Year	<u>13,811,128</u>	<u>5,048,491</u>	<u>18,859,619</u>
Fund Balances at End of Year	<u>\$ 14,372,299</u>	<u>\$ 4,558,208</u>	<u>\$ 18,930,507</u>

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**TOWN OF WESTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 70,888
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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.

Capital outlay	2,050,025
Depreciation expense	(5,737,230)

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

Property taxes collected after 60 days	(75,433)
Interest receivable on property taxes	13,952

Change in deferred outflows related to pension plan	3,480,463
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital lease proceeds	(406,023)
Principal payments on bonds payable	4,640,000
Principal payments on capital lease	320,380

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charge on refunding	(88,852)
Amortization of premium	484,711
Accrued interest	84,419
Change in net OPEB obligation	(152,606)
Change in long-term compensated absences	(106,290)
MERS prior service costs	140,320
Change in deferred inflows related to pensions	(686,445)
Change in net pension liability	(3,232,709)

The net expense of the internal service funds is reported with governmental activities.	<u>(487,912)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 311,658</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WESTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017**

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 146,211	\$
Accounts receivable, net	34,377	
Due from other funds	166,805	3,231,944
Total current assets	<u>347,393</u>	<u>3,231,944</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>128,347</u>	
Total assets	<u>475,740</u>	<u>3,231,944</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued items	450	926,614
Due to other funds	97,455	
Unearned revenue	92,172	
Total current liabilities	<u>190,077</u>	<u>926,614</u>
Net Position:		
Invested in capital assets	128,347	
Unrestricted	<u>157,316</u>	<u>2,305,330</u>
Total Net Position	<u>\$ 285,663</u>	<u>\$ 2,305,330</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities Enterprise Funds</u>	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:		
Charges for services	\$ <u>707,450</u>	\$ <u>7,580,734</u>
Operating Expenses:		
Salaries, wages and employee benefits	792,347	
Medical claims		8,068,646
Depreciation expense	<u>9,183</u>	
Total operating expenses	<u>801,530</u>	<u>8,068,646</u>
Operating Loss	(94,080)	(487,912)
Nonoperating Revenues:		
Loss on investments	<u>(129)</u>	
Loss Before Transfers	(94,209)	(487,912)
Transfers In	134,760	
Transfers Out	<u>(30,000)</u>	
Change in Net Position	10,551	(487,912)
Net Position at Beginning of Year	<u>275,112</u>	<u>2,793,242</u>
Net Position at End of Year	<u>\$ <u>285,663</u></u>	<u>\$ <u>2,305,330</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 749,728	\$ 7,580,734
Payments to employees	(813,041)	(7,580,734)
Net cash provided by (used in) operating activities	<u>(63,313)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:		
Transfers in from other funds	134,760	
Transfers out to other funds	(30,000)	
Net cash provided by (used in) noncapital financing activities	<u>104,760</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Additions to property, plant and equipment	(7,298)	-
Net cash provided by (used in) capital and related financing activities	<u>(7,298)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Income (loss) on investments	(129)	-
Net cash provided by (used in) investing activities	<u>(129)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,020	-
Cash and Cash Equivalents at Beginning of Year	<u>112,191</u>	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ 146,211</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (94,080)	\$ (487,912)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	9,183	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	4,732	
(Increase) in due from other funds	(11,119)	
Increase (decrease) in due to other funds	(10,025)	429,260
Increase (decrease) in unearned revenue	37,546	
Increase (decrease) in accounts payable and accrued items	450	58,652
Total adjustments	<u>30,767</u>	<u>487,912</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (63,313)</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	Other Post- Employment Benefit Trust Fund	Greyledge Private Purpose Trust Fund	Agency Funds
Assets:			
Cash and cash equivalents	\$ 1,646	\$	\$ 341,999
Investments, at fair value:			
Mutual funds	8,239,823		
Due from other funds		130,741	
	<u>8,241,469</u>	<u>130,741</u>	<u>341,999</u>
Total assets			
Liabilities:			
Due to other funds	98,823		
Fiduciary deposits			341,999
Total liabilities	<u>98,823</u>	<u>-</u>	<u>341,999</u>
Net Position:			
Restricted for OPEB	8,142,646		
Restricted for Trust		130,741	
	<u>8,142,646</u>	<u>130,741</u>	<u>-</u>
Total Net Position	<u>\$ 8,142,646</u>	<u>\$ 130,741</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WESTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Other Post- Employment Benefit Trust Fund	Greylodge Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 557,609	\$
Plan members	59,204	
Total contributions	<u>616,813</u>	<u>-</u>
Investment earnings:		
Net change in fair value of investments	36,777	
Dividend and interest	716,996	
Total investment gain	<u>753,773</u>	<u>-</u>
Total additions	<u>1,370,586</u>	<u>-</u>
Deductions:		
Health claims and premiums	544,413	
Other deductions	5,030	21,885
	<u>549,443</u>	<u>21,885</u>
Change in Net Position	821,143	(21,885)
Net Position at Beginning of Year	<u>7,321,503</u>	<u>152,626</u>
Net Position at End of Year	<u>\$ 8,142,646</u>	<u>\$ 130,741</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Weston, Connecticut (the Town) was incorporated in 1787. It operates under the provisions of its charter and the general statutes of the State of Connecticut. The Town operates under a Board of Selectman and Board of Finance form of government and provides a full range of services including: public safety (police and fire), roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 61 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

B. Basis of Presentation

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town's primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Town's major individual governmental fund is reported as a separate column in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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.

The Town reports the following major governmental funds:

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

Additionally, the Town reports the following fund types:

The Enterprise Funds are used to account for the revenues and expenditures of the Town's water supply system, park and recreation programs and the recycling and transfer station.

The Internal Service Fund is used to account for the financing of goods or services provided by one department to other departments or agencies on a cost-reimbursement basis. The self-insurance fund is the Town's only internal service fund and is used to account for the medical insurance benefits provided to employees of the Board of Education.

The Other Post-Employment Benefit Trust Fund is used to account for the resources for retirees' health benefits.

The Private-Purpose Trust Fund is used to account for the resources legally held in trust for the benefit of individuals, private organizations or other governments.

The Agency Funds account for monies from various self-funding school activity programs, police survivor benefits and school athletic activities.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

E. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

F. Investments

Investments are stated at fair value.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

All trade and property tax receivables are shown net of an allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon analysis of creditor’s ability to pay.

I. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land	-
Construction in progress	-
Buildings and improvements	25-50
Land improvements	20
Machinery and equipment	5-15
Vehicles	10
Infrastructure	20-65

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual pension investment earnings, differences between expected and actual experience and change in proportionate share of the total pension liability. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from changes in the Town's proportionate share in liability. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the Town reports advance collections which represent taxes and fees inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

K. Compensated Absences

Based on union or employment contracts, certain employees may accumulate a certain amount of unused sick and vacation leave until retirement, termination or death, at which time the accumulated amounts become vested and the employee is paid a percentage of the accumulated leave. The amount recorded as a liability is based upon current salary levels. Vacation time earned during the fiscal year may, in some situations, be carried over to the next fiscal year. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

M. Net Other Post-Employment Benefit (OPEB) Obligation

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liability, in the government-wide financial statements.

N. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

O. Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Invested in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted

Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The primary government currently has no assets under restriction.

Unrestricted

This component of net position consists of amounts that do not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Weston Board of Finance). Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

Assigned Fund Balance

This includes amounts constrained for the intent to be used for a specific purpose by a Board of Finance that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**TOWN OF WESTON, CONNECTICUT
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P. Property Taxes

Property taxes are assessed as of October 1, levied on the following July 1, and billed and due in two installments, July 1 and January 1. Taxes less than \$100 are due in full on July 1. Motor vehicle taxes are due in one installment on July 1. Taxes become delinquent thirty days after the installment is due. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. A lien is placed on the property if real estate taxes are unpaid as of June 30 following the payable date.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 30 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

Q. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements. The Board of Finance submits a proposed General Fund operating budget for the fiscal year commencing July 1, to the annual Town budget meeting, at which taxpayer comments are obtained. The General Fund operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted.
- Additional appropriations for \$5,000 or less must be approved by the Board of Selectmen.
- All transfers within or between departments and additional appropriations of over \$5,000 must be made by the Board of Selectmen with the approval of the Board of Finance.
- Additional appropriations by the Board of Selectmen cannot exceed \$50,000.
- Supplemental appropriations beyond those approved under additional appropriations, shall not exceed 2% of the current tax levy.
- Formal budgetary integration is employed as a management control device during the year.

**TOWN OF WESTON, CONNECTICUT
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- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- Budgeted amounts shown are as originally adopted, or as amended by the Board of Selectmen and Board of Finance during the course of the year.
- There were \$103,025 of supplemental or additional appropriations approved during the year by the Board of Selectmen, Board of Finance and Town Meeting which later was reduced by positive results to \$42,827.

The Town’s budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as either restricted, committed or assigned fund balance depending on the level of restriction.

B. Deficit Fund Equity

For the year ended June 30, 2017, the following funds had deficit balances:

Lachat Community Farm	\$	16,958
Gifts and Grants		2,114

These amounts will be funded through contributions and future revenues.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by the Statutes, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

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

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

Deposits

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,798,669 of the Town’s bank balance of \$9,638,266 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,868,802
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>929,867</u>
Total Amount Subject to Custodial Risk	<u>\$ 7,798,669</u>

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2017, the Town’s cash equivalents amounted to \$2,927,525. The following table provides summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard & Poor’s</u>
State of Connecticut Short-Term Investment Fund (STIF)	AAAm
Multi bank securities	**
Janney	**
UBS Financial	**
Flynn	**

** Not rated

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Investments

As of June 30, 2017, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 2,307,223	\$ 738,898	\$ 1,568,325	\$
U.S. Government securities	N/A	3,376,056	249,823	2,977,053	149,180
U.S. Government agencies	Aaa	<u>5,656,513</u>	<u>135,517</u>	<u>2,689,617</u>	<u>2,831,379</u>
Total		11,339,792	<u>\$ 1,124,238</u>	<u>\$ 7,234,995</u>	<u>\$ 2,980,559</u>
Other investments:					
Mutual funds	N/A	<u>10,662,939</u>			
Total Investments		<u>\$ 22,002,731</u>			

* Subject to coverage by Federal Depository Insurance and Collateralization

N/A - not applicable

Investment Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value if its investment or collateral securities that are in the possession of an outside party.

Credit Risk

The Town has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments in obligations of any state or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk

The Town places no limit on the amount invested in any one issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

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.

**TOWN OF WESTON, CONNECTICUT
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The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 3,376,056	\$ 3,376,056	\$	\$
U.S. Government agencies	5,656,513	3,844,258	1,812,255	
Mutual funds	10,662,939	8,239,821	2,423,118	
Total investments by fair value level	19,695,508	\$ 15,460,135	\$ 4,235,373	\$ -
Other investments:				
Certificate of deposit	2,307,223			
Total	\$ 22,002,731			

B. Receivables

Receivables by type at year end for the Town's government-wide financial statements, including the applicable allowances for uncollectible accounts, are as follows:

	Property Taxes	Interest and Lien Fees	Due From State	Other Receivables	Total
Accounts receivable	\$ 2,198,647	\$ 840,796	\$ 20,041	\$ 183,214	\$ 3,242,698
Less allowance for uncollectible accounts	(231,603)				(231,603)
Net Accounts Receivable	\$ 1,967,044	\$ 840,796	\$ 20,041	\$ 183,214	\$ 3,011,095

**TOWN OF WESTON, CONNECTICUT
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C. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,148,899	\$	\$	\$ 10,148,899
Construction in progress	305,953	58,796	260,908	103,841
Total capital assets not being depreciated	<u>10,454,852</u>	<u>58,796</u>	<u>260,908</u>	<u>10,252,740</u>
Capital assets being depreciated:				
Buildings and improvements	116,964,062	1,787,371		118,751,433
Land improvements	5,512,777	19,857		5,532,634
Machinery and equipment	14,592,802	444,909	128,131	14,909,580
Infrastructure	18,501,890			18,501,890
Total capital assets being depreciated	<u>155,571,531</u>	<u>2,252,137</u>	<u>128,131</u>	<u>157,695,537</u>
Less accumulated depreciation for:				
Buildings and improvements	56,617,513	4,358,751		60,976,264
Land improvements	2,668,785	270,043		2,938,828
Machinery and equipment	9,335,329	666,238	128,131	9,873,436
Infrastructure	7,900,306	442,198		8,342,504
Total accumulated depreciation	<u>76,521,933</u>	<u>5,737,230</u>	<u>128,131</u>	<u>82,131,032</u>
Total capital assets being depreciated, net	<u>79,049,598</u>	<u>(3,485,093)</u>	<u>-</u>	<u>75,564,505</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,504,450</u>	<u>\$ (3,426,297)</u>	<u>\$ 260,908</u>	<u>\$ 85,817,245</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 232,950	\$	\$	\$ 232,950
Machinery and equipment	228,919	7,298	1,867	234,350
Total capital assets being depreciated	<u>461,869</u>	<u>7,298</u>	<u>1,867</u>	<u>467,300</u>
Less accumulated depreciation for:				
Buildings and improvements	152,059	5,158		157,217
Machinery and equipment	179,578	4,025	1,867	181,736
Total accumulated depreciation	<u>331,637</u>	<u>9,183</u>	<u>1,867</u>	<u>338,953</u>
Business-Type Activities Capital Assets, Net	<u>\$ 130,232</u>	<u>\$ (1,885)</u>	<u>\$ -</u>	<u>\$ 128,347</u>

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:		
General Government		\$ 105,727
Public Safety		191,957
Public Works		470,910
Health and Sanitation		4,606
Culture and recreation		352,983
Utility		780
Education		<u>4,610,267</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 5,737,230</u>
Business-type activities:		
Water supply system		\$ 5,901
Recycling and transfer station		<u>3,282</u>
Total Depreciation Expense - Business-Type Activities		<u>\$ 9,183</u>

Construction Commitments

The government has no active construction projects as of June 30, 2017.

D. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 4,257,600
Internal Service Fund	General Fund	3,231,944
Nonmajor Enterprise Funds	General Fund	166,805
Fiduciary Funds	General Fund	130,741
General Fund	Fiduciary Funds	98,823
General Fund	Nonmajor Enterprise Funds	97,455
General Fund	Nonmajor Governmental Funds	<u>487,735</u>
	Total	<u>\$ 8,471,103</u>

All balances are expected to be repaid within a year.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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Interfund transfers are generally used to supplement revenues of other funds. The transfers that occurred during the year are as follows:

	Transfers In			Total Transfers Out
	General Fund	Nonmajor Governmental Funds	Nonmajor Business-Type Funds	
Transfers out:				
General Fund	\$	\$ 1,259,311	\$ 134,760	\$ 1,394,071
Nonmajor Enterprise Funds	30,000			30,000
Nonmajor Governmental Funds	<u>150,375</u>			<u>150,375</u>
Total	<u>\$ 180,375</u>	<u>\$ 1,259,311</u>	<u>\$ 134,760</u>	<u>\$ 1,574,446</u>

As of June 30, 2017, there were advances from the General Fund to the Capital Improvements Fund in the amount of \$540,185 in order to finance school construction projects.

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 38,965,000	\$	\$ 4,640,000	\$ 34,325,000	\$ 4,780,000
Unamortized premium	<u>2,961,903</u>		<u>484,711</u>	<u>2,477,192</u>	
Total bonds payable	41,926,903	-	5,124,711	36,802,192	4,780,000
Capital leases	455,291	406,023	320,380	540,934	217,154
Compensated absences	1,618,329	118,975	12,685	1,724,619	433,606
Net pension liability	7,478,814	3,232,709		10,711,523	
MERS prior service costs	280,058		140,320	139,738	64,384
Net OPEB obligation	<u>1,006,958</u>	<u>152,606</u>		<u>1,159,564</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 52,766,353</u>	<u>\$ 3,910,313</u>	<u>\$ 5,598,096</u>	<u>\$ 51,078,570</u>	<u>\$ 5,495,144</u>

For the governmental activities, compensated absences, net pension liability and net OPEB obligations are generally liquidated by the General Fund.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2017</u>
General purpose:						
General obligation	4/1/10	8/1/24	3-4.00%	\$ 5,800,000	various	\$ 3,775,000
General obligation	4/1/10	8/1/23	3.00%	44,250,000	various	27,755,000
General obligation	4/1/12	5/1/27	2.125-2.375%	<u>2,795,000</u>	various	<u>2,795,000</u>
Total Outstanding				<u>\$ 52,845,000</u>		<u>\$ 34,325,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 4,780,000	\$ 1,457,212
2019	4,840,000	1,238,587
2020	4,990,000	1,016,212
2021	5,000,000	780,725
2022	5,035,000	543,975
2023-2027	<u>9,680,000</u>	<u>586,491</u>
	<u>\$ 34,325,000</u>	<u>\$ 5,623,202</u>

Capital Leases

The Town has entered into multi-year capital leases for the purchase of various capital items including machinery and equipment.

The net book value approximates the capital lease principal balance payable at June 30, 2017.

The following is a summary of capital lease commitments as of June 30, 2017:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 227,585
2019	227,585
2020	104,480
Less amount for interest	<u>(18,716)</u>
	<u>\$ 540,934</u>

**TOWN OF WESTON, CONNECTICUT
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 JUNE 30, 2017**

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2017 is \$808,040. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 152,865,322	\$ 2,053,406	\$ 150,811,916
Schools	305,730,644	33,157,140	272,573,504
Sewers	254,775,536		254,775,536
Urban renewal	220,805,465		220,805,465
Pension deficit	203,820,429		203,820,429

Overlapping Indebtedness

Other than the Town, the Georgetown Fire District has the power to issue debt or cause taxes to be levied on taxable property in the Town. The Georgetown Fire District is made up of Weston, Wilton and Redding and provides fire protection services. Annually, the funds from the Town budget are paid to the Georgetown Fire District for the Town's share of operating expenses. As of June 30, 2017, the Georgetown Fire District has approximately \$932,574 of outstanding indebtedness and the Town's share is estimated to be \$77,506.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Inventory	\$ 17,883	\$ 15,014	\$ 32,897
Permanent Fund - Education		100,000	100,000
School Construction	540,185		540,185
Restricted for:			
Grants		1,234,641	1,234,641
Committed to:			
General government		236,530	236,530
Public safety		84,169	84,169
Education	88,754	123,425	212,179
Elderly services		100,454	100,454
Other community services		96,719	96,719
Youth services		122,174	122,174
Insurance reserves	329,500		329,500
Various capital projects		2,464,154	2,464,154
Assigned to:			
Public works wage settlement	20,089		20,089
General government encumbrances	4,900		4,900
Public safety encumbrances	500		500
Public works encumbrances	2,855		2,855
Health and welfare encumbrances	4,299		4,299
Culture and recreation encumbrances	700		700
Education encumbrances	9,650		9,650
Unassigned	<u>13,352,984</u>	<u>(19,072)</u>	<u>13,333,912</u>
 Total Fund Balances	 <u>\$ 14,372,299</u>	 <u>\$ 4,558,208</u>	 <u>\$ 18,930,507</u>

4. EMPLOYEE RETIREMENT PLAN

Municipal Employees' Retirement System

A. Plan Description

All full-time employees, except teachers who are eligible to participate in the State of Connecticut Teachers' Retirement System, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active noncontinuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement - Service Connected

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

Disability Retirement - Non-Service Connected

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit

Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

C. Contributions

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer - Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reports a total liability of \$10,711,523 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2016, the Town's proportion was 3.22%. The decrease in proportion from June 30, 2015 was .66%.

For the year ended June 30, 2017, the Town recognized pension expense of \$2,509,019. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>Governmental Activities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 1,675,973	\$
Net difference between projected and actual earning on pension plan investments	3,058,475	
Differences between expected and actual experience	357,967	
Change in proportionate share	<u>616,326</u>	<u>686,445</u>
	<u>\$ 5,708,741</u>	<u>\$ 686,445</u>

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2017	\$ 736,368
2018	736,368
2019	1,175,557
2020	<u>698,030</u>
	<u>\$ 3,346,323</u>

E. 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	3.25%
Salary increases	4.25 - 11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
Total	<u>100%</u>	

F. 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 employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town's Proportionate Share of the Net Pension Liability	\$ 16,953,336	\$ 10,711,523	\$ 5,437,196

H. Payable to MERS

In addition, the Town has also recorded \$139,738 as a long-term payable to MERS at June 30, 2017. This amount represents prior service costs calculated when the Town entered the plan.

Teachers Retirement

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. 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 employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>77,755,663</u>
Total	\$	<u><u>77,755,663</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$8,479,534 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

E. 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 pension plan investment expense, including inflation

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, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments 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%.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

F. 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 State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

H. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

5. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2015. The Town does not issue a stand-alone financial report for the plan.

Management of the post employment benefits plan is vested with the Town Administrator and Director of Finance. Policy oversight is provided by the Board of Finance, which consists of seven members.

The July 1, 2015, plan membership consisted of the following:

	Retiree Benefit Program
Retirees and beneficiaries receiving benefits	75
Active plan members	<u>467</u>
	<u><u>542</u></u>

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Entry Age normal Actuarial Cost Method.

Investments

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Finance by a majority vote of its members. It is the policy of the Town to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 10.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

	Retirement Benefit Program
Total OPEB liability	\$ 11,287,560
Plan fiduciary net position	<u>8,142,646</u>
Net OPEB Liability	<u>\$ 3,144,914</u>
Plan fiduciary net position as a percentage of the total OPEB liability	72.14%

The Town’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3%
Salary increase	3% per year
Investment rate of return	6.75%
Healthcare cost trend rates	8.00% for 2015, decreasing .5% per year to an ultimate rate of 5% for 2021 and later for medical

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset mortality Table, projected to the valuation date with Scale MP-2015.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2015.

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	45.00 %	1.75 %
Vanguard 500 index Adm	30.00	5.60
Vanguard Extended market Index Adm	5.00	5.90
International Equity	15.00	5.80
Real Estate	5.00	4.25
Total	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current discount rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>2% Decrease 7.75%</u>
Net OPEB Liability	\$ 4,336,122	\$ 3,144,914	\$ 2,127,091

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.00% decreasing to 4.00%) or 1 percentage point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	<u>1% Decrease (7.00% decreasing to 4.00%)</u>	<u>Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)</u>	<u>1% Increase (9.00% decreasing to 6.00%)</u>
Net OPEB Liability	\$ 1,922,888	\$ 3,144,914	\$ 4,594,850

**TOWN OF WESTON, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Benefit Program
Annual required contribution (ARC)	\$ 775,000
Interest on net OPEB obligation	67,970
Adjustment to annual required contribution	<u>(132,755)</u>
Annual OPEB cost	710,215
Contributions made	<u>557,609</u>
Change in net OPEB obligation	152,606
Net OPEB obligation, beginning of year	<u>1,006,958</u>
Net OPEB Obligation, End of Year	<u>\$ 1,159,564</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three fiscal years ended June 30, 2017 is presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2015	\$ 1,030,407	\$ 511,569	49.6%	\$ 852,431
6/30/2016	1,012,229	857,702	84.7%	1,006,958
6/30/2017	710,215	557,609	78.5%	1,159,564

**TOWN OF WESTON, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017**

6. OTHER INFORMATION

A. Risk Management

Town

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. 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 pursuant to the provisions of Section 7479a et. seq. of the Connecticut General Statutes. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2017.

The Town purchases commercial insurance for all other risks of loss. Neither the Town nor its insurers have settled any claims which exceeded the Town’s insurance coverage in the past three years. There has been no reduction in any insurance coverage from coverage in the prior year.

Board of Education

The Board of Education is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; employee health and medical; and natural disasters. Effective July 1, 2011, the Board of Education purchases commercial insurance for all risks other than employee medical, dental and prescription claims. The Plan is funded monthly by Board of Education budget appropriations and employee contributions as required. Claims payable are reported as a component of accounts payables and accruals in the statement of net position.

Changes in the claims liability for the past two years are as follows:

	<u>Liability</u> <u>July 1,</u>		<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
2015-16	\$ 773,622	\$	8,145,304	\$	8,050,964	\$	867,962
2016-17	867,962		8,068,646		8,009,994		926,614

B. Contingent Liabilities

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the Town’s financial position.

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

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes, Interest and Lien Fees:				
Property taxes	\$ 66,489,587	\$ 66,489,587	\$ 67,393,806	\$ 904,219
Interest and lien fees	285,000	285,000	496,300	211,300
Total	<u>66,774,587</u>	<u>66,774,587</u>	<u>67,890,106</u>	<u>1,115,519</u>
Intergovernmental revenues:				
Education	862,328	862,328	479,765	(382,563)
Highway maintenance	125,997	125,997	251,771	125,774
Property tax relief	20,000	20,000	22,212	2,212
Telecommunications personal property tax	25,000	25,000	28,366	3,366
Local Capital Improvement Grant	66,051	66,051		(66,051)
Mashantucket Pequot grant			9,059	9,059
Total	<u>1,099,376</u>	<u>1,099,376</u>	<u>791,173</u>	<u>(308,203)</u>
Income from Investments	<u>250,000</u>	<u>250,000</u>	<u>45,852</u>	<u>(204,148)</u>
Charges for Services:				
Building inspections	220,000	220,000	185,927	(34,073)
Town Clerk fees	450,000	450,000	502,547	52,547
ZBA hearing fees	1,000	1,000	294	(706)
Planning and Zoning Commission fees	23,000	23,000	21,523	(1,477)
Conservation Commission fees	15,000	15,000	9,849	(5,151)
Rental income			2,230	2,230
Police report fees and fines	4,000	4,000	3,672	(328)
Selectman's Office fees	1,000	1,000	520	(480)
Public library receipts			1,206	1,206
Miscellaneous Town and Board of Education	16,000	16,000	39,041	23,041
Animal Control Fees	10,000	10,000	9,594	(406)
Booster Barn Repayment	19,000	19,000	17,780	(1,220)
Assessor's copier receipts	700	700	444	(256)
Freedom of information			236	236
Total	<u>759,700</u>	<u>759,700</u>	<u>794,863</u>	<u>35,163</u>
Total revenues	68,883,663	68,883,663	69,521,994	638,331
Other Financing Sources:				
Transfers In	<u>168,000</u>	<u>168,000</u>	<u>180,375</u>	<u>12,375</u>
Total Revenue and Other Financing Sources	\$ <u>69,051,663</u>	\$ <u>69,051,663</u>	69,702,369	\$ <u>650,706</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	8,479,534
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes	752,310
Proceeds from capital lease not budgeted	406,023
BOE miscellaneous fund included in General Fund for GAAP purposes, but separate for budgetary purposes	<u>540,652</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 79,880,888

TOWN OF WESTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
General government:				
Administration	\$ 676,081	\$ 623,104	\$ 623,104	\$ -
General administration	4,379,700	4,272,049	4,272,049	-
Information systems	191,329	194,813	194,813	-
Probate court	4,000	4,322	4,322	-
Election/registrars	61,913	65,540	65,540	-
Board of Finance	56,500	54,470	54,470	-
Assessor	133,291	147,643	147,643	-
Tax Collector	105,775	110,372	110,372	-
Legal counsel	255,500	176,230	176,230	-
Town clerk	136,305	139,522	139,521	1
Land Use Department	378,037	437,235	437,235	-
Total	<u>6,378,431</u>	<u>6,225,300</u>	<u>6,225,299</u>	<u>1</u>
Public safety:				
Police services	1,953,109	2,038,782	2,038,782	-
Fire Marshal	59,646	58,016	58,016	-
Weston Volunteer Fire Department	231,312	226,304	226,304	-
Communications Center	382,065	422,440	422,440	-
Dog registration	81,469	134,190	134,190	-
Total	<u>2,707,601</u>	<u>2,879,732</u>	<u>2,879,732</u>	<u>-</u>
Public works:				
Highway	1,907,989	1,889,024	1,889,024	-
Water System Schools	35,800	33,740	33,740	-
Total	<u>1,943,789</u>	<u>1,922,764</u>	<u>1,922,764</u>	<u>-</u>
Health and welfare:				
Westport/Weston Health District	211,700	211,578	211,578	-
Westport/Weston Paramedic	136,987	136,987	136,987	-
Southwestern Connecticut Emergency	13,333	13,333	13,333	-
Human Services	81,663	82,981	82,981	-
Total	<u>443,683</u>	<u>444,879</u>	<u>444,879</u>	<u>-</u>
Recreation				
Weston Public Library	446,398	432,230	432,230	-
Commission for the elderly	124,949	125,663	125,663	-
Recreation department expenditures	175,819	181,500	181,500	-
Park and school field maintenance	188,713	189,431	189,431	-
Middle School pool	83,006	84,941	84,941	-
Total	<u>1,018,885</u>	<u>1,013,765</u>	<u>1,013,765</u>	<u>-</u>

(Continued on next page)

TOWN OF WESTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal	\$ 4,640,000	\$ 4,640,000	\$ 4,640,000	\$ -
Interest	1,668,838	1,668,838	1,668,838	-
Total	<u>6,308,838</u>	<u>6,308,838</u>	<u>6,308,838</u>	<u>-</u>
Education:				
Board of Education	<u>48,905,141</u>	<u>48,905,141</u>	<u>48,689,604</u>	<u>215,537</u>
Total expenditures	<u>67,706,368</u>	<u>67,700,419</u>	<u>67,484,881</u>	<u>215,538</u>
Other Financing Uses:				
Transfers out:				
Capital Nonrecurring Fund	1,171,689	1,196,689	1,196,689	-
Solid Waste Disposal	89,513	116,000	116,000	-
Water Supply System	18,760	18,760	18,760	-
Senior Citizens Center	23,390	20,679	20,679	-
Youth Service Bureau	41,943	41,943	41,943	-
Total other financing uses	<u>1,345,295</u>	<u>1,394,071</u>	<u>1,394,071</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 69,051,663</u>	<u>\$ 69,094,490</u>	68,878,952	<u>\$ 215,538</u>
Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances outstanding at June 30, 2017			(22,904)	
Liquidation of prior year encumbrances			142,211	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			8,479,534	
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes			752,310	
Capital outlay for lease not budgeted			406,023	
The Town does not budget for accrued payroll services at year end, the accrued liability is charged to the subsequent year's budget			16,790	
BOE miscellaneous fund included in General Fund for GAAP purposes, but separate for budgetary purposes			<u>666,801</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 79,319,717</u>	

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT FUND
LAST THREE FISCAL YEARS**

	(As Restated)		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	4.00%	3.88%	5.56%
Town's proportionate share of the net pension liability	\$ 5,345,443	\$ 7,478,814	\$ 10,711,523
Town's covered-employee payroll	\$ 11,677,979	\$ 12,749,412	\$ 12,535,662
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	45.77%	58.66%	85.45%
Plan fiduciary net position as a percentage of the total pension	90.48%	92.72%	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 1,798,012	\$ 1,555,127	\$ 1,661,121	\$ 1,675,973
Contributions in relation to the actuarially determined contribution	N/A	N/A	N/A	N/A	N/A	N/A	1,798,012	1,555,127	1,661,121	1,675,973
Contribution Deficiency (Excess)	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	\$ 11,677,979	\$ 11,677,979	\$ 12,749,412	\$ 12,535,662
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	15.4%	13.3%	13.0%	13.4%

Notes to Schedule

Valuation date: June 30, 2016
 Measurement date: June 30, 2016
 Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
 Amortization method: Level dollar, closed
 Single equivalent amortization period: 27 years
 Asset valuation method: 5 years smoothed market (20% write up)
 Inflation: 3.25%
 Salary increases: 4.25% - 11%, including inflation
 Investment rate of return: 8%, net of investment related expense
 Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

N/A - not available

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>55,466,917</u>	<u>60,087,491</u>	<u>77,755,663</u>
Total	<u>\$ 55,466,917</u>	<u>\$ 60,087,491</u>	<u>\$ 77,755,663</u>
Town's covered-employee payroll	\$ 16,700,777	\$ 17,382,579	\$ 22,180,712
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
JUNE 30, 2017**

Schedule of Funding Progress (in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL as a Percentage of Covered Payroll
7/1/2011	\$ 3,297	\$ 10,436	\$ (7,139)	31.59%	\$ 28,888	-24.7%
7/1/2013	5,062	10,921	(5,859)	46.35%	29,899	-19.6%
7/1/2015	6,964	10,916	(3,952)	63.80%	31,074	-12.7%

TOWN OF WESTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS
LAST FISCAL YEAR

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 229,054
Interest	739,588
Differences between expected and actual experience	(260,225)
Benefit payments, including refunds of member contributions	(544,413)
Net change in total OPEB liability	<u>164,004</u>
Total OPEB liability - beginning	11,123,556
Total OPEB liability - ending	<u>11,287,560</u>
Plan fiduciary net position:	
Contributions - employer	557,609
Contributions - member and TRB subsidy	59,204
Net investment income	753,773
Benefit payments, including refunds of member contributions	(544,413)
Administrative expense	(5,030)
Net change in plan fiduciary net position	821,143
Plan fiduciary net position - beginning	7,321,503
Plan fiduciary net position - ending	<u>8,142,646</u>
Net OPEB Liability - Ending	<u>\$ 3,144,914</u>
Plan fiduciary net position as a percentage of the total OPEB liability	72.14%
Covered-employee payroll	\$ 32,006,000
Net OPEB liability as a percentage of covered-employee payroll	9.83%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ NA	\$ 1,760,700	\$ 1,835,700	\$ 1,900,000	\$ 1,975,000	\$ 1,403,000	\$ 1,461,000	\$ 1,051,000	\$ 1,067,000	\$ 775,000
Contributions in relation to the actuarially determined contribution	NA	2,576,600	1,820,750	1,959,011	1,916,000	934,926	1,019,244	511,569	857,702	557,609
Contribution Deficiency (Excess)	\$ NA	\$ (815,900)	\$ 14,950	\$ (59,011)	\$ 59,000	\$ 468,074	\$ 441,756	\$ 539,431	\$ 209,298	\$ 217,391
Covered-employee payroll	NA	NA	NA	NA	\$ 28,888,000	NA	\$ 29,899,000	NA	\$ 31,074,000	\$ 32,006,000
Contributions as a percentage of covered-employee payroll	NA	NA	NA	NA	6.63%	NA	3.41%	NA	2.76%	1.74%

Notes to Schedule

Valuation date: July 1, 2015
Measurement date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Amount
Remaining amortization period	10
Asset valuation method	Plan assets equal the market value of assets
Inflation	3%
Salary increases	3% per year
Investment rate of return	6.75%
Healthcare cost trend rates	8.00% for 2015, decreasing .5% per year to an ultimate rate of 5% for 2021 and later
Mortality rates	RP-2014 adjusted to 2006 dataset mortality table, projected to the valuation date with Scale MP-2015

N/A - Not Available

**TOWN OF WESTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS
LAST FISCAL YEAR**

	2017
Annual money-weighted rate of return, net of investment expense	10.23%

**TOWN OF WESTON, CONNECTICUT
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2017**

	<u>General Fund</u>	<u>BOE Miscellaneous</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 8,927,036	\$ 529,823	\$ 9,456,859
Investments	13,762,908		13,762,908
Receivables, net of allowances:			
Property taxes	1,967,044		1,967,044
Intergovernmental and other	989,633		989,633
Inventories	17,883		17,883
Due from other funds	684,013		684,013
Advances to other funds	540,185		540,185
Total Assets	\$ 26,888,702	\$ 529,823	\$ 27,418,525
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts and other payables	\$ 1,833,317	\$	\$ 1,833,317
Due to other funds	7,346,021	441,069	7,787,090
Unearned revenue	388,083		388,083
Total liabilities	9,567,421	441,069	10,008,490
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	2,653,276		2,653,276
Advance property tax collections	384,460		384,460
	3,037,736	-	3,037,736
Fund Balances:			
Nonspendable	558,068		558,068
Committed	329,500	88,754	418,254
Assigned	42,993		42,993
Unassigned	13,352,984		13,352,984
Total fund balances	14,283,545	88,754	14,372,299
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,888,702	\$ 529,823	\$ 27,418,525

TOWN OF WESTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND
JUNE 30, 2017

	<u>General Fund</u>	<u>BOE Miscellaneous</u>	<u>Total General Fund</u>
Revenues:			
Property taxes	\$ 67,890,106	\$	\$ 67,890,106
Intergovernmental	10,023,017		10,023,017
Interest and dividends	342,469		342,469
Unrealized gain (loss) on investments	(296,617)		(296,617)
Charges for services	755,822	540,652	1,296,474
Miscellaneous	39,041		39,041
Total revenues	<u>78,753,838</u>	<u>540,652</u>	<u>79,294,490</u>
Expenditures:			
Current:			
General government	6,264,457		6,264,457
Public safety	2,894,608		2,894,608
Public works	1,913,462		1,913,462
Health and welfare	458,451		458,451
Culture and recreation	972,098		972,098
Education	58,446,931	666,801	59,113,732
Debt service:			
Principal retirement	4,640,000		4,640,000
Interest and other charges	1,668,838		1,668,838
Total expenditures	<u>77,258,845</u>	<u>666,801</u>	<u>77,925,646</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,494,993</u>	<u>(126,149)</u>	<u>1,368,844</u>
Other Financing Sources (Uses):			
Proceeds from leases	406,023		406,023
Transfers in	180,375		180,375
Transfers out	(1,394,071)		(1,394,071)
Total other financing uses	<u>(807,673)</u>	<u>-</u>	<u>(807,673)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	687,320	(126,149)	561,171
Fund Balance at Beginning of Year	<u>13,596,225</u>	<u>214,903</u>	<u>13,811,128</u>
Fund Balance at End of Year	<u>\$ 14,283,545</u>	<u>\$ 88,754</u>	<u>\$ 14,372,299</u>

**TOWN OF WESTON, CONNECTICUT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds								
	School Lunch	Board of Education Grants	Youth Service Bureau	Library Board Fund	Senior Citizens Center	Communications Tower	Weston High School Fund	Horace B. Hurlbutt Memorial Trust	Morehouse Elderly Assistance
ASSETS									
Cash and cash equivalents	\$ 182,678	\$ 331,772	\$	\$ 1,192,139	\$ 15,312	\$	\$ 3,993	\$ 15,902	\$ 115,133
Due from State	10,043	9,998	\$	\$	\$	\$	\$	\$	\$
Due from other funds	\$	164,426	152,874	\$	\$	231,634	\$	\$	5,420
Inventory	15,014	\$	\$	\$	\$	\$	\$	\$	\$
Total Assets	<u>\$ 207,735</u>	<u>\$ 506,196</u>	<u>\$ 152,874</u>	<u>\$ 1,192,139</u>	<u>\$ 15,312</u>	<u>\$ 231,634</u>	<u>\$ 3,993</u>	<u>\$ 15,902</u>	<u>\$ 120,553</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued items	\$ 100,353	\$	\$ 195	\$	\$	\$	\$	\$	\$
Due to other funds	\$	447,889	\$	\$	1,096	11,006	\$	\$	20,099
Advances from other funds	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unearned revenue	\$	58,307	30,505	\$	\$	\$	\$	\$	\$
Total liabilities	<u>100,353</u>	<u>506,196</u>	<u>30,700</u>	<u>-</u>	<u>1,096</u>	<u>11,006</u>	<u>-</u>	<u>-</u>	<u>20,099</u>
Fund Balances:									
Nonspendable	15,014	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	\$	\$	\$	1,192,139	14,216	\$	\$	\$	\$
Committed	92,368	\$	122,174	\$	\$	220,628	3,993	15,902	100,454
Unassigned	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total fund balances	<u>107,382</u>	<u>-</u>	<u>122,174</u>	<u>1,192,139</u>	<u>14,216</u>	<u>220,628</u>	<u>3,993</u>	<u>15,902</u>	<u>100,454</u>
Total Liabilities and Fund Balances	<u>\$ 207,735</u>	<u>\$ 506,196</u>	<u>\$ 152,874</u>	<u>\$ 1,192,139</u>	<u>\$ 15,312</u>	<u>\$ 231,634</u>	<u>\$ 3,993</u>	<u>\$ 15,902</u>	<u>\$ 120,553</u>

(Continued on next page)

**TOWN OF WESTON, CONNECTICUT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 JUNE 30, 2017**

	Special Revenue Funds				Capital Project Funds			Permanent Fund	Total
	Social Services Fund	Lachat Community Farm	Gifts and Grants	FEMA Storm Activity	Capital Improvements	Reservable Fund for Capital and Nonrecurring Expenditures	Police Special Duty Vehicle Fund	Mariana Clark Fund	
ASSETS									
Cash and cash equivalents	\$ 100,164	\$	\$	\$	\$	\$	\$	\$ 131,264	\$ 2,088,357
Due from State									20,041
Due from other funds		42	80,347	28,286	1,306,552	2,203,850	84,169		4,257,600
Inventory									15,014
Total Assets	\$ 100,164	\$ 42	\$ 80,347	\$ 28,286	\$ 1,306,552	\$ 2,203,850	\$ 84,169	\$ 131,264	\$ 6,381,012
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued items	\$ 3,445	\$	\$	\$	\$	\$	\$	\$	\$ 100,548
Due to other funds								4,200	487,735
Advances from other funds					540,185				540,185
Unearned revenue		17,000	82,461		506,063				694,336
Total liabilities	3,445	17,000	82,461	-	1,046,248	-	-	4,200	1,822,804
Fund Balances:									
Nonspendable								100,000	115,014
Restricted				28,286					1,234,641
Committed	96,719				260,304	2,203,850	84,169	27,064	3,227,625
Unassigned		(16,958)	(2,114)						(19,072)
Total fund balances	96,719	(16,958)	(2,114)	28,286	260,304	2,203,850	84,169	127,064	4,558,208
Total Liabilities and Fund Balances	\$ 100,164	\$ 42	\$ 80,347	\$ 28,286	\$ 1,306,552	\$ 2,203,850	\$ 84,169	\$ 131,264	\$ 6,381,012

**TOWN OF WESTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Funds								
	School Lunch	Board of Education Grants	Youth Service Bureau	Library Board Fund	Senior Citizens Center	Communications Tower	Weston High School Fund	Horace B. Hurlbutt Memorial Trust	Morehouse Elderly Assistance
Revenues:									
Intergovernmental revenues	\$ 98,069	\$ 643,247	\$ 19,000	\$	\$	\$	\$	\$	\$
Other local revenues:									
Charges for services	1,469,235		2,300	13,728		178,506	2	1,255	
Interest and dividends									620
Other revenue			188,796		43,169				
Total revenues	<u>1,567,304</u>	<u>643,247</u>	<u>210,096</u>	<u>13,728</u>	<u>43,169</u>	<u>178,506</u>	<u>2</u>	<u>1,255</u>	<u>620</u>
Expenditures:									
General government			235,915	19,644	63,847	51,512			20,098
Public safety									
Education	1,594,113	643,247					4,399		
Capital outlay									
Total expenditures	<u>1,594,113</u>	<u>643,247</u>	<u>235,915</u>	<u>19,644</u>	<u>63,847</u>	<u>51,512</u>	<u>4,399</u>	<u>-</u>	<u>20,098</u>
Excess (Deficiency) of Revenues over Expenditures	(26,809)	-	(25,819)	(5,916)	(20,678)	126,994	(4,397)	1,255	(19,478)
Other Financing Sources:									
Transfers in			41,943		20,679				
Transfers out		(12,375)		(825,000)		(138,000)			
Net Change in Fund Balances	(26,809)	(12,375)	16,124	(830,916)	1	(11,006)	(4,397)	1,255	(19,478)
Fund Balances at Beginning of Year	<u>134,191</u>	<u>12,375</u>	<u>106,050</u>	<u>2,023,055</u>	<u>14,215</u>	<u>231,634</u>	<u>8,390</u>	<u>14,647</u>	<u>119,932</u>
Fund Balances at End of Year	<u>\$ 107,382</u>	<u>\$ -</u>	<u>\$ 122,174</u>	<u>\$ 1,192,139</u>	<u>\$ 14,216</u>	<u>\$ 220,628</u>	<u>\$ 3,993</u>	<u>\$ 15,902</u>	<u>\$ 100,454</u>

(Continued on next page)

TOWN OF WESTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			Capital Project Funds				Permanent Fund	Interfund Elimination	Total
	Social Services Fund	Lachat Community Farm	Gifts and Grants	FEMA Storm Activity	Capital Improvements	Reservable Fund for Capital and Nonrecurring Expenditures	Police Special Duty Vehicle Fund	Mariana Clark Trust		
Revenues:										
Intergovernmental revenues	\$	\$	\$ 1,272	\$	\$	\$ 323,596	\$	\$	\$	\$ 1,085,184
Other local revenues:										
Charges for services										1,665,026
Interest and dividends								634		1,254
Other revenue	25,710	32,773	5,394			772,432	78,926			1,147,200
Total revenues	<u>25,710</u>	<u>32,773</u>	<u>6,666</u>	<u>-</u>	<u>-</u>	<u>1,096,028</u>	<u>78,926</u>	<u>634</u>	<u>-</u>	<u>3,898,664</u>
Expenditures:										
General government	3,894	39,155	6,666							440,731
Public safety							20,000			20,000
Education								4,200		2,245,959
Capital outlay						2,791,193				2,791,193
Total expenditures	<u>3,894</u>	<u>39,155</u>	<u>6,666</u>	<u>-</u>	<u>-</u>	<u>2,791,193</u>	<u>20,000</u>	<u>4,200</u>	<u>-</u>	<u>5,497,883</u>
Excess (Deficiency) of Revenues over Expenditures	21,816	(6,382)	-	-	-	(1,695,165)	58,926	(3,566)		(1,599,219)
Other Financing Sources:										
Transfers in						2,021,689			(825,000)	1,259,311
Transfers out									825,000	(150,375)
Net Change in Fund Balances	21,816	(6,382)	-	-	-	326,524	58,926	(3,566)	-	(490,283)
Fund Balances at Beginning of Year	74,903	(10,576)	(2,114)	28,286	260,304	1,877,326	25,243	130,630	-	5,048,491
Fund Balances at End of Year	<u>\$ 96,719</u>	<u>\$ (16,958)</u>	<u>\$ (2,114)</u>	<u>\$ 28,286</u>	<u>\$ 260,304</u>	<u>\$ 2,203,850</u>	<u>\$ 84,169</u>	<u>\$ 127,064</u>	<u>\$ -</u>	<u>\$ 4,558,208</u>

**TOWN OF WESTON, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2017**

	<u>Water Supply System</u>	<u>Self- Funded Recreation Programs</u>	<u>Recycling and Transfer Station</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 26,113	\$ 120,098	\$	\$ 146,211
Due from other funds		166,805		166,805
Accounts receivable, net	<u>10,351</u>		<u>24,026</u>	<u>34,377</u>
Total current assets	36,464	286,903	24,026	347,393
Noncurrent assets:				
Capital assets, net of accumulated depreciation	<u>57,780</u>		<u>70,567</u>	<u>128,347</u>
Total assets	<u>94,244</u>	<u>286,903</u>	<u>94,593</u>	<u>475,740</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued items		450		450
Unearned revenue		92,172		92,172
Due to other funds	<u>54,864</u>		<u>42,591</u>	<u>97,455</u>
Total current liabilities	<u>54,864</u>	<u>92,622</u>	<u>42,591</u>	<u>190,077</u>
Net Position:				
Net investment in capital assets	57,780		70,567	128,347
Unrestricted	<u>(18,400)</u>	<u>194,281</u>	<u>(18,565)</u>	<u>157,316</u>
Total Net Position	<u>\$ 39,380</u>	<u>\$ 194,281</u>	<u>\$ 52,002</u>	<u>\$ 285,663</u>

TOWN OF WESTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water Supply System</u>	<u>Self- Funded Recreation Programs</u>	<u>Recycling and Transfer Station</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 19,874	\$ 430,789	\$ 256,787	\$ 707,450
Operating Expenses:				
Salaries, wages, employee benefits	31,203	391,639	369,505	792,347
Depreciation expense	5,901		3,282	9,183
Total operating expenses	<u>37,104</u>	<u>391,639</u>	<u>372,787</u>	<u>801,530</u>
Operating Income (Loss)	(17,230)	39,150	(116,000)	(94,080)
Nonoperating Revenues:				
Loss on investments		(129)		(129)
Income (Loss) Before Transfers	(17,230)	39,021	(116,000)	(94,209)
Transfers:				
Transfers In	18,760		116,000	134,760
Transfers Out		(30,000)		(30,000)
Change in Net Position	1,530	9,021	-	10,551
Net Position at Beginning of Year	<u>37,850</u>	<u>185,260</u>	<u>52,002</u>	<u>275,112</u>
Net Position at End of Year	<u>\$ 39,380</u>	<u>\$ 194,281</u>	<u>\$ 52,002</u>	<u>\$ 285,663</u>

TOWN OF WESTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Water Supply System</u>	<u>Self- Funded Recreation Programs</u>	<u>Recycling and Transfer Station</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 15,931	\$ 470,267	\$ 263,530	\$ 749,728
Payments to employees	<u>(11,473)</u>	<u>(422,038)</u>	<u>(379,530)</u>	<u>(813,041)</u>
Net cash provided by (used in) operating activities	<u>4,458</u>	<u>48,229</u>	<u>(116,000)</u>	<u>(63,313)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in from other funds	18,760		116,000	134,760
Transfers out to other funds		<u>(30,000)</u>		<u>(30,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>18,760</u>	<u>(30,000)</u>	<u>116,000</u>	<u>104,760</u>
Cash Flows from Capital and Related Financing Activities:				
Additions to property, plant and equipment	<u>(7,298)</u>			<u>(7,298)</u>
Net cash provided by (used in) capital and related financing activities	<u>(7,298)</u>	-	-	<u>(7,298)</u>
Cash Flows from Investing Activities:				
Interest on investments		<u>(129)</u>		<u>(129)</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>(129)</u>	-	<u>(129)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15,920	18,100	-	34,020
Cash and Cash Equivalents at Beginning of Year	<u>10,193</u>	<u>101,998</u>	-	<u>112,191</u>
Cash and Cash Equivalents at End of Year	<u>\$ 26,113</u>	<u>\$ 120,098</u>	<u>\$ -</u>	<u>\$ 146,211</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (17,230)	\$ 39,150	\$ (116,000)	\$ (94,080)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,901		3,282	9,183
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,943)	1,932	6,743	4,732
(Increase) decrease in due from other funds	19,730	(30,849)		(11,119)
Increase (decrease) in unearned revenue		37,546		37,546
Increase (decrease) in due to other funds			(10,025)	(10,025)
Increase (decrease) in accounts payable and accrued expenses		<u>450</u>		<u>450</u>
Total adjustments	<u>21,688</u>	<u>9,079</u>	<u>-</u>	<u>30,767</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 4,458</u>	<u>\$ 48,229</u>	<u>\$ (116,000)</u>	<u>\$ (63,313)</u>

**TOWN OF WESTON, CONNECTICUT
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Student Activities Fund				
Assets:				
Cash and cash equivalents	\$ <u>298,878</u>	\$ <u>749,148</u>	\$ <u>732,905</u>	\$ <u>315,121</u>
Liabilities:				
Fiduciary deposits	\$ <u>298,878</u>	\$ <u>749,148</u>	\$ <u>732,905</u>	\$ <u>315,121</u>
Police Survivor				
Assets:				
Cash and cash equivalents	\$ <u>5,206</u>	\$ <u>8</u>	\$ <u>-</u>	\$ <u>5,214</u>
Liabilities:				
Fiduciary deposits	\$ <u>5,206</u>	\$ <u>8</u>	\$ <u>-</u>	\$ <u>5,214</u>
School Athletic				
Assets:				
Cash and cash equivalents	\$ <u>16,264</u>	\$ <u>183,590</u>	\$ <u>178,190</u>	\$ <u>21,664</u>
Liabilities:				
Fiduciary deposits	\$ <u>16,264</u>	\$ <u>183,590</u>	\$ <u>178,190</u>	\$ <u>21,664</u>
Totals				
Assets:				
Cash and cash equivalents	\$ <u>320,348</u>	\$ <u>932,746</u>	\$ <u>911,095</u>	\$ <u>341,999</u>
Liabilities:				
Fiduciary deposits	\$ <u>320,348</u>	\$ <u>932,746</u>	\$ <u>911,095</u>	\$ <u>341,999</u>

**TOWN OF WESTON, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List of October 1,	Uncollected Taxes June 30, 2016 and Current Levy		Lawful Additions	Lawful Deductions	Adjusted Tax Levy	Collections			Uncollected Taxes June 30, 2017
	Taxes	Interest				Liens	Total		
2015	\$ 67,270,681	\$ 191,067	\$ (154,977)	\$ 67,306,771	\$ 66,495,193	\$ 176,472	\$ 378	\$ 66,672,043	\$ 811,578
2014	849,721	2,042	(22,328)	829,435	425,473	87,000	840	513,313	403,962
2013	478,340	1,167	(9,690)	469,817	212,696	84,594	447	297,737	257,121
2021	329,954	278	(6,203)	324,029	138,777	76,809	220	215,806	185,252
2011	224,926		(158)	224,768	70,016	26,460	156	96,632	154,752
2010	150,700		(27)	150,673	26,278	11,837	96	38,211	124,395
2009	100,408	142	(30)	100,520	19,691	12,334	221	32,246	80,829
2008	77,896	2	(556)	77,342	20,713	13,537	102	34,352	56,629
2007	58,708	124	(947)	57,885	8,351	3,214	78	11,643	49,534
2006	43,705	1,145	(814)	44,036	331	693	87	1,111	43,705
2005	20,877	1,534	(788)	21,623	748	331		1,079	20,875
2004	9	1,320	(756)	573	564	1,209		1,773	9
2003 and prior	10,006	2,905	(2,348)	10,563	557	1,427		1,984	10,006
	<u>\$ 69,615,931</u>	<u>\$ 201,726</u>	<u>\$ (199,622)</u>	<u>\$ 69,618,035</u>	<u>\$ 67,419,388</u>	<u>\$ 495,917</u>	<u>\$ 2,625</u>	<u>\$ 67,917,930</u>	<u>\$ 2,198,647</u>

**TOWN OF WESTON, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2017**

Total tax collections, including interest and lien fees	\$ 67,917,930
State Reimbursement for Revenue Loss on Tax Relief for Elderly	<u>22,213</u>
BASE	<u>\$ 67,940,143</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 152,865,322	\$	\$	\$	\$
4-1/2 times base		305,730,644			
3-3/4 times base			254,775,536		
3-1/4 times base				220,805,465	
3 times base					<u>203,820,429</u>
Total debt limitation	<u>152,865,322</u>	<u>305,730,644</u>	<u>254,775,536</u>	<u>220,805,465</u>	<u>203,820,429</u>
Indebtedness:					
Bonds payable	1,969,900	32,355,100			
Authorized but Unissued Debt	6,000	802,040			
Overlapping debt	<u>77,506</u>				
Net indebtedness	<u>2,053,406</u>	<u>33,157,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 150,811,916</u>	<u>\$ 272,573,504</u>	<u>\$ 254,775,536</u>	<u>\$ 220,805,465</u>	<u>\$ 203,820,429</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$475,581,001).