

Town of Deep River, Connecticut

Financial Report
June 30, 2014

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Independent Auditor's Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Deep River, Connecticut as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis, the schedules of funding progress and employer contributions, the schedule of changes in the Town's net pension liability and related ratios and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

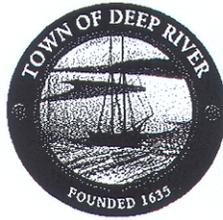
The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated, in all material respects, in relation to the basic fund 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 April 30, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



New Haven, Connecticut
April 30, 2015



SELECTMAN'S OFFICE
174 Main Street
Deep River, Connecticut 06417

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014 - *unaudited*

As management of the Town of Deep River, Connecticut, we offer readers of the Town of Deep River's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

Financial Highlights

- On a government-wide basis, the Town's net position decreased by \$721,548 for the fiscal year, governmental activities decreased by \$411,574 while business-type activities of the Town decreased by \$309,974. The governmental activities decrease was due to increases in expenses. The business-type activities decrease was due principally to the non-cash charge for depreciation expense of \$311,782 in connection with the sewer fund assets.
- The Town's combined net position totals \$18,146,270 at June 30, 2014.
- At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$386,297, a decrease of \$346,471 from the prior year.
- At year-end, the unassigned fund balance for the general fund was \$114,796 or 0.70% of total general fund expenditures and transfers out.
- The Town's total capital lease debt for governmental activities increased by \$437,618 during the fiscal year. The increase is due to the financing of a Fire truck in the amount of \$690,004 offset by regularly scheduled principal payments made during the fiscal year. Total debt for business-type activities decreased by \$158,465 due to principal payments on the Clean Water sewer note.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Deep River's basic financial statements. The Town of Deep River's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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 of Deep River'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 inflows of resources, and liabilities, deferred outflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the 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).

The government-wide financial statements distinguish functions of the Town of Deep River 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 social services, parks and recreation and education. The business-type activity of the Town is for sewer operations.

The government-wide financial statements can be found on pages 11 and 12 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 Deep River 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. Such information may be useful in evaluating a Town's near-term financing requirements.

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

The Town maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the one fund considered to be a major fund. Data from the other eight (8) governmental funds is presented collectively for all remaining funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

<u>Major Governmental Funds</u>	<u>Non-major Governmental Funds</u>	
General	Dog License Fund	Incubator Building Fund
Capital Projects	Small Cities Project SC-96	Grant Account
	Hot Lunch Program Fund	Social Services
		Deep River Town Hall
		Auditorium Restoration Fund

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Deep River maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the sewer operations, which is considered to be a major fund of the Town.

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

Notes to the basic 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Deep River's progress in funding its obligation to provide pension benefits to its employees, and the general fund budgetary information.

The combining statements and supplemental schedules referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town of Deep River, assets exceeded liabilities by \$18,146,270 at the close of the fiscal year.

The largest portion of the Town's net position, \$19,770,552 (109.0%), reflects its investment in capital assets (e.g., land, land improvements, buildings, sewer plant and collection system, machinery and equipment, vehicles and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Deep River Summary Statement of Net Position						
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,080,248	\$ 1,678,858	\$ 157,477	\$ 196,737	\$ 2,237,725	\$ 1,875,595
Capital assets (net)	13,010,384	12,497,506	9,821,867	10,105,687	22,832,251	22,603,193
Total assets	15,090,632	14,176,364	9,979,344	10,302,424	25,069,976	24,478,788
Long-term liabilities outstanding	3,083,871	2,510,010	2,137,294	2,295,759	5,221,165	4,805,769
Other liabilities	1,346,270	594,289	356,271	210,912	1,702,541	805,201
Total liabilities	4,430,141	3,104,299	2,493,565	2,506,671	6,923,706	5,610,970
Net position:						
Net Investment in capital assets	12,085,979	12,278,719	7,684,573	7,809,928	19,770,552	20,088,647
Restricted	71,670	71,701	-	-	71,670	71,701
Unrestricted (deficit)	(1,497,158)	(1,278,355)	(198,794)	(14,175)	(1,695,952)	(1,292,530)
Total net position	\$ 10,660,491	\$ 11,072,065	\$ 7,485,779	\$ 7,795,753	\$ 18,146,270	\$ 18,867,818

Town of Deep River Summary Statement of Activities						
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 814,332	\$ 720,870	\$ 876,322	\$ 933,535	\$ 1,690,654	\$ 1,654,405
Operating grants and contributions	2,484,584	2,377,037	-	-	2,484,584	2,377,037
Capital grants and contributions	340,193	888,723	-	-	340,193	888,723
General revenues:						
Property taxes	12,328,710	12,034,095	-	-	12,328,710	12,034,095
Grants and contributions not restricted to specific programs	107,538	230,354	-	-	107,538	230,354
Investment income	5,804	7,680	3	12	5,807	7,692
Total revenues	16,081,161	16,258,759	876,325	933,547	16,957,486	17,192,306
Expenses:						
General government	2,235,744	2,062,945	-	-	2,235,744	2,062,945
Public safety	791,594	739,659	-	-	791,594	739,659
Public works	1,362,710	1,723,120	-	-	1,362,710	1,723,120
Health and social services	139,729	132,782	-	-	139,729	132,782
Parks and recreation	196,440	201,214	-	-	196,440	201,214
Education	11,660,518	11,149,235	-	-	11,660,518	11,149,235
Interest expense	106,000	5,370	-	-	106,000	5,370
Sewer department	-	-	1,186,299	1,174,663	1,186,299	1,174,663
Total expenses	16,492,735	16,014,325	1,186,299	1,174,663	17,679,034	17,188,988
Change in net position	(411,574)	244,434	(309,974)	(241,116)	(721,548)	3,318
Net position, beginning	11,072,065	10,827,631	7,795,753	8,036,869	18,867,818	18,864,500
Net position, ending	\$ 10,660,491	\$ 11,072,065	\$ 7,485,779	\$ 7,795,753	\$ 18,146,270	\$ 18,867,818

Governmental Activities

The Town's governmental activities net position decreased by \$411,574 during the current fiscal year.

Governmental activities revenues totaled \$16,081,161 for fiscal year 2014. Property taxes are the largest revenue source for the Town and represent \$12,328,710 or 76.7% of governmental revenues. Current tax collections were 98.0% of the adjusted tax levy. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues were \$2,484,584 or 15.5% of governmental revenues for the year. Charges for services, the third largest revenue, were \$814,332 or 5.1% of governmental revenues. Capital grants and contributions restricted to specific programs were

\$340,193, or 2.1% of governmental revenues. Grants and contributions not restricted to specific programs were \$107,538, or 0.7% and include elderly tax relief and in lieu of tax contributions. The remaining \$5,804 or 0.1% of revenues is generated by investment income.

Governmental activities revenues decreased by \$177,598, or 1.1%, from that of the prior year. Significant fluctuations from the prior year were as follows:

- A \$294,615 increase in property tax revenues. Such an increase was a result in an increase to our taxable grand list over that of the prior fiscal year, as well as enhanced collection efforts on both the current and past due tax levy.
- A \$107,547 decrease in operating grants and contributions. The decrease was due primarily to a decrease in education grant funding as a result of the elimination of certain Federal education stimulus awards.
- Capital grants and contributions decreased by \$548,530 due primarily to the reimbursement received in connection with the Village Street bridge replacement project received in the prior year.
- Charges for services increased by \$93,462.
- Investment income decreased \$1,876.

Expenses

Governmental expenses totaled \$16,492,735 for the fiscal year. Of the expenses, \$11,660,518 or 70.7 is related to education. General government expenses amounted to \$2,235,744 or 13.6%, while public works amounted to \$1,362,710 or 8.3%. Public safety expenses were \$791,594 or 4.8%. Interest expense was \$106,000 or 0.6%. Health and social services expenses were \$139,729 or 0.8%, and park and recreation expenses were \$196,440 or 1.2%.

Governmental activities expenses increased by \$478,410 or 3.0%, from that of the prior year. Significant fluctuations from the prior year were as follows:

- Education increased by \$511,283 due to the increase in education expenses, as a result of an increase in the Average Daily Membership (ADM), which drives the Region 4 cost allocation to surrounding Towns.

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$876,325 in sewer department revenues, 99.99% or \$876,322 came from charges for services (sewer assessment, usage fees, and private septage disposal). Investment income makes up the final 0.01% of revenues for the Town's business-type activities. Revenues decreased by \$57,222 primarily due to less septage volume processed during fiscal year 2014.

Expenses

Business-type expenses totaled \$1,186,299 for the sewer department's fiscal year ended June 30, 2014. Such expenses increased by \$11,636 from that of the prior year. Expenditures increased due to increase in operating costs.

Financial Analysis of the Town's Funds

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2014, is \$386,297. The fund balance includes \$141,194 to liquidate contracts and purchase orders of the prior period, \$71,670 restricted for specific purposes, \$87,247 committed to certain functions and \$84,186 as unassigned.

The General Fund is the operating fund of the Town. The fund balance of the General Fund increased by \$29,739 during the current fiscal year.

The Capital Projects Fund had a decrease in fund balance in the amount of \$267,540 due to appropriated expenditures for various capital projects.

Proprietary Funds. The Town's proprietary fund provides the same information found in the government-wide financial statements, but in more detail. The Town's sewer enterprise fund posted an overall decrease in net position of \$309,974 for the fiscal year ended June 30, 2014.

Sewer Fund

Unrestricted net position of the sewer fund at the end of the year amounted to (\$198,794).

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes	\$ 12,271,716	\$ 12,271,716	\$ 12,310,468	\$ 38,752
Intergovernmental, charges for services and other	2,467,372	2,467,372	2,879,316	411,944
Total revenues and other financing sources	14,739,088	14,739,088	15,189,784	450,696
Expenditures and Other Financing Uses:				
Expenditures	14,774,442	14,828,817	15,162,835	(334,018)
Transfers	(46,915)	(46,915)	-	46,915
Total expenditures and other financing uses	14,727,527	14,781,902	15,162,835	(380,933)
Net change in fund balance	\$ 11,561	\$ (42,814)	\$ 26,949	\$ 69,763

The final amended budget exceeded the original budget by \$26,949. Overall, revenues exceed our original estimates. However, expenses (primarily capital expenditures and road maintenance) also exceeded our original estimates based primarily on the timing of project completions.

Capital Assets

At June 30, 2014, the Town of Deep River's investment in capital assets in both governmental and business-type activities amounted to \$22,832,251, net of depreciation. This includes land, land improvements, buildings, sewer plant and collection system, machinery and equipment, vehicles, and roads (accepted by the Town since July 1, 2004). The net increase in the Town's investment in capital assets for the current fiscal year was \$229,058, or 1.0%. The increase relates primarily to the ongoing streetscape project, town road and sewer plant improvements and the Village Street bridge replacement, offset by depreciation expense.

	Capital Assets - Net					
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 514,688	\$ 514,688	\$ 360,214	\$ 360,214	\$ 874,902	\$ 874,902
Construction in progress	-	1,580,205	-	-	-	1,580,205
Buildings	7,339,879	7,371,893	-	-	7,339,879	7,371,508
Sewer plant and collection system	-	-	9,153,060	9,415,135	9,153,060	9,415,135
Machinery and equipment	108,516	126,813	308,591	329,932	417,108	456,745
Vehicles	1,147,776	580,658	2	406	1,147,778	581,064
Infrastructure	3,899,525	2,323,249	-	-	3,899,525	2,323,249
Total	\$ 13,010,384	\$ 12,497,506	\$ 9,821,867	\$ 10,105,687	\$ 22,832,251	\$ 22,603,193

Long-term Debt

At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$2,137,294. Such debt is backed by the full faith and credit of the government.

Town of Deep River Outstanding Debt General Obligation Bonds and Notes June 30, 2014 and 2013						
	June 30, 2014			June 30, 2013		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Clean water notes	\$ -	\$ 2,137,294	\$ 2,137,294	\$ -	\$ 2,295,759	\$ 2,295,759
Total	\$ -	\$ 2,137,294	\$ 2,137,294	\$ -	\$ 2,295,759	\$ 2,295,759

The Town does not maintain a bond rating as there is no general obligation debt outstanding.

State statutes limit the amount of general obligation debt a governmental entity may issue up to seven times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is approximately \$86,361,121, which is significantly in excess of the Town's outstanding general obligation debt.

Next Year's Budgets and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2013/2014 budget. The Town decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. The Town has not appropriated any of the unreserved fund balance to aid in balancing the 2013/2014 budget.

The 2014/2015 general fund budget is \$15,277,887, an increase of \$495,975 or 3.3% over the prior year actual expenditures.

The increase is due primarily to an increase of \$442,000 in education spending at the Region 4 level, as well as normal contractual salary and benefit increases.

Requests for Information

This financial report is designed to familiarize our citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or requests for additional financial information, should be directed to Mr. Richard H. Smith, First Selectman, 174 Main Street, Town Hall, Deep River, CT 06417, Telephone (860) 526-6020.

Basic Financial Statements

Town of Deep River, Connecticut

Statement of Net Position
June 30, 2014

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,242,212	\$ 35,458	\$ 1,277,670
Receivables:			
Property taxes, net of allowance for collection losses	420,995	-	420,995
Assessments/use charges	-	105,605	105,605
Intergovernmental	28,470	-	28,470
Loans	34,460	-	34,460
Other	84,601	84,467	169,068
Internal balances	245,890	(245,890)	-
Net pension asset	23,620	-	23,620
Assessments/use charges, noncurrent	-	177,837	177,837
Capital assets, not being depreciated	514,688	360,214	874,902
Capital assets, being depreciated, net of depreciation	12,495,696	9,461,653	21,957,349
Total assets	15,090,632	9,979,344	25,069,976
Liabilities			
Accounts payable and accruals	516,270	356,271	872,541
Short Term Loan	830,000	-	830,000
Noncurrent liabilities:			
Due within one year	298,000	161,709	459,709
Due in more than one year	2,785,871	1,975,585	4,761,456
Total liabilities	4,430,141	2,493,565	6,923,706
Net Position			
Net Investment in capital assets	12,085,979	7,684,573	19,770,552
Restricted	71,670	-	71,670
Unrestricted (deficit)	(1,497,158)	(198,794)	(1,695,952)
Total net position	\$ 10,660,491	\$ 7,485,779	\$ 18,146,270

See Notes to Financial Statements.

Town of Deep River, Connecticut

Statement of Activities

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,235,744	\$ 237,085	\$ 78,122	\$ -	\$ (1,920,537)	\$ -	\$ (1,920,537)
Public safety	791,594	256,479	-	-	(535,115)	-	(535,115)
Public works	1,362,710	152,008	-	251,343	(959,359)	-	(959,359)
Health and social services	139,729	-	-	-	(139,729)	-	(139,729)
Parks and recreation	196,440	93,865	-	88,850	(13,725)	-	(13,725)
Education	11,660,518	74,895	2,406,462	-	(9,179,161)	-	(9,179,161)
Interest expense	106,000	-	-	-	(106,000)	-	(106,000)
Total governmental activities	16,492,735	814,332	2,484,584	340,193	(12,853,626)	-	(12,853,626)
Business-type activities:							
Sewer Enterprise	1,186,299	876,322	-	-	-	(309,977)	(309,977)
Total business-type activities	1,186,299	876,322	-	-	-	(309,977)	(309,977)
Total primary government	<u>\$ 17,679,034</u>	<u>\$ 1,690,654</u>	<u>\$ 2,484,584</u>	<u>\$ 340,193</u>	<u>(12,853,626)</u>	<u>(309,977)</u>	<u>(13,163,603)</u>
General revenues:							
Property taxes					12,328,710	-	12,328,710
Grants and contributions not restricted to specific programs					107,538	-	107,538
Income from investments					5,804	3	5,807
Total general revenues					<u>12,442,052</u>	<u>3</u>	<u>12,442,055</u>
Change in net position					(411,574)	(309,974)	(721,548)
Net position - beginning					<u>11,072,065</u>	<u>7,795,753</u>	<u>18,867,818</u>
Net position - ending					<u>\$ 10,660,491</u>	<u>\$ 7,485,779</u>	<u>\$ 18,146,270</u>

See Notes to Financial Statements.

Town of Deep River, Connecticut

Balance Sheet - Governmental Funds
June 30, 2014

	General	Capital Projects Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 135,287	\$ 867,285	\$ 239,640	\$ 1,242,212
Receivables (net of allowances for collection losses):				
Property taxes	420,995	-	-	420,995
Intergovernmental	13,596	-	14,874	28,470
Loans	-	-	34,460	34,460
Other	75,982	-	8,619	84,601
Due from other funds	356,933	-	-	356,933
Total assets	\$ 1,002,793	\$ 867,285	\$ 297,593	\$ 2,167,671
Liabilities				
Accounts payable and accruals	\$ 503,677	\$ -	\$ 12,593	\$ 516,270
Due to other funds	-	67,880	43,163	111,043
Short-term notes	-	830,000	-	830,000
Total liabilities	503,677	897,880	55,756	1,457,313
Deferred Outflows of Resources				
Unavailable revenues - property taxes	324,061		-	324,061
	324,061		-	324,061
Fund balances (deficits)				
Restricted	-	-	71,670	71,670
Committed	-	-	89,247	89,247
Assigned	60,259	-	80,935	141,194
Unassigned	114,796	(30,595)	(15)	84,186
Total fund balances (deficit)	175,055	(30,595)	241,837	386,297
Total liabilities, deferred outflows of resources and fund balances	\$ 1,002,793	\$ 867,285	\$ 297,593	

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

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net positions includes those capital assets among the assets of the Town as a whole.	13,010,384
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	324,061
Net pension asset	23,620
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(3,083,871)</u>

Net position of governmental activities \$ 10,660,491

See Notes to Financial Statements.

Town of Deep River, Connecticut

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

	General	Capital Projects Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes and lien fees	\$ 12,310,468	\$ -	\$ -	\$ 12,310,468
Intergovernmental	2,740,359	-	182,358	2,922,717
Charges for services	654,106	-	160,226	814,332
Investment income	4,904	767	133	5,804
Other	-	-	10,164	10,164
Total revenues	15,709,837	767	352,881	16,063,485
Expenditures				
Current:				
General government	1,863,852	-	190,442	2,054,294
Public safety	660,467	-	-	660,467
Public works	1,123,855	-	-	1,123,855
Health and social services	102,631	-	11,397	114,028
Parks and recreation	175,737	-	-	175,737
Education	11,206,997	-	253,253	11,460,250
Capital outlay	886,906	259,578	6,459	1,152,943
Debt service	349,657	8,729	-	358,386
Total expenditures	16,370,102	268,307	461,551	17,099,960
Excess (deficiency) of revenues over expenditures	(660,265)	(267,540)	(108,670)	(1,036,475)
Other Financing Sources				
Capital lease	690,004	-	-	690,004
Total other financing sources	690,004	-	-	690,004
Change in fund balances	29,739	(267,540)	(108,670)	(346,471)
Fund Balances, beginning	145,316	236,945	350,507	732,768
Fund Balances, ending	\$ 175,055	\$ (30,595)	\$ 241,837	\$ 386,297

See Notes to Financial Statements.

Town of Deep River, Connecticut

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

Net change in fund balances – total governmental funds	\$ (346,471)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	512,878
Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	18,242
Change in net pension asset	(22,362)
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 positions. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(437,618)
Changes in 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.	<u>(136,243)</u>
Change in net position (deficit) of governmental activities	<u><u>\$ (411,574)</u></u>

See Notes to Financial Statements.

Town of Deep River, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2014

	Business-Type Activities <u>Sewer</u>
Assets	
Current Assets:	
Cash and cash equivalents	\$ 35,458
Receivables:	
Assessments	25,000
User charges	80,605
Other	84,467
Total current assets	<u>225,530</u>
Noncurrent assets:	
Assessment receivables	177,837
Capital assets, net of accumulated depreciation	9,821,867
Total noncurrent assets	<u>9,999,704</u>
Total assets	<u>10,225,234</u>
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	356,271
Due to other funds	245,890
Loan payable	161,709
Total current liabilities	<u>763,870</u>
Noncurrent liabilities:	
Loan payable	1,975,585
Total noncurrent liabilities	<u>1,975,585</u>
Total liabilities	<u>2,739,455</u>
Net Position	
Net Investment in capital assets	7,684,573
Unrestricted	(198,794)
Total net position (deficit)	<u>\$ 7,485,779</u>

See Notes to Financial Statements.

Town of Deep River, Connecticut

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

	Business-Type Activities <u>Sewer</u>
Operating Revenues	
Charges for services	\$ 876,322
Total operating revenues	<u>876,322</u>
Operating Expenses	
Salaries and benefits	476,106
Contracted services	11,313
Utilities	255,965
Plant operation	105,179
Administration	4,116
Depreciation	311,782
Total operating expenses	<u>1,164,461</u>
Operating loss	(288,139)
Nonoperating Revenues (Expenses)	
Investment income	3
Interest expense	(21,838)
Total nonoperating revenues (expenses)	<u>(21,835)</u>
Change in net position	(309,974)
Net Position, beginning	<u>7,795,753</u>
Net Position, ending	<u>\$ 7,485,779</u>

See Notes to Financial Statements

Town of Deep River, Connecticut

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

	Business-Type Activities
	<u>Sewer</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 896,197
Payments to suppliers	(193,711)
Payment to employees	(462,736)
Net cash provided by operating activities	<u>239,750</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(27,962)
Principal payments	(158,465)
Interest payments	(21,838)
Net cash used in capital and related financing activities	<u>(208,265)</u>
Cash Flows Provided by Investing Activities	
Investment income	<u>3</u>
Net cash provided by investing activities	<u>3</u>
Net increase in cash and cash equivalents	31,488
Cash and Cash Equivalents	
Beginning	<u>3,970</u>
Ending	<u>\$ 35,458</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (288,139)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation	311,782
(Increase) decrease in:	
Assessments receivable	24,213
Other and user charges receivable	(4,338)
Increase in:	
Accounts and other payables	<u>196,232</u>
Net cash provided by operating activities	<u>\$ 239,750</u>

See Notes to Financial Statements.

Town of Deep River, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	Pension Trust Funds	Agency Funds
Assets		
Cash	\$ -	\$ 18,169
Investments at fair value:		
Equity mutual funds	1,798,673	-
Bond mutual funds	897,562	-
Fixed income mutual funds	1,881	-
Total investments	2,698,116	-
Receivable		
Employer contribution	285,306	-
Total assets	2,983,422	18,169
Liabilities		
Due to student groups	-	18,169
Total liabilities	-	18,169
Net Position - Restricted for Pension Benefits	\$ 2,983,422	\$ -

See Notes to Financial Statements.

Town of Deep River, Connecticut

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

	Pension Trust Funds
<hr/>	
Additions	
Contributions:	
Employer	\$ 286,906
Total contributions	<u>286,906</u>
Investment income:	
Net appreciation in fair value of investments	375,753
Interest income	26
Total	<u>375,779</u>
Total additions	<u>662,685</u>
Deductions	
Benefits	57,320
Administration	500
Total deductions	<u>57,820</u>
Change in net position	604,865
Net Position - Restricted for Pension Benefits, July 1, 2013	<u>2,378,557</u>
Net Position - Restricted for Pension Benefits, June 30, 2014	<u>\$ 2,983,422</u>

See Notes to Financial Statements.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity: The Town of Deep River, Connecticut (the "Town"), was incorporated in 1635. The Town is located on the Connecticut River and is seven miles north of Long Island Sound. The Town is traversed by Connecticut Routes 9, 80, 145 and 154. The Town operates under a Town Meeting form of government; the First Selectman serves as the Chief Executive Officer. The Town provides a full range of services including education, public safety, roads, sanitation, health, social services, culture and recreation, planning, zoning, and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statements have been considered and there are no agencies or entities which should be presented with the Town.

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 non-fiduciary activities of the Town. 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 is 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 fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Town of Deep River, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

The Town reports the following major governmental funds:

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

The *Capital Project Fund* is used for the acquisition and construction of significant capital assets other than those accounted for in the proprietary fund.

The Town reports the following major proprietary fund:

The *Sewer Fund* accounts for the activities of the Town's Water Pollution Control Authority.

Additionally, the Town reports the following fiduciary fund types:

The *Pension Trust Funds* account for the activities of the Town's Employees' Retirement System and the Firefighter's Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held as a custodian for outside student groups and amounts held for performance bonds do not involve measurement of results of operations.

As a general rule, the effect of inter-fund 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 proprietary funds are charges to customers for services and other Town funds for premiums. Operating expenses for the funds include the cost of operations and maintenance, administrative expenses, claim expense, and depreciation on capital expenses. 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 Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Town of Deep River, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property Taxes: Property taxes are assessed as of October 1, and are levied for on the following July 1. Real estate taxes are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

Delinquent real estate taxes are billed at least twice a year, with interest charged at a rate of 1.5 percent per month. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years, at which time they cease to be carried as receivables. However, they remain valid claims for up to 15 years after being levied.

Cash and Cash Equivalents: The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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

Investments: Investments for the Town are primarily reported at fair value using quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. Investment income is recorded in the fund in which it was earned. Allowable investments under the pension funds' investment policy consist of investment grade corporate bonds as rated by Standard and Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, federally insured certificates of deposit, and equities consisting of stocks and mutual funds. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 10% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. The Board of Selectmen, as trustee of the pension plans, is responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval. The pension committee acts as advisor to the Board of Selectmen.

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

Inventories: Inventories are stated at the lower of cost or market determined on the first-in, first-out basis.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life of in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets' lives are not capitalized.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise fund is included as part of the capitalized cost of the assets constructed.

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

Assets	Years
Land improvements	15-25
Buildings	20-75
Machinery and equipment	5-25
Infrastructure	50-100
Sewer plant	20-100
Sewer lines	60

In the governmental fund financial statements, capital outlay (assets) is reported as expenditure and no depreciation expense is reported.

Compensated Absences: Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The vesting method, using historical data, was used to calculate the liability. Vested sick leave and accumulated vacation leave of proprietary funds are recorded as an expense and liability of those funds and the benefits accrue to employees. Compensated absences are generally paid out of the General Fund.

Long-Term Obligations: In the government-wide and proprietary 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 principal premiums and discounts are deferred and amortized over the life the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount on refundings. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Bond principal payments are recorded as expenditures. 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.

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

Town of Deep River, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is deferred charges on refunding reported in the government-wide and proprietary fund 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. The Town had no deferred outflows of resources.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advanced collections, if any) and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The Town will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

All other General Fund appropriations lapse at year-end.

Pension Accounting

Pension Trust Fund: Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Standalone statements are not issued.

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

Funding Policy: The Town funds the contributions to its defined benefit pension plans based on an actuarial valuation, which amount is included in the budget.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity and Net Position: In the government-wide and proprietary fund financial statements, net position are classified in the following categories:

Net Investment in Capital Assets- This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

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

Unrestricted Net Position - This category represents the net position of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, the Town reported the following governmental fund balances:

Nonspendable Fund Balance - These amounts cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

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

Committed Fund Balance – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision making authority (Town of Deep River Board of Finance/Board of Selectmen).

Assigned Fund Balance – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned Fund Balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

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

Town of Deep River, Connecticut

Notes to Financial Statements

Note 2. Reconciliation of Government Wide and Fund Financial Statements

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position: The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds, and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Compensated absences	\$ (278,830)
Capital leases payable	(656,405)
Net pension obligation	(1,427,986)
Landfill closure	<u>(720,650)</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net positions - governmental activities	 <u><u>\$ (3,083,871)</u></u>

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities: The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances - total governmental funds, and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 1,170,417
Depreciation expense	<u>(657,539)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ 512,878</u></u>

Another element of that reconciliation states that "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." The details of this difference are as follows:

Capital lease proceeds	\$ (690,004)
Capital lease principal repayments	<u>252,386</u>
 Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u><u>\$ (437,618)</u></u>

Town of Deep River, Connecticut

Notes to Financial Statements

Note 2. Reconciliation of Government Wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that "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." The details of this difference are as follows:

Compensated absences	\$ (19,834)
Net pension obligation	(136,509)
Landfill closure	<u>20,100</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (136,243)</u>

Note 3. Cash, Cash Equivalents and Investments

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town follows State statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: With the exception of its pension funds, the Town does not have a custodial credit risk policy for investments. The Town does not have a policy for investments or related credit risk for debt securities; however, it is their practice to follow State statutes. 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 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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

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

Concentrations: The Town does not have a policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2014, approximately \$1,057,000 of the Town's bank balance including certificates of deposits, of \$1,583,000 was uninsured and uncollateralized.

Investments: This is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2014:

Cash and cash equivalents

Deposits with financial institutions	\$ 1,295,839
Total cash and cash equivalents	<u>1,295,839</u>

Investments

Pension trust funds	
Equity Mutual Funds	1,798,673
Bond Mutual Funds	897,562
Fixed Income Mutual Funds	1,881
Total pension investments	<u>2,698,116</u>

Total cash, cash equivalents and investments	<u>\$ 3,993,955</u>
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Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

Cash and cash equivalents	<u>\$ 1,277,670</u>
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Fiduciary Funds

Cash	18,169
Investments	<u>2,698,116</u>
	<u>2,716,285</u>

Total cash, cash equivalents and investments	<u>\$ 3,993,955</u>
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Town of Deep River, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

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

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Fixed Income Mutual Funds	\$ 1,854	\$ 1,854	\$ -	\$ -	\$ -
Bond Mutual Funds	\$ 897,736	\$ -	\$ 44,396	\$ 817,673	\$ 35,667

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

Standard & Poor's	Bond Mutual Funds	Fixed Income Mutual Funds
AAA	\$ 279,376	\$ 1,854
AA	28,947	-
A	102,691	-
BBB	179,679	-
BB	141,558	-
B	124,703	-
Unrated	40,671	-
	<u>\$ 897,625</u>	<u>\$ 1,854</u>

Town of Deep River, Connecticut

Notes to Financial Statements

Note 4. Capital Assets

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

	Balance July 1, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 514,688	\$ -	\$ -	\$ -	\$ 514,688
Construction in progress	1,580,205	-	-	(1,580,205)	-
Total capital assets, not being depreciated	2,094,893	-	-	(1,580,205)	514,688
Capital assets, being depreciated:					
Buildings and Improvements	13,371,208	288,528	-	-	13,659,736
Machinery and equipment	817,503	-	-	-	817,503
Vehicles	2,081,935	690,004	-	-	2,771,939
Infrastructure and Improvements	3,152,014	1,772,090	-	-	4,924,104
Total capital assets, being depreciated	19,422,660	2,750,622	-	-	22,173,282
Total capital assets	21,517,553	2,750,622	-	(1,580,205)	22,687,970
Less accumulated depreciation for:					
Buildings and Improvements	5,999,700	320,157	-	-	6,319,857
Machinery and equipment	690,690	18,297	-	-	708,987
Vehicles	1,501,277	122,886	-	-	1,624,163
Infrastructure and Improvements	828,380	196,199	-	-	1,024,579
Total accumulated depreciation	9,020,047	657,539	-	-	9,677,586
Total capital assets, being depreciated, net	10,402,613	2,093,083	-	-	12,495,696
Governmental activities capital assets, net	\$ 12,497,506	\$ 2,093,083	\$ -	\$ (1,580,205)	\$ 13,010,384

Town of Deep River, Connecticut

Notes to Financial Statements

Note 4. Capital Assets (Continued)

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 360,214	\$ -	\$ -	\$ 360,214
Total capital assets, not being depreciated	<u>360,214</u>	<u>-</u>	<u>-</u>	<u>360,214</u>
Capital assets, being depreciated:				
Sewer plant	6,550,734	-	-	6,550,734
Sewer collection system	8,115,012	-	-	8,115,012
Machinery and equipment	1,928,771	27,962	-	1,956,733
Vehicles	181,903	-	-	181,903
Total capital assets, being depreciated	<u>16,776,420</u>	<u>27,962</u>	<u>-</u>	<u>16,804,382</u>
Total capital assets	<u>17,136,634</u>	<u>27,962</u>	<u>-</u>	<u>17,164,596</u>
Less accumulated depreciation for:				
Sewer plant	3,126,703	122,783	-	3,249,486
Sewer collection system	2,123,908	139,292	-	2,263,200
Machinery and equipment	1,598,839	49,303	-	1,648,142
Vehicles	181,497	404	-	181,901
Total accumulated depreciation	<u>7,030,947</u>	<u>311,782</u>	<u>-</u>	<u>7,342,729</u>
Total capital assets, being depreciated, net	<u>9,745,473</u>	<u>(283,820)</u>	<u>-</u>	<u>9,461,653</u>
Total business-type activities capital assets, net	<u>\$ 10,105,687</u>	<u>\$ (283,820)</u>	<u>\$ -</u>	<u>\$ 9,821,867</u>

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

Governmental activities

General government	\$ 139,957
Public safety	104,365
Public works	228,152
Health and social services	12,500
Park and recreation	20,703
Education	151,862
Total depreciation expense - governmental activities	<u><u>\$ 657,539</u></u>

Business-type activities

Sewer	<u><u>\$ 311,782</u></u>
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Town of Deep River, Connecticut

Notes to Financial Statements

Note 5. Interfund Receivables and Payables

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2014 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 356,933	\$ -
Capital Projects	-	67,880
Non-Major Governmental Funds	-	43,163
Sewer Fund	-	245,890
Grand Total	\$ 356,933	\$ 356,933

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

Note 6. Unearned Revenue/Unavailable Revenue

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

	Unavailable Revenues
General Fund	
Delinquent property taxes receivable	<u>\$ 324,061</u>

Town of Deep River, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities

A summary of changes in outstanding long-term obligations during the year ended June 30, 2014 is as follows:

Description	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Due Within One Year
Governmental activities					
Other long-term liabilities:					
Compensated absences	\$ 258,996	\$ 39,834	\$ 20,000	\$ 278,830	\$ 20,000
Capital lease obligations	218,787	690,004	252,386	656,405	258,000
Net pension obligation	1,291,477	136,509	-	1,427,986	-
Landfill closure costs	740,750	-	20,100	720,650	20,000
Total other long-term liabilities	2,510,010	866,347	292,486	3,083,871	298,000
Governmental activity long-term liabilities	\$ 2,510,010	\$ 866,347	\$ 292,486	\$ 3,083,871	\$ 298,000
Business-type activities					
Bonds payable:					
Clean water sewer note	\$ 2,295,759	\$ -	\$ 158,465	\$ 2,137,294	\$ 161,709
Business-type activity long-term liabilities	\$ 2,295,759	\$ -	\$ 158,465	\$ 2,137,294	\$ 161,709

Clean Water Sewer Notes - Business-Type Activities: As of June 30, 2014, the outstanding clean water notes of the Town were as follows:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Clean Water Sewer Note	\$ 3,375,000	10/30/2006	4/30/2026	2.00%	\$ 2,295,759	\$ -	\$ 158,465	\$ 2,137,294
					<u>\$ 2,295,759</u>	<u>\$ -</u>	<u>\$ 158,465</u>	<u>\$ 2,137,294</u>

Town of Deep River, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

The following is a summary as of June 30, 2014, of the future principal and interest requirements for the Town's note indebtedness - business-type activities:

Fiscal Year Ending	Principal	Interest	Total
2015	\$ 161,709	\$ 41,268	\$ 202,977
2016	164,973	38,004	202,977
2017	168,303	34,674	202,977
2018	171,700	31,277	202,977
2019	175,166	27,811	202,977
2020-2024	930,311	84,574	1,014,885
2025-2026	365,132	7,037	372,169
Total	\$ 2,137,294	\$ 264,645	\$ 2,401,939

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

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 27,768,575	\$ -	\$ 27,768,575
Schools	55,537,149	3,796,838	51,740,311
Sewers	46,280,958	2,967,294	43,313,664
Urban renewal	40,110,163	-	40,110,163
Pension deficit	37,024,766	-	37,024,766

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$86,391,121.

Deep River is a member of Regional School District No. 4 which provides education facilities for grades 7-12 for the Towns of Chester, Deep River and Essex. As of June 30, 2014, the outstanding bonded indebtedness of the District was \$12,875,000. The Town of Deep River's share will be approximately 29.49% or \$3,796,838. These are general obligations of Regional School District No. 4 and its member towns. However, the Town is not required to record its share in the accompanying statement of net position.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 7. Long-Term Liabilities (Continued)

Capital Lease: At June 30, 2014, the Town is committed under leases for vehicles and miscellaneous instruments. These lease agreements qualify as capital leases for accounting purposes (title transfers at the beginning of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Future minimum lease payments under the capital lease is as follows:

2015	\$ 257,308
2016	144,209
2017	144,209
2018	144,200
Total	<u>689,926</u>
Less amount representing interest	<u>(33,521)</u>
	<u><u>\$ 656,405</u></u>

Note 8. Landfill Post-Closure Care Costs

State and federal laws and regulations require that the Town place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The estimated liability for landfill post-closure care costs has a balance of approximately \$720,650 as of June 30, 2014. The liability is accrued in the governmental activities. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2014. However, post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Note 9. Risk Management

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters, and owners' and contractors' protective liability.

The Town also is a member in Regional School District No. 4's medical health insurance fund, a public entity risk pool established for the purpose of administering medical benefits for each participating entity in the fund. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$60,000 for each insured occurrence. Members may be subject to supplemental assessments in the event of deficiencies.

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation and employer liability coverage. CIRMA currently has 216 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there have not been any significant reductions in insurance coverage from the amounts held in prior years.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 10. Contingent Liabilities

The Town has been named as defendant in several claims and legal actions. The Town's management estimates that the potential claims against the Town would not have a material adverse effect on the financial condition of the Town.

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

Note 11. Retirement Plans

Defined Benefit Plan (PERS): The Town has two pension plans, one covering substantially all full time employees and noncertified Board of Education employees and the second covering the volunteer firefighters. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers' Retirement Board. The Town does not contribute to this plan.

Plan Description:

Summary: The Town administers two single employer, defined benefit pension plans (Town of Deep River Employees' Retirement Plan and Town of Deep River Firefighters). The plans were established through ordinances. The Pension Committee makes recommendations for plan provisions which are approved by the Boards of Selectmen, Finance, and Town meeting. The pension plans are included in the financial statements individually since the assets from one plan may not be used to pay benefits or refunds of any plan member or beneficiary from the other. Separate, stand-alone reports are not issued.

Classes of Employees Covered: At July 1, 2012, the date of the last actuarial valuation, membership in the plan consisted of the following:

	July 1, 2012	July 1, 2012
	Town	Firemen
Active plan members	25	27
Terminated employees entitled to benefits but not yet receiving them	8	7
Retired plan members	-	13
Total plan participants	33	47

Benefit Provisions:

Town Employee Plan: The plan's membership is open to substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education, Employees must complete twelve months of service and attain a minimum age of twenty-one to be eligible for the plan. Participants are vested after ten years of service. Certain administrative expenses are funded by investment earnings.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

Firefighters' Plan: The plan covers substantially all active volunteer firefighters of the Deep River Volunteer Fire Department. In order to be eligible for the plan, the employee must complete one year of service and attain a minimum age of twenty-one. Certain administrative expenses are funded by investment earnings.

Employer Contributions: Recommended contributions to the plans are determined each year as part of the actuarial valuation using the aggregate cost method for the Town Plan and the unit credit method for the Firemen's Plan.

	Town	Firemen
Valuation date	July 1, 2012	July 1, 2012
Investment rate of return	6.00%	7.50%
Projected salary increases (per year)	3.00%	N/A
Inflation rate	3.00%	N/A
Cost of living adjustment	N/A	N/A
Asset valuation method	Fair Value	Fair Value

Annual Pension Cost and Net Pension Obligation (Asset): The Town's annual pension cost and net pension obligation (asset) to the pension trust fund for the current year were:

	Town Plan	Firemen Plan
Annual required contribution	\$ 267,568	\$ 36,507
Interest on net pension obligation	77,489	(3,449)
Adjustment to annual required contribution	-	11,365
Annual pension cost	345,057	44,423
Contributions made	(208,548)	(22,061)
Increase in net pension obligation (asset)	136,509	22,362
Net pension obligation (asset), July 1, 2013	1,291,477	(45,982)
Net pension obligation (asset), June 30, 2014	\$ 1,427,986	\$ (23,620)

Schedule of Funding Progress:

		(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
<u>Town</u>	7/1/2012	\$ 1,665,279	\$ 2,845,643	\$ (1,180,364)	58.52%	\$ 1,424,312	(82.9) %
<u>Firemen Plan</u>	7/1/2012	\$ 365,564	\$ 460,452	\$ (94,888)	79.39%	N/A	N/A

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

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

Three-Year Trend Information:

The Town's annual pension cost and net pension obligation (asset) to the pension trust fund for the current year were:

<u>Town</u>	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Annual Percentage Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Amount Contributed</u>	<u>Net Pension Obligation</u>
	6/30/2012	299,751	96.8%	74.52%	223,389	1,226,768
	6/30/2013	319,261		79.73%	254,552	1,291,477
	6/30/2014	345,057		60.44%	208,548	1,427,986

<u>Firemen</u>	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost</u>	<u>Annual Percentage Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Amount Contributed</u>	<u>Net Pension (Asset) Obligation</u>
	6/30/2012	39,260	64.9%	50.9%	20,000	(55,015)
	6/30/2013	31,094		70.9%	22,061	(45,982)
	6/30/2014	44,423		49.7%	22,061	(23,620)

Town of Deep River, Connecticut
Combining Statement of Net Position - Fiduciary Funds
June 30, 2014

	<u>Pension Trust Funds</u>		
	<u>Town Employees' Pension Plan</u>	<u>Volunteer Firefighters' Retirement Plan</u>	<u>Total Pension Trust Funds</u>
Assets			
Investments, at fair value:			
Equity mutual funds	\$ 1,525,627	\$ 273,046	\$ 1,798,673
Bond mutual funds	760,318	137,244	897,562
Fixed income mutual funds	1,881	-	1,881
Total investments	2,287,826	410,290	2,698,116
Receivable:			
Employer contribution	259,806	25,500	285,306
Total assets	2,547,632	435,790	2,983,422
Net Position - Restricted for Pension Benefits	\$ 2,547,632	\$ 435,790	\$ 2,983,422

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

Town of Deep River, Connecticut
 Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds
 For the Year Ended June 30, 2014

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 261,156	\$ 25,750	\$ 286,906
Investment Income:			
Net appreciation in fair value of investments	316,340	59,413	375,753
Interest and dividends	26	-	26
Total investment income	316,366	59,413	375,779
Total additions	577,522	85,163	662,685
Deductions			
Benefits	17,968	39,352	57,320
Administration	250	250	500
Total deductions	18,218	39,602	57,820
Change in net position	559,304	45,561	604,865
Net Position - Restricted for Pension Benefits, July 1, 2013	1,988,328	390,229	2,378,557
Net Position - Restricted for Pension Benefits, June 30, 2014	\$ 2,547,632	\$ 435,790	\$ 2,983,422

Connecticut State Teachers' Retirement System: The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$395,000 for the year ended June 30, 2014.

Investments: The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town does not have a custodial credit risk policy. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund, Cutwater Connecticut Class Plus, and the Tax Exempt Proceeds Fund.

Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries (i.e., prudent person rule) and the provisions of the applicable plan. Their approved policies target an asset mix to provide the probability of meeting or exceeding the return objectives at the lowest possible risk. The set asset allocation parameters are as follows:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Cash	6.0%	0.20%
Large Cap U.S. Stock	34.0%	7.50%
Small/Mid Cap U.S. Stock	12.0%	8.00%
Non-U.S. Stock	14.0%	8.00%
Core Bonds	<u>23.0%</u>	8.40%
	<u>100.0%</u>	

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

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

Net Pension Liability (GASB 67) as of June 30, 2014	Town Employees Pension Plan	Volunteer Firefighters' Pension Plan
Total pension liability	\$ 3,389,459	\$ 515,688
Plan fiduciary net position	\$ 2,287,796	\$ 410,890
Net pension liability	\$ 1,101,663	\$ 104,798
Plan fiduciary net position as a percentage of total pension liability	67%	80%

Town Employees Pension Plan

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2012 using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	3.0%
Discount rate	6.0%
Inflation	3.0%
Mortality Table	Pre-Retirement: None Post-Retirement: 1983 GATT
Amortization Method	Level Percent of Payroll

The Town's funding policy is to contribute the actuary's recommended contribution each year. The contribution is calculated as the normal cost under the aggregate method, plus an amortization of the Plan's unfunded liability over 18 years from July 1, 2012, as a level percentage of pay.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 6.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town of Deep River contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Deep River Town's Plan, calculated using the discount rate of 6.00% as well as what the Town of Deep River's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

Town of Deep River Retirement	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Total Pension Liability	\$1,532,904	\$1,101,633	\$731,210

Volunteer Firefighters Pension Plan

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2012 using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases	N/A
Discount rate	7.5%
Amortization	Level Closed
Mortality Table	Pre- and Post-Retirement: 1951 Group; Annuity Mortality Table projected to 1970; male rate for males, and male rates set back 5 years for females
Asset Valuation Method	Fair Market Value

The Town's funding policy is to contribute the actuary's recommended contribution each year.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Town of Deep River, Connecticut

Notes to Financial Statements

Note 11. Retirement Plans (Continued)

Volunteer

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Equity	55.0%	6.60%
Core Fixed Income	40.0%	2.20%
Cash	<u>5.0%</u>	1.80%
Total	<u>100.0%</u>	

Discount rate: The discount rate used to measure the total pension liability as of June 30, 2014 was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that the Town of Deep River Volunteer Firefighters contributes at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the Town of Deep River Volunteer Firefighters, calculated using the discount rate of 7.50% as well as what the Town of Deep River Volunteer Firefighters' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

Volunteer Firefighters' Pension Plan	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$160,522	\$105,398	\$58,598

Town of Deep River, Connecticut

Notes to Financial Statements

Note 12. Fund Balances

Below is a table of fund balance categories and classifications at June 30, 2014 for the Town governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances			
Restricted			
General government	\$ -	\$ -	\$ 71,129
Education	-	-	541
Total restricted	-	-	71,670
Committed			
General government	-	-	89,247
Total committed	-	-	89,247
Assigned			
General government	60,259	-	-
Health and social services	-	-	80,935
Total assigned	60,259	-	80,935
Unassigned (deficit)			
General government	114,796	-	-
Capital Projects	-	(30,595)	-
Education	-	-	(15)
Total unassigned (deficit)	114,796	(30,595)	(15)
Total fund balance	\$ 175,055	\$ (30,595)	\$ 241,837

Note 13. Bond Anticipation Note and Subsequent Event

The Town had a Bond Anticipation Note in the amount of \$830,000 outstanding as of June 30, 2014. The note matured subsequent to year end and was rolled into a new bond anticipation note in the amount of \$2,800,000.

Note 14. Governmental Accounting Standards Board (GASB) Statements

Accounting Standards Adopted in the Current Year:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented as of July 1, 2013. This statement clarified the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. As a result of the adoption of this standard, deferred amounts on refundings were reclassified to deferred outflows of resources. Previously, these amounts offset long-term debt.

Town of Deep River, Connecticut

Notes to Financial Statements

Note 14. Governmental Accounting Standards Board (GASB) Statements (Continued)

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

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

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

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

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

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015.

Management has not yet determined the effect that the above GASB statements will have on the financial statements, but GASB Statement No. 68 will have a material impact.

**Required Supplementary
Information - *unaudited***

Town of Deep River, Connecticut

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

Town Employees' Retirement System						
	A	B	(A-B)	(A/B)	C	((B-A)/C)
		Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/ (Under) Funded AAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets					
July 1,						
2012	1,665,279	2,845,643	(1,180,364)	58.5%	1,424,312	(82.9%)
2011	1,452,586	2,595,003	(1,142,417)	56.0%	1,424,312	(84.9%)
2010	1,060,371	2,285,458	(1,225,087)	46.4%	1,236,322	(99.1%)
2009	928,782	1,994,719	(1,065,937)	46.6%	1,555,806	(68.5%)
2008	842,750	1,490,809	(648,059)	56.5%	1,378,940	(47.0%)
2007	768,390	1,260,386	(491,996)	61.0%	1,264,574	(38.9%)
2006	1,018,222	1,498,091	(479,869)	68.0%	1,211,885	(39.6%)

Firefighters' Merit Plan						
	A	B	(A-B)	(A/B)	C	((B-A)/C)
		Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/ (Under) Funded AAL as a Percentage of Covered Payroll
Actuarial Valuation Date	Actuarial Value of Assets					
July 1,						
2012	365,564	483,326	(117,762)	75.6%	N/A	N/A
2011	377,752	460,452	(82,700)	82.0%	N/A	N/A
2010	312,846	437,690	(124,844)	71.5%	N/A	N/A
2009	272,650	421,336	(148,686)	64.7%	N/A	N/A
2008	308,144	411,998	(103,854)	74.8%	N/A	N/A
2007	304,762	401,096	(96,334)	76.0%	N/A	N/A
2006	270,237	395,664	(125,427)	68.3%	N/A	N/A

Town of Deep River, Connecticut

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

Schedule of Employer Contributions

	Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to ADEC	Contribution Excess (Deficiency)	Covered Employee Payroll	Contribution as a Percentage of Covered Payroll
<u>Town Plan</u>	2008	230,036	230,378	342	1,378,940	16.71%
	2009	246,683	200,743	(45,940)	1,555,806	12.90%
	2010	246,683	242,061	(4,622)	1,236,322	19.58%
	2011	287,059	252,835	(34,224)	1,424,312	17.75%
	2012	230,727	223,389	(7,338)	1,424,312	15.68%
	2013	245,655	254,552	8,897	1,523,697	16.71%
	2014	267,568	208,548	(59,020)	1,523,697	13.69%
<u>Firemen Plan</u>	2008	23,557	45,000	21,443	N/A	N/A
	2009	15,068	45,447	30,379	N/A	N/A
	2010	22,204	43,000	20,796	N/A	N/A
	2011	31,989	45,250	13,261	N/A	N/A
	2012	30,808	20,000	(10,808)	N/A	N/A
	2013	23,499	22,061	(1,438)	N/A	N/A
	2014	36,507	22,061	(14,446)	N/A	N/A

Town of Deep River, Connecticut

Required Supplementary Information - Unaudited
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last Fiscal Year
 June 30, 2014

	Town Plan	Fire Plan
Changes in Net Pension Liability		
Total Pension Liability		
Service cost	\$ 127,970	\$ 1,997
Interest on total pension liability	183,873	34,578
Differences between actual and expected	22,046	37,749
Benefit payments	(17,968)	(39,352)
Net change in total pension liability	<u>315,921</u>	<u>34,972</u>
Total Pension Liability, Beginning	<u>3,073,538</u>	<u>480,716</u>
Total pension liability, ending (a)	<u>3,389,459</u>	<u>515,688</u>
Fiduciary Net Position		
Employer contributions	208,548	22,061
Investment income, net of investment expenses	316,336	59,413
Benefit payments	(17,968)	(39,352)
Net change in plan fiduciary net position	<u>506,916</u>	<u>42,122</u>
Fiduciary Net Position, Beginning	<u>1,780,880</u>	<u>368,768</u>
Fiduciary net position, ending (b)	<u>2,287,796</u>	<u>410,890</u>
Net pension liability, ending = (a) - (b)	<u>\$ (1,101,663)</u>	<u>\$ (104,798)</u>
Fiduciary Net Position as a % of Total Pension Liability	67.50%	79.56%
Covered Paryoll	\$ 1,523,697	N/A
Net Pension Liability as a % of Covered Paryoll	72.30%	N/A

Note: As 2014 is the implementation year, only 2014 information is available.
 Schedules Prepared Entry Age Normal Method.

Town of Deep River, Connecticut

Required Supplementary Information
 Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual -
 General Fund - *unaudited*
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes, interest and lien fees	\$ 12,271,716	\$ 12,271,716	12,310,468	\$ 38,752
Intergovernmental	2,098,432	2,098,432	2,229,842	131,410
Charges for services	361,440	361,440	644,768	283,328
Income from investments	7,500	7,500	4,706	(2,794)
Total revenues	14,739,088	14,739,088	15,189,784	450,696
Expenditures				
Current:				
General government	1,839,322	1,801,172	1,857,106	(55,934)
Public safety	522,184	522,184	660,467	(138,283)
Public works	1,058,370	1,122,038	1,123,855	(1,817)
Health and social services	99,270	99,270	102,631	(3,361)
Parks and recreation	147,154	147,154	175,737	(28,583)
Education	10,687,082	10,687,082	10,696,480	(9,398)
Capital outlay	73,000	101,857	196,902	(95,045)
Debt service:				
Principal and Interest	348,060	348,060	349,657	(1,597)
Total expenditures	14,774,442	14,828,817	15,162,835	(334,018)
Excess (deficiency) of revenues over expenditures	(35,354)	(89,729)	26,949	116,678
Other Financing Sources (Uses)				
Transfers in	46,915	46,915	-	46,915
Total other financing sources (uses)	46,915	46,915	-	(46,915)
Total	\$ 11,561	\$ (42,814)	26,949	\$ 69,763

See Note to Required Supplementary Information.

Town of Deep River, Connecticut

Note To Required Supplementary Information

Note 1. Budgets and Budgetary Accounting

General Fund: The Town establishes its general fund budget in accordance with provisions of Connecticut General Statutes.

- A budget for the general fund is authorized annually by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the financial statements:
 - Department heads submit detailed estimates of expenditures to the Board of Finance.
 - The Board of Finance acts upon the department requests and approves the departmental budgets to be forwarded to the Town Meeting.
 - The citizens of the Town vote on the recommended budget.
 - The Board of Finance sets the tax rate for the fiscal year.
- During the year, additional appropriation requests are submitted by the department heads to the Board of Finance. The Board of Finance acts on the requests.
- All budget transfers must be approved by the Board of Finance. The Board of Finance may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except for those in the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of Deep River, Connecticut

Note To Required Supplementary Information

Note 1. Budgets and Budgetary Accounting (Continued)

A reconciliation of General Fund operations presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") to the amounts presented on the budgetary basis is as follows:

	Revenues	Expenditures and Other Financing Uses
Balance, GAAP basis	\$ 15,709,837	\$ 16,370,102
Excess cost grants	(115,517)	(115,517)
Effect of GASB No. 54	(9,536)	(6,746)
State Teachers Retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(395,000)	(395,000)
Capital lease	-	(690,004)
Balance, budgetary basis	<u>\$ 15,189,784</u>	<u>\$ 15,162,835</u>

Special Revenue Funds: The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the State and other grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital Project Funds: Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

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

General Fund

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Taxes, Interest and Lien Fees				
Current Taxes	\$ 12,071,716	\$ 12,071,716	\$ 12,031,358	\$ (40,358)
Prior Taxes	150,000	150,000	185,248	35,248
Interest and Lien Fees	50,000	50,000	93,862	43,862
Total taxes, interest and lien fees	12,271,716	12,271,716	12,310,468	38,752
Intergovernmental				
Education cost sharing	1,716,525	1,716,525	1,713,587	(2,938)
Telephone Tax Sharing	34,661	34,661	16,144	(18,517)
Transportation	-	-	9,714	9,714
Town aid roads	199,004	199,004	199,114	110
PILOT - State owned property	-	-	10,215	10,215
Pequot fund	11,555	11,555	11,629	74
Tax relief for elderly	29,603	29,603	36,770	7,167
Unrestricted grants	68,836	68,836	97,940	29,104
Tax relief for veterans	2,919	2,919	3,364	445
Village Street	-	-	10,504	10,504
Boat registration	3,600	3,600	-	(3,600)
Phase 5 Streetscape	-	-	88,850	88,850
LOCIP - Infrastructure	31,729	31,729	32,011	282
Total intergovernmental	2,098,432	2,098,432	2,229,842	131,410
Charges for Services				
Licenses and Permits				
Other licenses and permits	500	500	500	-
Building permits	50,000	50,000	46,056	(3,944)
Planning and zoning fees	19,500	19,500	7,163	(12,337)
Conveyance tax	40,000	40,000	32,868	(7,132)
Sale of Town Equipment	-	-	8,600	8,600
Town Clerk fees	35,000	35,000	45,245	10,245
Fire Marshal permits/fees	100	100	305	205
Inland wetland/conservation permit	1,000	1,000	-	(1,000)
Total licenses and permits	146,100	146,100	140,737	(5,363)
Charges for services				
Reimbursement for Administrative Sewer	16,000	16,000	-	(16,000)
Rental income - Town equipment	25,000	25,000	31,170	6,170
Bulky waste site contract	55,000	55,000	55,000	-
Total charges for services	96,000	96,000	86,170	(9,830)

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Recycling fees	25,000	25,000	36,875	11,875
Park and recreation fees	32,340	32,340	84,527	52,187
Miscellaneous	12,000	12,000	115,133	103,133
Public safety/police	30,000	30,000	170,087	140,087
Newsletter	20,000	20,000	11,239	(8,761)
Total miscellaneous	119,340	119,340	417,861	298,521
Total charges for services	361,440	361,440	644,768	283,328
Income from Investments				
Interest Income	7,500	7,500	4,706	(2,794)
Transfers In	46,915	46,915	-	(46,915)
Total revenues and transfers in	\$ 14,786,003	\$ 14,786,003	\$ 15,189,784	\$ 403,781

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Selectman				
First Selectman Salary	\$ 67,638	\$ 67,638	\$ 68,244	\$ (606)
Selectmen Salary	8,185	8,185	8,184	1
Treasurer Salary	7,366	7,366	7,363	3
Administrative Assistant Salary	34,727	34,727	33,349	1,378
Accounts Manager	59,025	59,025	61,658	(2,633)
Legal Fees	15,500	15,500	19,277	(3,777)
Engineering Services	4,000	4,000	2,083	1,917
Expense Allowance	3,000	3,000	3,000	-
Office Supplies and Postage	22,500	22,500	20,134	2,366
School/Meetings	750	750	798	(48)
Legal Notices	8,160	8,160	8,809	(649)
Total Selectman	230,851	230,851	232,899	(2,048)
Elections				
Registrars' Salary	8,037	8,037	10,507	(2,470)
Part-time Elections Salary	6,558	4,158	2,954	1,204
Printing Expenses	3,000	3,000	2,509	491
Total Elections	17,595	15,195	15,970	(775)
Building Operations				
Fuel Oil	125,000	125,000	140,389	(15,389)
Water	8,000	8,000	4,872	3,128
Electricity	50,000	50,000	54,818	(4,818)
Sewer Fees	3,147	3,147	3,310	(163)
Telephone - Town Dept.	27,500	27,500	28,110	(610)
Custodial Services/Supplies	20,000	20,000	24,832	(4,832)
Miscellaneous Supplies	1,000	1,000	1,207	(207)
Building Repairs	45,000	45,000	70,132	(25,132)
Elderly Housing Sewer Fees	3,000	3,000	3,000	-
Quarterly Sprinkler/Elevator Inspections	3,200	3,200	4,411	(1,211)
Total Building Operations	285,847	285,847	335,081	(49,234)
Town Clerk				
Town Clerk Salary	46,583	46,583	46,583	-
Assistant's Salary	17,977	17,977	20,011	(2,034)
Index Land Records	1,200	1,200	1,016	184
School/Meetings	800	800	1,033	(233)
Micro Filming	11,400	11,400	10,800	600
Vital Statistics	600	600	639	(39)
Total Town Clerk	78,560	78,560	80,082	(1,522)

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
Board of Finance				
Part-time Clerical Salary	400	400	-	400
Auditor/Consultant	24,000	24,000	16,500	7,500
Printing Expense	6,000	6,000	6,000	-
Total Board of Finance	30,400	30,400	22,500	7,900
Tax Review				
Tax Reviewer Salary	624	643	200	443
Total Tax Review	624	643	200	443
Assessor				
Assessor Salary	70,734	70,734	73,525	(2,791)
Secretary Salary	29,315	29,315	29,330	(15)
Valuation Appeals	10,000	10,000	5,920	4,080
Audits	1,500	1,500	1,500	-
Computer Maintenance & Service	12,000	12,000	10,759	1,241
Update Maps	1,500	1,500	1,351	149
School/Meetings	2,390	2,390	1,848	542
Auto Mileage Expense	700	700	697	3
Total Assessor	128,139	128,139	124,930	3,209
Tax Collector				
Tax Collector Salary	40,505	40,505	40,505	-
Part-time Clerical Salary	15,563	15,563	14,445	1,118
Legal Fees	-	-	-	-
Computer Maintenance & Services	3,500	3,500	3,415	85
School/Meetings	1,500	1,500	353	1,147
Legal Notices	450	450	476	(26)
Tax Refunds	15,000	15,000	34,852	(19,852)
DMV Fees	1,058	1,058	1,112	(54)
Total Tax Collector	77,576	77,576	95,158	(17,582)
Special Services				
Data Processing Services	9,000	9,000	14,799	(5,799)
Copier	5,500	5,500	5,897	(397)
BMSI License/Computer Support Fee	12,000	12,000	10,095	1,905
Senior Citizen's Club	500	500	-	500
Beautification Committee	2,000	2,000	1,239	761
Memorial Day	1,600	1,600	1,642	(42)

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Special Services, Continued				
Industrial Development Committee	2,000	2,000	-	2,000
Newsletter/Brochure	20,000	20,000	17,768	2,232
Dog Fund Salary	10,000	10,000	14,131	(4,131)
Essex Dog Run Lease	3,938	3,938	4,397	(459)
Contingency	15,000	15,000	18,572	(3,572)
Total Special Services	81,538	81,538	88,540	(7,002)
Planning & Zoning				
Enforcement Officer Salary	29,225	29,225	31,749	(2,524)
Part-time Clerical Salary	3,575	3,575	2,399	1,176
Legal Fees	-	-	-	-
Engineering Services	4,000	4,000	90	3,910
Training/Meetings	2,100	2,100	-	2,100
Printing Expenses	500	500	-	500
Engineering/Professional Services	17,000	2,323	2,323	-
Total Planning & Zoning	56,400	41,723	36,561	5,162
Zoning Board of Appeals				
Part-time Clerical Salary	321	321	140	181
Total Zoning Board of Appeals	321	321	140	181
Building Official				
Building Official Salary	28,934	28,934	36,349	(7,415)
Secretary Salary	14,119	14,119	11,714	2,405
Reference Manuals/Books	650	650	374	276
State Training fees	2,400	2,400	734	1,666
Total Building Official	46,103	46,103	49,171	(3,068)
Inland Wetlands & Conservation				
Enforcement Agent Salary	7,766	7,766	4,899	2,867
Part-time Clerical Salary	3,000	3,000	855	2,145
Technical Services	1,000	168	-	168
Middlesex Soil Conservation Services	1,577	1,577	1,577	-
CACIWC	50	50	60	(10)
Auto Mileage Expense	250	250	-	250
Total Inland Wetlands & Conservation	13,643	12,811	7,391	5,420

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Insurance & Bonds	120,000	109,876	109,876	-
Library				
Librarian Salary	57,725	57,725	56,670	1,055
Assistants Salary	55,640	55,640	52,875	2,765
Library Program Expenses	33,800	33,800	33,800	-
Total Library	147,165	147,165	143,345	3,820
Probate				
Clerk	3,500	2,130	2,130	-
Employee Benefits				
Medical Insurance	210,000	210,000	198,811	11,189
Life Insurance	4,200	4,200	4,166	34
Pension Plan	155,000	155,000	149,586	5,414
Tax exemption - DRAA & DRFD	17,500	14,204	14,204	-
FICA/Social Security - Employer/WPCF	86,000	86,000	103,771	(17,771)
Unemployment Compensation	750	750	466	284
Total Employee Benefits	473,450	470,154	471,004	(850)
Political Subdivisions				
Estuary Transit District	7,995	7,995	7,995	-
Estuary Council Seniors	19,900	16,225	16,225	-
Tri-Town Services	5,000	5,000	5,000	-
Public Service Agencies (formerly CAGM)	4,400	2,605	2,605	-
CRERPA	7,315	7,315	7,315	-
CCM	3,000	3,000	2,988	12
Total Political Subdivisions	47,610	42,140	42,128	12
Total General Government	1,839,322	1,801,172	1,857,106	(55,934)
Public Safety				
Police				
Part-time Officers	60,000	60,000	58,483	1,517
Crossing Guard Salary	4,754	4,754	4,304	450
Funded Special Police Services	30,000	30,000	150,826	(120,826)
Full-time Officer/FT/OT	106,000	106,000	111,682	(5,682)
Resident Trooper	97,000	97,000	106,099	(9,099)
Miscellaneous Supplies	2,800	2,800	2,382	418
Vehicle Maintenance	4,000	4,000	9,690	(5,690)
Training	2,000	2,000	2,351	(351)
Uniforms	2,500	2,500	3,238	(738)
Total Police	309,054	309,054	449,055	(140,001)

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Fire Department				
Part-time Clerical Salary	984	984	882	102
Communications Equipment Maintenance	7,200	7,200	7,148	52
Training	5,000	5,000	4,908	92
Physicals	1,000	1,000	165	835
Miscellaneous Building Supplies	5,000	5,000	4,443	557
Fire Equipment & Supplies	16,000	16,000	15,523	477
Vehicle Fuel & Oil	-	-	583	(583)
Vehicle Maintenance	18,000	18,000	18,000	-
Incentive Program	32,000	32,000	31,196	804
Operating Expenses	17,000	17,000	17,166	(166)
Water Hole Maintenance	3,500	3,500	3,600	(100)
Banquet	4,200	4,200	4,200	-
Personal Losses	400	400	64	336
Total Fire Department	110,284	110,284	107,878	2,406
Fire Marshal				
Fire Marshal Salary	19,932	19,932	19,932	-
Deputy Marshal Salary	500	500	-	500
Fire Marshal Auto Expense	1,000	1,000	1,000	-
Deputy Fire Marshal Auto Expense	125	125	-	125
Miscellaneous Supplies	500	500	322	178
Burning Official/Training	150	150	150	-
Total Fire Marshal	22,207	22,207	21,404	803
Public Services Communications				
Valley Shore Communications Contract	55,494	55,494	55,364	130
Dispatcher Salary	23,645	23,645	25,916	(2,271)
Total Public Service Communications	79,139	79,139	81,280	(2,141)
Civil Preparedness	1,500	1,500	850	650
Total Public Safety	522,184	522,184	660,467	(138,283)
Public Works				
Highway Department				
Road Crew Salary	201,463	221,141	221,980	(839)
Equipment Maintenance	60,000	74,942	74,350	592
General Road Maintenance	216,000	245,048	250,500	(5,452)
Town Aid Road Maintenance	199,004	199,004	199,004	-
Total Highway Department	676,467	740,135	745,834	(5,699)

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Public Utilities				
Street Lighting	50,000	50,000	52,339	(2,339)
Fire Hydrant Service	66,275	66,275	62,021	4,254
Total Public Utilities	116,275	116,275	114,360	1,915
Waste/Recycle				
Transfer Station Operator Salary	36,983	36,983	37,388	(405)
Recycling Salary	8,745	8,745	12,077	(3,332)
Water Tests/Engineering	17,000	17,000	30,223	(13,223)
CRRRA Tipping Fees	107,000	107,000	91,460	15,540
Bulky Waste Coverage	85,000	85,000	82,606	2,394
Household Hazardous Waste Facility	10,000	10,000	9,007	993
Sanitary Lavatory Rental	900	900	900	-
Total Waste/Recycle	265,628	265,628	263,661	1,967
Total Public Works	1,058,370	1,122,038	1,123,855	(1,817)
Health and Social Services				
Sanitarian				
Health District	56,196	56,196	57,998	(1,802)
Public Health Nursing Service				
Social Services Salary	16,074	16,074	19,633	(3,559)
LVVNA	27,000	27,000	25,000	2,000
Total Public Health Nursing Service	43,074	43,074	44,633	(1,559)
Total Health and Social Services	99,270	99,270	102,631	(3,361)
Parks & Recreation				
Program Director Salary	22,000	22,000	37,722	(15,722)
Part-time Summer Program Salary	16,500	16,500	21,969	(5,469)
Life-Gate Guard Salary	18,500	18,500	16,158	2,342
Water-Devitt Field	6,500	6,500	466	6,034
Summer Youth Program	8,600	8,600	6,690	1,910
Maintenance-All Facilities	22,000	22,000	31,376	(9,376)
Youth Basketball	15,000	15,000	10,243	4,757
Seasonal Programs	10,354	10,354	6,002	4,352
New Programs	700	700	3,533	(2,833)
Self-Funding Programs	27,000	27,000	41,578	(14,578)
Total Parks and Recreation	147,154	147,154	175,737	(28,583)

(Continued)

Town of Deep River, Connecticut

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Debt Services				
Debt Redemption				
Sewer Construction Bonds	101,500	101,500	101,488	12
Fire/Highway Dept. Truck	246,560	246,560	248,169	(1,609)
Total Debt Services	348,060	348,060	349,657	(1,597)
Education				
Elementary School	5,511,158	5,511,158	5,510,776	382
Regional District #4	5,160,924	5,160,924	5,160,924	-
Deep River Elementary School				
Maintenance	15,000	15,000	24,780	(9,780)
Total Education	10,687,082	10,687,082	10,696,480	(9,398)
Capital Outlay				
Computer Upgrade Project	18,000	12,207	12,207	-
Plattwood - STEAP Grant	-	-	2,375	(2,375)
Village Street Bridge	-	-	16,466	(16,466)
Equipment - Fire Department	-	29,650	14,825	14,825
Fountain Hill Cemetery	30,000	35,000	35,000	-
Phase 5 Streetscape	-	-	88,850	(88,850)
Police / Highway Vehicles & Equipment	-	-	792	(792)
Storms	25,000	25,000	26,387	(1,387)
Total Capital Outlay	73,000	101,857	196,902	(95,045)
Total Expenditures	\$ 14,774,442	\$ 14,828,817	\$ 15,162,835	\$ (334,018)

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Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Dog License Fund – is used to account for revenue from dog license fees pursuant to the General Statutes of Connecticut.

Hot Lunch Program Fund – is used to account for the operations of the food program by the school system.

Incubator Building Fund – is used to account for fees collected and expenditures.

Small Cities Project SC-96 – is used to account for project or improvements.

Grant Account – is used to account for Federal and State grants.

Social Services Fund – is used to account for the activity of social services.

Capital Projects Funds

Deep River Town Hall Auditorium – is used to account for the restoration of the Town Hall auditorium.

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Town of Deep River, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue	
	Hot Lunch Program Fund	Incubator Building Fund
Assets		
Cash and cash equivalents	\$ 16,421	\$ 102,085
Intergovernmental receivables	14,874	-
Loans receivable	-	-
Other receivables	8,053	566
Total assets	39,348	102,651
Liabilities and Fund Balances		
Liabilities		
Accounts payable	9,891	2,702
Short-term notes		
Due to other funds	29,472	13,690
Total liabilities	39,363	16,392
Fund Balances		
Restricted	-	-
Committed	-	86,259
Assigned	-	-
Unassigned	(15)	-
Total fund balance (deficit)	(15)	86,259
Total liabilities and fund balances	\$ 39,348	\$ 102,651

Special Revenue			Capital Projects		Total Nonmajor Funds
Small Cities Project SC-96	Grant Account	Social Services Fund	Deep River Town Hall Auditorium Restoration Fund		
\$ 36,670	\$ 541	\$ 80,935	\$ 2,988	\$ 239,640	
-	-	-	-	14,874	
34,460	-	-	-	34,460	
-	-	-	-	8,619	
<u>71,130</u>	<u>541</u>	<u>80,935</u>	<u>2,988</u>	<u>297,593</u>	
-	-	-	-	12,593	
1	-	-	-	-	
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,163</u>	
<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,756</u>	
71,129	541	-	-	71,670	
-	-	-	2,988	89,247	
-	-	80,935	-	80,935	
-	-	-	-	(15)	
<u>71,129</u>	<u>541</u>	<u>80,935</u>	<u>2,988</u>	<u>241,837</u>	
<u>\$ 71,130</u>	<u>\$ 541</u>	<u>\$ 80,935</u>	<u>\$ 2,988</u>	<u>\$ 297,593</u>	

Town of Deep River, Connecticut

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

	Special Revenue	
	Hot Lunch Program Fund	Incubator Building Fund
Revenues		
Intergovernmental	\$ 40,410	\$ -
Charges for services	74,895	85,331
Interest income	-	-
Other	-	566
Total revenues	115,305	85,897
Expenditures		
Current:		
General government	-	186,372
Health and social services	-	-
Education	115,305	-
Capital outlay	-	-
Total expenditures	115,305	186,372
Excess (deficiency) of revenues over expenditures	-	(100,475)
Fund Balances (Deficits), beginning	(15)	186,734
Fund Balances (Deficits), ending	\$ (15)	\$ 86,259

Special Revenue			Capital Projects		
Small Cities Project SC-96	Grant Account	Social Services Fund	Deep River Town Hall Auditorium Restoration Fund	Total Nonmajor Funds	
\$ -	\$ 141,948	\$ -	\$ -	\$ 182,358	
-	-	-	-	160,226	
116	-	17	-	133	
-	-	9,498	100	10,164	
<u>116</u>	<u>141,948</u>	<u>9,515</u>	<u>100</u>	<u>352,881</u>	
70	4,000	-	-	190,442	
-	77	11,320	-	11,397	
-	137,948	-	-	253,253	
-	-	-	6,459	6,459	
<u>70</u>	<u>142,025</u>	<u>11,320</u>	<u>6,459</u>	<u>461,551</u>	
46	(77)	(1,805)	(6,359)	(108,670)	
<u>71,083</u>	<u>618</u>	<u>82,740</u>	<u>9,347</u>	<u>350,507</u>	
<u>\$ 71,129</u>	<u>\$ 541</u>	<u>\$ 80,935</u>	<u>\$ 2,988</u>	<u>\$ 241,837</u>	

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Fiduciary Funds

Fiduciary Funds

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

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

Town of Deep River, Connecticut

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets				
Cash and cash equivalents				
Student activity fund	\$ 17,839	\$ 18,022	\$ 17,692	\$ 18,169
Liabilities				
Due to student groups				
Student activity fund	\$ 17,839	\$ 18,022	\$ 17,692	\$ 18,169

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Other Schedules

Town of Deep River, Connecticut

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

	General Fund	Library Fund	Totals
Assets			
Cash and cash equivalents	\$ 75,028	\$ 60,259	\$ 135,287
Receivables (net of allowances for collection losses):			
Property taxes	420,995	-	420,995
Intergovernmental	13,596	-	13,596
Other	75,982	-	75,982
Due from other funds	356,933	-	356,933
Total assets	\$ 942,534	\$ 60,259	\$ 1,002,793
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities and Deferred Inflows of Resources			
Liabilities -Accounts payable and accruals	503,677	-	503,677
Deferred Inflows of Resources - Unavailable revenue	324,061	-	324,061
Fund Balances			
Assigned	-	60,259	60,259
Unassigned	114,796	-	114,796
Total fund balances	114,796	60,259	175,055
Total liabilities, deferred inflows of resources and fund balances	\$ 942,534	\$ 60,259	\$ 1,002,793

Town of Deep River, Connecticut

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

	General Fund	Library Fund	Eliminations	Totals
Revenues				
Property taxes and lien fees	\$ 12,310,468	\$ -	\$ -	\$ 12,310,468
Intergovernmental	2,740,359	-	-	2,740,359
Charges for services	644,768	9,338	-	654,106
Investment income	4,706	198	-	4,904
Total revenues	15,700,301	9,536	-	15,709,837
Expenditures				
Current:				
General government	1,823,306	40,546	-	1,863,852
Public safety	660,467	-	-	660,467
Public works	1,123,855	-	-	1,123,855
Health and social services	102,631	-	-	102,631
Parks and recreation	175,737	-	-	175,737
Education	11,206,997	-	-	11,206,997
Capital outlay	886,906	-	-	886,906
Debt service	349,657	-	-	349,657
Total expenditures	16,329,556	40,546	-	16,370,102
Excess (deficiency) of revenues over expenditures	(629,255)	(31,010)	-	(660,265)
Other Financing Sources (Uses)				
Transfers in	-	33,800	(33,800)	-
Transfers out	(33,800)	-	33,800	-
Capital lease proceeds	690,004	-	-	690,004
Net other financing sources (uses)	656,204	33,800	-	690,004
Net change in fund balances	26,949	2,790	-	29,739
Fund Balances, beginning of year	87,847	57,469	-	145,316
Fund Balances, end of year	\$ 114,796	\$ 60,259	\$ -	\$ 175,055

Town of Deep River, Connecticut

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

Grand List Year	Balance Uncollected July 1, 2013	Current Levy	Lawful Corrections		Balance to be Collected	Collections			Balance Uncollected June 30, 2014
			Net Adjustments	Transfers to Suspense		Taxes	Interest and Lien Fees	Total	
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96	96	\$ -
1998	-	-	-	-	-	-	82	82	-
1999	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	42	42	-
2004	-	-	-	-	-	-	31	31	-
2005	53	-	-	-	53	-	341	341	53
2006	1,016	-	(1,016)	-	-	-	-	-	-
2007	1,082	-	(1,039)	-	43	-	215	215	43
2008	3,949	-	(1,039)	-	2,910	-	-	-	2,910
2009	24,993	-	(1,039)	-	23,954	14,949	4,533	19,482	9,005
2010	89,372	-	(194)	-	89,178	30,601	13,961	44,562	58,577
2011	235,905	-	(477)	-	235,428	132,414	32,505	164,919	103,014
2012	-	12,263,287	14,502	-	12,277,789	12,037,831	67,692	12,105,523	239,958
Total	\$ 356,370	\$ 12,263,287	\$ 9,698	\$ -	\$ 12,629,355	\$ 12,215,795	\$ 119,498	\$ 12,335,293	\$ 413,560

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