

TOWN OF LEBANON, CONNECTICUT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015
with
SUPPLEMENTAL STATEMENTS AND SCHEDULES
and
INDEPENDENT AUDITORS' REPORT

Sandra E. Welwood, LLC
Certified Public Accountants

TOWN OF LEBANON, CONNECTICUT

TABLE OF CONTENTS

Independent Auditors' Report.....	1
Management's Discussion and Analysis (Unaudited)	3

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds – Balance Sheet.....	13
Reconciliation of the Balance Sheet to the Statement of Net Position for all Governmental Funds and Activities.....	14
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Budgetary Basis	17
Proprietary Funds – Statement of Net Position	19
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position	20
Proprietary Funds – Statement of Cash Flows	21
Fiduciary Funds – Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	22
Notes to Financial Statements.....	23

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Connecticut Municipal Employees Retirement System:	
Schedule of the Town's Proportionate Share of the Net Pension Liability	55
Schedule of Town Contributions.....	56
Connecticut State Teachers' Retirement System:	
Schedule of the Town's Proportionate Share of the Net Pension Liability	57

SUPPLEMENTAL STATEMENTS AND SCHEDULES

Nonmajor Funds:	
Nonmajor Governmental Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	58
Nonmajor Special Revenue Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59
Nonmajor Capital Projects Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	67
Nonmajor Permanent Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	68
Private Purpose Trusts – Combining Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	71

Town Construction Projects – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73
Capital and Nonrecurring Fund – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	74
Trumbull Investment Funds – Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	75
Other Schedules:	
Statement of Debt Limitation	76
Report of the Tax Collector	77

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Independent Auditors' Report

Board of Finance
Board of Selectman
Town of Lebanon, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of and for the year ended June 30, 2015, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 previously present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Lebanon, Connecticut, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, and the required supplementary information on pages 55 through 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lebanon, Connecticut's basic financial statements. The accompanying combining and individual fund financial statements, the schedule of debt limitation, the schedule of property taxes levied, collections and outstanding balances are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund financial statements, the schedule of debt imitation, the schedule of property taxes levied, collections and outstanding balances 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. The information has been subjected to 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 information described above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the Town of Lebanon, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 of Lebanon, Connecticut's internal control over financial reporting and compliance.



Danbury, Connecticut
December 1, 2015

TOWN OF LEBANON, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2015

Our discussion and analysis of the Town of Lebanon, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information for the governmental and business-type activities of the Town as found in the government-wide financial statements.

Financial Highlights – Government-Wide Financial Statements – Governmental Activities

- The Town's total net position decreased to \$40,144,880 as of the end of the current fiscal year. This compares to the prior fiscal year when total net position was \$40,328,150. This represents a favorable increase of \$507,065 before the effects of the restatement of net position (see Note 13 in the Notes to Financial Statements).
- The Town's net investment in capital assets is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The net investment in capital assets of the Town was \$32,093,908 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$32,297,864. This represents a decrease of 0.63% .
- The Town's restricted net position is used to account for funds received with constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. This net position *cannot* be used to finance the day-to-day activities and operations of the Town. The restricted net position of the Town was \$3,746,793 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$4,326,740. This represents a decrease of 13.4%.
- The Town's unrestricted net position is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The unrestricted net position of the Town was \$4,304,179 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$3,703,546. This represents a favorable increase of 16.2%.
- The Town's total revenues for its governmental activities were \$28,997,063 for the current fiscal year. This compares to the prior fiscal year balance of \$27,398,024. This represents an increase of \$1,599,039. This is due to a number of increases in revenue categories.
- The total expenses of the Town's governmental activities was \$28,489,998 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$16,794,673 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$1,596,828 and through operating and capital grants received from the State (state and federal dollars) in the amount of \$10,098,497.

Using This Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities on pages 11 and 12, which provide information about the governmental business-type activities of the Town as a whole and present a longer view of the Town's finances. The fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances on pages 13 and 15 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. Budget to actual information is reported in these fund financial statements for the General Fund on pages 17 and 18. The proprietary fund financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows on pages 19 through 21. The proprietary activities of the Town are accounted for within two enterprise funds which are used to account for the activities of the Amston Lake Water Pollution Control Authority and an internal service fund, which is used to account for the self funding dental plan of the Town. The fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on page 22. The fiduciary activities of the Town are those for which the Town acts solely as a trustee or agent for the benefit of groups outside of the Town. These statements relate to agency funds for which the Town is acting in a purely custodial capacity for student and other groups and for private purpose trust funds when amounts have been given to the Town for specific purposes.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 11 with the Statement of Net Position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal years activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. The Statement of Net Position includes all of the non-fiduciary assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Activities presents the operations of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received.

These two statements report the Town's net position and the changes in net position. You can think of this net position as one way to measure the financial health and financial position of the Town. The net position is made up of the difference between the assets and liabilities of the Town. Over time, increase and decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town, and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type, and component units. The Authority's activities are classified as both governmental activities and business-type activities and are characterized as follows:

Town of Lebanon, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

- Governmental activities – all of the Town’s basic services are reported here, including general government, public safety, public works, health, recreation, social services, community preservation, education, and other unclassified programs and activities. Property taxes, charges for services, state and federal operating and capital grants and other funding, and other miscellaneous revenues finance most of these activities in whole or in part.
- Business-type activities – activities reported in funds which focus on the determination of operating income, changes in net position, and cash flows. The business-type activities of the Town are accounted for within enterprise funds. The Town uses two enterprise funds to account for the activities of the Amston Lake Water Pollution Control Authority which are designed to account for charges for services and other collections to be used to fund the operating activities, the repayment of long-term debt, and the capital assets of the Authority.

Reporting the Town’s Most Significant Funds

Our analysis of the Town’s major funds begins on page 13 with the Balance Sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law and by bond covenants. In addition, the Board of Finance of the Town has the authority to establish many other funds which it uses to help control and manage funds for particular purposes (such as the community center or recreation commission) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for educational grants). The Town uses governmental funds which are characterized as follows:

- Governmental funds – All of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs and activities. The relationship between governmental activities and governmental funds is presented in a reconciliation at the bottom of the fund financials.

Reporting the Town’s Other Funds – Proprietary Funds

Our analysis of the Town’s proprietary funds begins on page 19 with the Statement of Net Position. The Statement of Net Position presents the financial position of the proprietary funds at the end of the fiscal year. This statement reports the assets, liabilities, and net position of the Town’s proprietary funds. The assets and liabilities are presented in a classified format to distinguish between current and long-term assets and liabilities. In addition, the assets and liabilities are presented in the order of their relative liquidity. The Statement of Revenues, Expenses, and Changes in Net Position is the operating statement of proprietary funds. This statement also segregates revenues and expenses between the category of operating and non-operating. Operating revenues and expenses are subtracted to come up with the operating income or loss from operations. The proprietary funds of the Town also utilize a Statement of Cash Flows. The purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and payments made by these funds during each reporting period. The cash flow statements is broken down between different sections. The Town’s proprietary funds are characterized as follows:

Town of Lebanon, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

- Proprietary funds – Proprietary funds are business-type activity funds which focus on the determination of operating income, changes in net position, and cash flows. Proprietary funds include both enterprise funds (business-type) and internal service funds (government funds).

The Town as a Trustee – Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used by the Town to report assets held in a trustee or agency capacity for other groups and, therefore, cannot be used to support the Town's own programs. The type of fiduciary funds for which the Town is trustee are private purpose trust funds and agency funds. Private purpose trust funds account for the assets held by the Town in a trustee capacity on behalf of the schools in the form of scholarship funds, and on behalf of the library and cemeteries. All of the resources of these funds, including any earnings on invested resources, may be used to support their activities. There is no requirement that any portion of these resources be preserved as capital. Agency funds are used to report resources held by the Town in a purely custodial capacity such as student activity accounts.

The Town as a Whole – Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

The information provided below represents government-wide information for the governmental and business-type activities of the Town for the current fiscal year compared to the prior fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
<u>Assets</u>						
Current assets	\$ 8,630,424	\$ 7,498,576	\$ 967,132	\$ 905,274	\$ 9,597,556	\$ 8,403,850
Other assets	3,432,688	4,223,279	4,030,868	4,241,807	7,463,556	8,465,086
Capital assets	<u>34,688,715</u>	<u>35,448,907</u>	<u>6,330,145</u>	<u>6,416,860</u>	<u>41,018,860</u>	<u>41,865,767</u>
	<u>46,751,827</u>	<u>47,170,762</u>	<u>11,328,145</u>	<u>11,563,941</u>	<u>58,079,972</u>	<u>58,734,703</u>
<u>Deferred outflows of resources</u>	<u>146,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,543</u>	<u>-</u>
<u>Liabilities</u>						
Current and other liabilities	2,056,942	2,508,340	146,003	120,651	2,202,945	2,628,991
Long-term liabilities	<u>4,538,504</u>	<u>4,334,272</u>	<u>4,619,669</u>	<u>4,823,324</u>	<u>9,158,173</u>	<u>9,157,596</u>
	<u>6,595,446</u>	<u>6,842,612</u>	<u>4,765,672</u>	<u>4,943,975</u>	<u>11,361,118</u>	<u>11,786,587</u>
<u>Deferred inflows of resources</u>	<u>158,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,044</u>	<u>-</u>
<u>Net position</u>						
Net investment capital assets	\$ 32,093,908	\$ 32,297,864	\$ 1,630,882	\$ 1,512,755	\$33,724,790	\$33,810,619
Restricted	3,746,793	4,326,740	-	-	3,746,793	4,326,740
Unrestricted	<u>4,304,179</u>	<u>3,703,546</u>	<u>4,931,591</u>	<u>5,107,211</u>	<u>9,235,770</u>	<u>8,810,757</u>
	<u>\$ 40,144,880</u>	<u>\$ 40,328,150</u>	<u>\$ 6,562,473</u>	<u>\$ 6,619,966</u>	<u>\$46,707,353</u>	<u>\$46,948,116</u>

Town of Lebanon, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The Town as a Whole – Revenues, Expenses, and Changes in Net Position

The information provided below represents government-wide information for the governmental and business-type activities of the Town for the current fiscal year as compared to the prior fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Town specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount of total Town expenditures actually financed by the general revenues of the Town. This amount is shown at the bottom of this schedule and should be used to give the reader an indication of how the Town's activities were financed during the current fiscal year in comparison to the prior fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	\$ 1,596,828	\$ 1,152,138	\$ 151,389	\$ 5,390,156	\$ 1,748,217	\$ 6,542,294
Operating grants	10,034,913	9,659,419	-	-	10,034,913	9,659,419
Capital grants	63,584	794,129	-	-	63,584	794,129
General revenues						
Property tax revenues	16,805,263	16,410,583	-	-	16,805,263	16,410,583
State tax relief revenues	139,343	67,357	-	-	139,343	67,357
Investment fair value change	-	344,447	-	-	-	344,447
Interest and dividends	181,132	90,039	88,092	-	269,224	90,039
Miscellaneous	156,000	278,486	-	11,213	156,000	289,699
Transfers	20,000	(1,398,574)	(20,000)	1,398,574	-	-
Total revenues	<u>28,997,063</u>	<u>27,398,024</u>	<u>219,481</u>	<u>6,799,943</u>	<u>29,216,544</u>	<u>34,197,967</u>
Expenses						
General government	938,409	1,044,188	-	-	938,409	1,044,188
Public safety	521,768	515,012	-	-	521,768	515,012
Public works	1,465,690	1,289,795	-	-	1,465,690	1,289,795
Health and social	1,896,761	858,961	-	-	1,896,761	858,961
Community preservation	132,783	220,434	-	-	132,783	220,434
Education	20,817,140	20,345,428	-	-	20,817,140	20,345,428
Education – on behalf	1,506,990	1,895,902	-	-	1,506,990	1,895,902
Unclassified and program	490,159	655,529	-	-	490,159	655,529
Depreciation						
General infrastructure	494,230	484,067	-	86,714	494,230	570,781
Debt service						
Interest	226,068	133,814	-	126,576	226,068	260,390
Sewer	-	-	276,974	61,283	276,974	61,283
Total expenses	<u>28,489,998</u>	<u>27,443,130</u>	<u>276,974</u>	<u>274,573</u>	<u>28,766,972</u>	<u>27,717,703</u>
Change in net position	<u>\$ 507,065</u>	<u>\$ (45,106)</u>	<u>\$ (57,493)</u>	<u>\$ 6,525,370</u>	<u>\$ 449,572</u>	<u>\$ 6,480,264</u>
Finance by general revenues:						
Total expenses	\$ 28,489,998	\$ 27,443,130	\$ 276,974	\$ 274,573	\$ 28,766,972	\$ 27,717,703
Less charges for services	(1,596,828)	(1,152,138)	(151,389)	(5,390,156)	(1,748,217)	(6,542,294)
Less operating grants	(10,034,913)	(9,659,419)	-	-	(10,034,913)	(9,659,419)
Less capital grants	(63,584)	(794,129)	-	-	(63,584)	(794,129)
	<u>\$ 16,794,673</u>	<u>\$ 15,837,444</u>	<u>\$ 125,585</u>	<u>\$ (5,115,583)</u>	<u>\$ 16,920,258</u>	<u>\$ 10,721,861</u>

Town of Lebanon, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

Capital Assets

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, and infrastructure assets that are used in the operations of the Town and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved Town roads, unimproved Town roads, bridges, and the Amston Lake sewage system. The infrastructure assets shown below include the current and prior fiscal year expenses of the Town for improvements to roads within the Town recorded at their actual historical cost or estimated historical cost when the actual costs were not available. More detailed information on the capital assets of the Town can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land and improvements	\$ 2,277,086	\$ 2,128,189	\$ -	\$ -	\$ 2,277,086	\$ 2,128,189
Buildings and improvements	36,266,502	36,130,017	-	-	36,266,502	36,130,017
Vehicles	4,034,864	3,963,064	-	-	4,034,864	3,963,064
Equipment	1,076,710	971,953	-	-	1,076,710	971,953
Infrastructure	28,079,946	27,681,426	-	-	28,079,946	27,681,426
Sewage system	-	-	6,503,574	6,503,574	6,503,574	6,503,574
Construction in progress	233,368	255,302	-	-	233,368	255,302
Total historical value	<u>71,968,476</u>	<u>71,129,951</u>	<u>6,503,574</u>	<u>6,503,574</u>	<u>78,472,050</u>	<u>77,633,525</u>
Less accumulated depreciation	<u>(37,279,761)</u>	<u>(35,681,044)</u>	<u>(173,429)</u>	<u>(86,714)</u>	<u>(37,453,190)</u>	<u>(35,767,758)</u>
Total capital assets (net)	<u>\$ 34,688,715</u>	<u>\$ 35,448,907</u>	<u>\$ 6,330,145</u>	<u>\$ 6,416,860</u>	<u>\$ 41,018,860</u>	<u>\$ 41,865,767</u>

Debt Administration

The debt of the Town includes long-term bonds, notes and capital leases payable, accrued compensated absences (accumulated vacation and sick time) and accrued landfill post-closure costs. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable State Statutes. The totals of the outstanding debt shown below for the Town as a whole indicates that the general make-up of the Town's different types of debt was consistent for the current fiscal year in comparison to the prior fiscal year. More detailed information on the Town's debt can be found in the notes to the financial statements.

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Bonds, notes and capital leases						
Portion due within one year	\$ 560,221	\$ 557,256	\$ 79,594	\$ 80,781	\$ 639,815	\$ 638,037
Portion due after one year	2,034,584	2,593,787	4,619,669	4,823,324	6,654,253	7,417,111
Accrued compensated absences	79,514	64,054	-	-	79,514	64,054
Accrued landfill post-closure	54,631	66,131	-	-	54,631	66,131
Net pension liability	<u>493,600</u>	<u>690,335</u>	<u>-</u>	<u>-</u>	<u>493,600</u>	<u>690,335</u>
Total debt	<u>\$ 3,222,552</u>	<u>\$ 3,971,563</u>	<u>\$ 4,699,263</u>	<u>\$ 4,904,105</u>	<u>\$ 7,921,815</u>	<u>\$ 8,875,668</u>

Town of Lebanon, Connecticut
Management's Discussion and Analysis (Unaudited) (continued)

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental and business-type activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do related to the balances and results of the activities of the Town's individual funds as found in its fund financial statements.

Financial Highlights – Fund Financial Statements – Governmental Funds

- The total assets of the Town's governmental funds exceeded the total liabilities by \$9,242,645, which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year of \$9,412,650, a decrease of \$170,005. This decrease is due to the negative results of the General Fund of \$282,098, the Housing Rehab Income Fund of \$641,193, and the Trumbull Investment Fund of \$1,848 as well as the positive results of the Capital and Nonrecurring Fund of \$363,967 and the Nonmajor Governmental Funds of \$391,167.
- The total revenues of the Town's governmental funds were \$28,053,242 for the current fiscal year in comparison to \$28,850,178 in the prior fiscal year. This represents a decrease of \$796,936. This is due in large part to the current year change in intergovernmental other revenue and the reduction of tuition revenue of students attending school from the surrounding towns.
- The total expenditures of the Town's governmental funds were \$28,243,247 for the current fiscal year in comparison to \$27,835,984 in the prior fiscal year. This represents an increase of \$407,263 primarily from the Town housing rehab programs.
- The actual revenues received in the Town's General Fund were \$127,974 higher than the budgeted revenues for the current fiscal year. During the current fiscal year the actual school tuition revenue received was \$125,544 lower than the budgeted amount and was more than offset by favorable results in other revenue categories.
- The actual expenditures in the Town's General Fund were \$238,763 lower than the adjusted budgeted expenditures. This current fiscal year under expenditure can be attributed to the net of many line items in the budget.

Business-Type Activities – Amston Lake Water Pollution Control Authority

The business-type activities of the Town consist of two enterprise-type proprietary funds which are being used to account for both the operating activities and the benefit assessment activities of the Amston Lake Water Pollution Control Authority (the "Authority"). The Authority was established for the purpose of operating a sewage system located around Amston Lake within the Town. The operations of the Authority are being accounted for within the WPCA operating enterprise fund with the costs being funded through the billing of user fees to those properties connected to the sewage system. Benefit assessments were assessed to all properties located along the sewage system along with a borrowed interest assessment. The revenues from these assessments will be used to fund the long-term debt principal and interest payments relating to the sewage system.

Discretely Presented “Component Unit”

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable, or 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. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Town has determined that the Lebanon Volunteer Fire Department (the “Department”) meets the definition of the component unit due to its fiscal dependence of the Town and the nature and significance of their relationship. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated to the Department to fund a portion of its operations. During the current fiscal year this amount was appropriated for the fire fighting operations of the Department. Although this amount was labeled as being appropriated for the fire fighting operations of the Department, once the amount has been received it may be physically used for any purpose the Department deems necessary for its operations as a whole. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition, the fire safety complex, fire trucks, and ambulances used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the nature and significance of the relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Therefore, this component unit has been treated as a discretely presented component unit and the financial information of the Department has been included in the government-wide Statement of Net Position and Statement of Activities.

Economic Factors and Next Year's Budgets and Rates

The Town believes it has steadily maintained a sufficient unrestricted net position and unassigned fund balance to sustain the governmental activities and operations for an estimated two month period of time. The Town sees this trend continuing through future fiscal years. There are no currently known facts, decisions, or conditions that the Town believes will significantly affect the financial position or results of the operations of the Town in the future.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or need additional financial information, contact the Town Finance Department at 579 Exeter Road, Lebanon, Connecticut 06249.

TOWN OF LEBANON, CONNECTICUT

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Volunteer Fire Department
Assets				
Current assets:				
Cash	\$ 3,452,410	\$ 759,490	\$ 4,211,900	\$ 141,239
Investments	4,329,921	-	4,329,921	498,296
Accounts receivables	726,708	207,642	934,350	-
Tax acquired property	13,361	-	13,361	-
Inventory and prepaid items	108,024	-	108,024	-
Total current assets	<u>8,630,424</u>	<u>967,132</u>	<u>9,597,556</u>	<u>639,535</u>
Capital assets:				
Non-depreciable	2,510,454	-	2,510,454	-
Depreciable (net)	32,178,261	6,330,145	38,508,406	127,205
Total capital assets	<u>34,688,715</u>	<u>6,330,145</u>	<u>41,018,860</u>	<u>127,205</u>
Other assets:				
Restricted cash	13,632	-	13,632	-
Restricted investments	2,887,450	-	2,887,450	-
Long-term accounts receivable	-	3,645,107	3,645,107	-
Notes receivable	917,367	-	917,367	-
Internal balances	(385,761)	385,761	-	-
Total other assets	<u>3,432,688</u>	<u>4,030,868</u>	<u>7,463,556</u>	<u>-</u>
Total assets	<u>46,751,827</u>	<u>11,328,145</u>	<u>58,079,972</u>	<u>766,740</u>
Deferred Outflows of Resources				
Pension contributions subsequent to measurement date	<u>146,543</u>	<u>-</u>	<u>146,543</u>	<u>-</u>
Liabilities				
Accounts payable	905,459	2,109	907,568	22,504
Accrued hourly payroll	74,447	976	75,423	-
Other liabilities	78,785	-	78,785	-
Unearned revenues	322,678	63,324	386,002	-
Long-term debt				
Portion due within one year	560,221	79,594	639,815	-
Portion due after one year	2,034,586	4,619,669	6,654,255	-
Accrued interest on debt	115,352	-	115,352	-
Accrued compensated absences	79,514	-	79,514	-
Accrued landfill post-closure costs	54,631	-	54,631	-
Net pension liability	493,600	-	493,600	-
Other post employment benefit liability	1,876,173	-	1,876,173	-
Total liabilities	<u>6,595,446</u>	<u>4,765,672</u>	<u>11,361,118</u>	<u>22,504</u>
Deferred Inflows of Resources				
Pension change in projected and actual investment earnings	<u>158,044</u>	<u>-</u>	<u>158,044</u>	<u>-</u>
Net Position				
Net investment in capital assets	32,093,908	1,630,882	33,724,790	127,205
Restricted				
Expendable	3,424,521	-	3,424,521	-
Non-expendable	322,272	-	322,272	-
Unrestricted	4,304,179	4,931,591	9,235,770	617,031
Total net position	<u>\$ 40,144,880</u>	<u>\$ 6,562,473</u>	<u>\$ 46,707,353</u>	<u>\$ 744,236</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Unit Volunteer Fire Department
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ (938,409)	\$ 257,669	\$ 19,145	\$ -	\$ (661,595)	\$ -	\$ (661,595)	\$ -
Public safety	(521,768)	-	-	-	(521,768)	-	(521,768)	-
Public works	(1,465,690)	120,993	317,096	63,584	(964,017)	-	(964,017)	-
Health & social	(1,896,761)	67,207	1,315,040	-	(514,514)	-	(514,514)	-
Community preservation	(132,783)	-	-	-	(132,783)	-	(132,783)	-
Education	(20,817,140)	1,150,959	6,876,642	-	(12,789,539)	-	(12,789,539)	-
Education - on behalf	(1,506,990)	-	1,506,990	-	-	-	-	-
Unclassified and program	(490,159)	-	-	-	(490,159)	-	(490,159)	-
Depreciation - infrastructure	(494,230)	-	-	-	(494,230)	-	(494,230)	-
Debt service - interest	(226,068)	-	-	-	(226,068)	-	(226,068)	-
Total governmental activities	(28,489,998)	1,596,828	10,034,913	63,584	(16,794,673)	-	(16,794,673)	-
Business-type activities:								
WPCA operating fund	(64,529)	151,027	-	-	-	86,498	86,498	-
WPCA assessments fund	(212,445)	362	-	-	-	(212,083)	(212,083)	-
Total business-type activities	(276,974)	151,389	-	-	-	(125,585)	(125,585)	-
Total primary government	\$ (28,766,972)	\$ 1,748,217	\$ 10,034,913	\$ 63,584	(16,794,673)	(125,585)	(16,920,258)	-
Component unit:								
Volunteer fire department	\$ (352,752)	\$ 167,474	\$ 192,077	\$ -	-	-	-	6,799
General revenues:								
Property tax revenues, interest and liens					16,805,263	-	16,805,263	-
Grants and contributions not restricted to specific programs					139,343	-	139,343	-
Interest and investment earnings					181,132	88,092	269,224	3,787
Miscellaneous					156,000	-	156,000	14,555
Total general revenues					17,281,738	88,092	17,369,830	18,342
Transfers					20,000	(20,000)	-	-
Total general revenues and transfers					17,301,738	68,092	17,369,830	18,342
Change in net position					507,065	(57,493)	449,572	25,141
Net position, beginning of year - as reported					40,328,150	6,619,966	46,948,116	719,095
Adjustment - Note 13					(690,335)	-	(690,335)	-
Net position, beginning of year - as restated					39,637,815	6,619,966	46,257,781	719,095
Net position - June 30					\$ 40,144,880	\$ 6,562,473	\$ 46,707,353	\$ 744,236

TOWN OF LEBANON, CONNECTICUT

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	General Fund	Housing Rehab Income	Capital & Nonrecurring Fund	Trumbull Investment Funds	Nonmajor Governmental Funds	Total
Assets						
Cash	\$ 2,694,748	\$ 24,130	\$ -	\$ -	\$ 747,164	\$ 3,466,042
Investments	4,329,921	-	-	2,582,759	304,691	7,217,371
Receivables (net of allowance):						
Property taxes	650,762	-	-	-	-	650,762
Intergovernmental	24,766	-	-	-	-	24,766
Other	-	-	-	-	51,180	51,180
Notes receivables	-	917,367	-	-	-	917,367
Tax acquired property	13,361	-	-	-	-	13,361
Inventories and prepaid items	82,469	-	-	-	25,555	108,024
Due from proprietary funds	40,203	-	-	-	-	40,203
Due from other funds	299,554	-	1,028,001	-	1,050,191	2,377,746
Total assets	<u>\$ 8,135,784</u>	<u>\$ 941,497</u>	<u>\$ 1,028,001</u>	<u>\$ 2,582,759</u>	<u>\$ 2,178,781</u>	<u>\$ 14,866,822</u>
Liabilities						
Accounts payable	\$ 866,441	\$ 6,489	\$ 7,301	\$ -	\$ 21,872	\$ 902,103
Accrued hourly payroll	74,447	-	-	-	-	74,447
Other liabilities	53,269	-	-	-	25,516	78,785
Unearned revenues	159,905	917,367	-	-	162,773	1,240,045
Due to fiducary funds	3,356	-	-	-	-	3,356
Due to proprietary funds	385,761	-	-	-	-	385,761
Due to other funds	2,078,192	-	-	-	299,554	2,377,746
Total liabilities	<u>3,621,371</u>	<u>923,856</u>	<u>7,301</u>	<u>-</u>	<u>509,715</u>	<u>5,062,243</u>
Deferred inflows of resources						
Unavailable revenue:						
Property taxes	561,934	-	-	-	-	561,934
Total deferred inflows of resources	<u>561,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>561,934</u>
Fund balances						
Nonspendable	82,469	-	-	-	344,460	426,929
Restricted	-	17,641	-	2,582,759	719,464	3,319,864
Committed	-	-	1,020,700	-	572,159	1,592,859
Assigned	-	-	-	-	95,605	95,605
Unassigned	3,870,010	-	-	-	(62,622)	3,807,388
Total fund balances	<u>3,952,479</u>	<u>17,641</u>	<u>1,020,700</u>	<u>2,582,759</u>	<u>1,669,066</u>	<u>9,242,645</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,135,784</u>	<u>\$ 941,497</u>	<u>\$ 1,028,001</u>	<u>\$ 2,582,759</u>	<u>\$ 2,178,781</u>	<u>\$ 14,866,822</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR ALL GOVERNMENTAL FUNDS AND ACTIVITIES
JUNE 30, 2015**

Fund balances of governmental funds as shown on the Balance Sheet	\$ 9,242,645
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Amounts reported for the governmental activities in the government-wide financial statements (Statement of Net Position) are different than the amounts reported in the fund financial statements (Governmental Funds-Balance Sheet) and must therefore be modified as follows:

Capital assets used in governmental activities are not financial resources and are not reported on the Governmental Funds-Balance Sheet. However, they are reported on the Statement of Net Position and must be added in:

Cost	71,968,476	
Less accumulated depreciation	<u>(37,279,761)</u>	34,688,715

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

Property tax receivables and related interest	561,934
Housing and mortgage loans receivable	917,367
Deferred outflows of resources pension contributions subsequent to measurement date	146,543

Long-term liabilities are not due and payable in the current period and, therefore, are not reported on the Governmental Funds-Balance Sheet. However, they are reported on the Statement of Net Position and, therefore, must be subtracted out:

Bonds and notes payable	(2,378,218)	
Capital leases payable	(216,589)	
Deferred inflows of resources pension assumption changes	(158,044)	
Accrued interest payable on debt	(115,352)	
Accrued compensated absences	(79,514)	
Estimated liability for post-closure landfill costs	(54,631)	
Net pension liability	(493,600)	
Other post-employment benefits liability	<u>(1,876,173)</u>	(5,372,121)

The assets, liabilities, and net position of the internal service fund are not reported on the Governmental Funds-Balance Sheet. However, they are reported on the Statement of Net Position and, therefore, the net position balance of this fund must be added back in:

(40,203)

Net position of governmental activities as shown on the Statement of Net Position	<u><u>\$ 40,144,880</u></u>
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TOWN OF LEBANON, CONNECTICUT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Housing Rehab Income	Capital & Nonrecurring Fund	Trumbull Investment Funds	Nonmajor Governmental Funds	Total
Revenues						
Property taxes, interest and liens	\$ 16,213,731	\$ -	\$ -	\$ -	\$ 468,479	\$ 16,682,210
Intergovernmental	6,337,688	-	-	-	1,483,710	7,821,398
Intergovernmental - on behalf	1,506,990	-	-	-	-	1,506,990
Tuition	537,492	-	-	-	-	537,492
Charges for services	341,161	-	-	-	313,910	655,071
Change in investment fair value	-	-	-	(1,848)	-	(1,848)
Interest and dividends	187,421	-	-	80,146	12,012	279,579
Miscellaneous	83,482	25,763	29,221	-	433,884	572,350
Total revenues	<u>25,207,965</u>	<u>25,763</u>	<u>29,221</u>	<u>78,298</u>	<u>2,711,995</u>	<u>28,053,242</u>
Expenditures						
Current:						
General government	942,657	-	-	-	180,396	1,123,053
Public safety	362,613	-	520	-	-	363,133
Public works	1,287,350	-	153,681	-	-	1,441,031
Health & social	199,850	988,941	31,971	-	602,606	1,823,368
Community preservation	132,783	-	-	-	-	132,783
Education	18,111,114	-	-	-	1,612,682	19,723,796
Education - on behalf	1,506,990	-	-	-	-	1,506,990
Unclassified and program	490,159	-	-	-	-	490,159
Capital outlay	-	-	582,556	-	251,538	834,094
Debt service:						
Principal	417,979	-	276,145	-	-	694,124
Interest	99,706	-	11,010	-	-	110,716
Total expenditures	<u>23,551,201</u>	<u>988,941</u>	<u>1,055,883</u>	<u>-</u>	<u>2,647,222</u>	<u>28,243,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,656,764</u>	<u>(963,178)</u>	<u>(1,026,662)</u>	<u>78,298</u>	<u>64,773</u>	<u>(190,005)</u>
Other financing sources (uses)						
Transfers in	192,020	321,985	1,390,629	-	840,399	2,745,033
Transfers out	(2,130,882)	-	-	(80,146)	(514,005)	(2,725,033)
Total other financing sources (uses)	<u>(1,938,862)</u>	<u>321,985</u>	<u>1,390,629</u>	<u>(80,146)</u>	<u>326,394</u>	<u>20,000</u>
Net change in fund balances	(282,098)	(641,193)	363,967	(1,848)	391,167	(170,005)
Fund balances - July 1	<u>4,234,577</u>	<u>658,834</u>	<u>656,733</u>	<u>2,584,607</u>	<u>1,277,899</u>	<u>9,412,650</u>
Fund balances - June 30	<u>\$ 3,952,479</u>	<u>\$ 17,641</u>	<u>\$ 1,020,700</u>	<u>\$ 2,582,759</u>	<u>\$ 1,669,066</u>	<u>\$ 9,242,645</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2015**

Net changes in governmental fund balances as shown on the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ (170,005)
Amounts recorded for governmental activities in the Statement of Activities are different than the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances and, therefore, must be modified as follows:		
Capital asset purchases are recorded as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balances, and are capitalized and shown as depreciation expense over their estimated useful lives in the Statement of Activities. Therefore, the following adjustments must be made:		
Current year capital asset purchases to be capitalized	928,525	
Current year depreciation expense on current and previous capital assets	<u>(1,688,717)</u>	(760,192)
The basis of presentation and revenue recognition is different from the government-wide financial statements shown in the Statement of Activities and the governmental fund financial statements shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances. This difference in revenue recognition policies results in certain revenue amounts being recognized in the Statement of Revenues, Expenditures, and Changes in Fund Balances and being recorded as unearned in the Statement of		
		931,490
Payments on and changes in long-term liabilities are recorded as current year activities in the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, they are shown as increases or decreases in liability accounts in the government-wide financial statements and, therefore, must be adjusted accordingly:		
Bonds and notes payable principal repayment	417,979	
Capital leases payable principal repayment	276,145	
Accrued interest payable on debt	(115,352)	
Accrued compensated absences increase	(15,460)	
Estimated liability for post-closure landfill costs decrease	11,500	
Net pension liability and related deferred outflows and inflows of resources	185,234	
Other post-employment benefits liability increase	<u>(265,873)</u>	494,173
Net income from the internal service fund is not reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances. However, it is reported in the Statement of Activities and, therefore, must be added back in:		
		<u>11,599</u>
Change in net position of governmental activities as shown in the Statement of Revenues, Expenditures, and Changes in Fund Balances		<u>\$ 507,065</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Revenues					
Property tax revenues, interest and liens	\$ 16,625,272	\$ -	\$ 16,625,272	\$ 16,682,210	\$ 56,938
Intergovernmental - education	5,878,871	-	5,878,871	5,878,334	(537)
Intergovernmental - tax relief	62,249	-	62,249	73,328	11,079
Intergovernmental - other	378,552	-	378,552	386,026	7,474
Tuition	663,036	-	663,036	537,492	(125,544)
Charges for services	258,000	-	258,000	341,161	83,161
Interest and dividends	127,000	-	127,000	187,421	60,421
Miscellaneous	48,500	-	48,500	83,482	34,982
Total revenues	24,041,480	-	24,041,480	24,169,454	127,974
Expenditures					
General government:					
Legal counsel	24,750	20,514	45,264	49,021	(3,757)
Selectmen	126,000	-	126,000	124,372	1,628
Elections	37,710	-	37,710	31,061	6,649
Probate Court	2,500	-	2,500	707	1,793
Finance office	149,495	-	149,495	129,453	20,042
Tax Collector	68,554	14,563	83,117	83,116	1
Board of Appeals	1,000	-	1,000	855	145
Town Clerk	93,367	-	93,367	92,413	954
Assessor	70,097	-	70,097	66,114	3,983
Auditor	15,500	-	15,500	15,500	-
Town report	1,000	-	1,000	928	72
Computer service	100,120	-	100,120	92,370	7,750
Town hall	76,155	3,613	79,768	77,877	1,891
Insurance	173,674	3,305	176,979	178,870	(1,891)
	939,922	41,995	981,917	942,657	39,260
Public safety:					
Police services	189,668	-	189,668	173,647	16,021
Lebanon Volunter Fire Department	115,000	-	115,000	115,000	-
Fire Marshall	17,341	-	17,341	14,938	2,403
Burning official	3,250	-	3,250	1,916	1,334
Building department	23,251	173	23,424	23,424	-
Fire safety complex	36,700	-	36,700	33,628	3,072
Tree Warden	185	-	185	60	125
	385,395	173	385,568	362,613	22,955
Public works:					
Department of Public Works	723,768	3,026	726,794	726,794	-
Buildings and grounds	101,077	6,912	107,989	107,988	1
Snow removal	150,000	120,669	270,669	270,669	-
Street lights	2,350	-	2,350	2,333	17
Solid waste facility	205,000	(18,518)	186,482	163,210	23,272
Cemetery Commission	13,172	-	13,172	13,172	-
Water pollution control	15,000	-	15,000	3,184	11,816
	1,210,367	112,089	1,322,456	1,287,350	35,106

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
Health & social:					
Health Department	\$ 18,118	\$ -	\$ 18,118	\$ 14,144	\$ 3,974
Human services	19,241	176	19,417	19,417	-
WCMH paramedic program	38,800	-	38,800	38,800	-
United services	5,115	-	5,115	5,115	-
Switch board	48,737	1,313	50,050	50,050	-
Special events	1,500	-	1,500	1,047	453
Senior center operations	76,700	-	76,700	71,277	5,423
	<u>208,211</u>	<u>1,489</u>	<u>209,700</u>	<u>199,850</u>	<u>9,850</u>
Community preservation:					
Planning and Zoning	136,596	-	136,596	128,071	8,525
Zoning Board of Appeals	5,060	-	5,060	2,628	2,432
Economic Development Commission	2,000	-	2,000	860	1,140
Inland Wetlands	2,000	-	2,000	974	1,026
Conservation Commission	250	-	250	250	-
	<u>145,906</u>	<u>-</u>	<u>145,906</u>	<u>132,783</u>	<u>13,123</u>
Education	<u>18,182,354</u>	<u>41,689</u>	<u>18,224,043</u>	<u>18,111,114</u>	<u>112,929</u>
Unclassified and program:					
Social Security	109,224	-	109,224	102,011	7,213
Medical life dental insurance	310,405	(82,973)	227,432	238,826	(11,394)
Pension plan	148,505	-	148,505	148,208	297
Unemployment compensation	5,000	-	5,000	1,114	3,886
Contingency	120,000	(114,462)	5,538	-	5,538
	<u>693,134</u>	<u>(197,435)</u>	<u>495,699</u>	<u>490,159</u>	<u>5,540</u>
Debt service:					
Principal	417,979	-	417,979	417,979	-
Interest	99,706	-	99,706	99,706	-
	<u>517,685</u>	<u>-</u>	<u>517,685</u>	<u>517,685</u>	<u>-</u>
Total expenditures	<u>22,282,974</u>	<u>-</u>	<u>22,282,974</u>	<u>22,044,211</u>	<u>238,763</u>
Excess of revenues over expenditures	<u>1,758,506</u>	<u>-</u>	<u>1,758,506</u>	<u>2,125,243</u>	<u>366,737</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	(1,758,506)	(667,122)	(2,425,628)	(2,407,341)	18,287
Total other financing sources (uses)	<u>(1,758,506)</u>	<u>(667,122)</u>	<u>(2,425,628)</u>	<u>(2,407,341)</u>	<u>18,287</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (667,122)</u>	<u>\$ (667,122)</u>	<u>(282,098)</u>	<u>\$ 385,024</u>
Non-budgeted State on behalf revenue				1,506,990	
Non-budgeted State on behalf expenditure				(1,506,990)	
Fund balances - July 1				<u>4,234,577</u>	
Fund balances - June 30				<u>\$ 3,952,479</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015**

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	WPCA Operating Fund	WPCA Assessment Fund	Total	Dental Fund
Assets				
Current assets:				
Cash	\$ 89,428	\$ 670,062	\$ 759,490	\$ 75,575
Accounts receivables	5,067	-	5,067	-
Current portion of benefit assessment notes	-	185,132	185,132	-
Delinquent borrowed interest receivable	-	17,443	17,443	-
Total current assets	<u>94,495</u>	<u>872,637</u>	<u>967,132</u>	<u>75,575</u>
Capital assets:				
Depreciable (net)	-	6,330,145	6,330,145	-
Total capital assets	<u>-</u>	<u>6,330,145</u>	<u>6,330,145</u>	<u>-</u>
Other assets:				
Non-current portion of benefit assessment notes	-	3,645,107	3,645,107	-
Internal balances	180,793	204,968	385,761	-
Total other assets	<u>180,793</u>	<u>3,850,075</u>	<u>4,030,868</u>	<u>-</u>
Total assets	<u>\$ 275,288</u>	<u>\$ 11,052,857</u>	<u>\$ 11,328,145</u>	<u>\$ 75,575</u>
Liabilities				
Accounts payable	\$ 2,109	\$ -	\$ 2,109	\$ -
Accrued hourly payroll	976	-	976	-
Unearned revenues	38,703	24,621	63,324	-
Due to other funds	-	-	-	40,203
Long-term debt				
Portion due within one year	-	79,594	79,594	-
Portion due after one year	-	4,619,669	4,619,669	-
Total liabilities	<u>41,788</u>	<u>4,723,884</u>	<u>4,765,672</u>	<u>40,203</u>
Net Position				
Net investment in capital assets	-	1,630,882	1,630,882	-
Unrestricted	233,500	4,698,091	4,931,591	35,372
Total net position	<u>233,500</u>	<u>6,328,973</u>	<u>6,562,473</u>	<u>35,372</u>
Total liabilities and net position	<u>\$ 275,288</u>	<u>\$ 11,052,857</u>	<u>\$ 11,328,145</u>	<u>\$ 75,575</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities		Governmental Activities	
	Enterprise Funds		Internal Service Fund	
	WPCA Operating Fund	WPCA Assessment Fund	Total	Dental Fund
Operating revenues:				
User fees	\$ 149,307	\$ -	\$ 149,307	\$ -
Charges for services	-	362	362	165,599
Other operating revenues	1,720	-	1,720	-
Total operating revenues	151,027	362	151,389	165,599
Operating expenses:				
Personal services	28,335	-	28,335	-
Contractual services	1,000	-	1,000	154,000
Operation and maintenance	29,634	-	29,634	-
Depreciation	-	86,714	86,714	-
Administrative costs	5,560	-	5,560	-
Total operating expenses	64,529	86,714	151,243	154,000
 Total operating income (loss)	 86,498	 (86,352)	 146	 11,599
Non-operating revenues (expenses):				
Investment earnings	1,608	86,484	88,092	-
Interest expense	-	(125,731)	(125,731)	-
Total non-operating revenues (expenses)	1,608	(39,247)	(37,639)	-
 Total income (loss)	 88,106	 (125,599)	 (37,493)	 11,599
Contributions and transfers:				
Fiscal charges	(20,000)	-	(20,000)	-
Total contributions and transfers	(20,000)	-	(20,000)	-
 Change in net position	 68,106	 (125,599)	 (57,493)	 11,599
Net position - July 1	165,394	6,454,572	6,619,966	23,773
Net position - June 30	\$ 233,500	\$ 6,328,973	\$ 6,562,473	\$ 35,372

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities			Governmental Activities
	Enterprise Funds			Internal Service Fund
	WPCA Operating Fund	WPCA Assessment Fund	Total	Dental Fund
Cash flows from operating activities:				
Receipts from employees and Town	\$ -	\$ -	\$ -	\$ 165,599
Receipts from customers and users	156,533	245,559	402,092	-
Payments for goods and services	(138,141)	-	(138,141)	(157,471)
Net cash from operating activities	18,392	245,559	263,951	8,128
Cash flows used by non-capital financing activities:				
Transfers to other funds	(20,000)	-	(20,000)	-
Net cash used by non-capital financing activities	(20,000)	-	(20,000)	-
Cash flows used by capital and related financing activities:				
Principal payments of long-term debt	-	(204,842)	(204,842)	-
Interest payments of long-term debt	-	(125,731)	(125,731)	-
Net cash used by capital and related financing activities	-	(330,573)	(330,573)	-
Cash flows from investing activities:				
Investment additions	1,608	86,484	88,092	-
Net cash from investing activities	1,608	86,484	88,092	-
Change in cash and cash equivalents	-	1,470	1,470	8,128
Cash and cash equivalents - July 1	89,428	668,592	758,020	67,447
Cash and cash equivalents - June 30	\$ 89,428	\$ 670,062	\$ 759,490	\$ 75,575
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 86,498	\$ (86,352)	\$ 146	\$ 11,599
Adjustments:				
Depreciation	-	86,714	86,714	-
Changes in operating assets and liabilities				
(Increase) decrease in internal balances	(76,069)	(48,196)	(124,265)	-
(Increase) decrease in accounts receivable	-	274,817	274,817	-
Increase (decrease) in other liabilities	2,457	-	2,457	(3,471)
Increase (decrease) in unearned revenues	5,506	18,576	24,082	-
Increase (decrease) in due to other funds	-	-	-	-
Net cash from operating activities	\$ 18,392	\$ 245,559	\$ 263,951	\$ 8,128

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Private Purpose Trusts	Agency Funds	Total
Assets			
Cash	\$ 7,997	\$ 94,076	\$ 102,073
Investments	69,805	25,660	95,465
Accounts and other receivables	220	-	220
Inventories and prepaid items	-	-	-
Due from other funds	3,356	-	3,356
Total assets	<u>\$ 81,378</u>	<u>\$ 119,736</u>	<u>\$ 201,114</u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenues	-	-	-
Due to other funds	-	-	-
Due to student groups	-	93,020	93,020
Due to other groups	-	26,716	26,716
Total liabilities	<u>-</u>	<u>119,736</u>	<u>119,736</u>
Net Position			
Restricted			
Expendable	81,378	-	81,378
Non-expendable	-	-	-
Unrestricted	-	-	-
Total net position	<u>81,378</u>	<u>-</u>	<u>81,378</u>
Total liabilities and net position	<u>\$ 81,378</u>	<u>\$ 119,736</u>	<u>\$ 201,114</u>
Additions:			
Property tax revenues	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest and dividends	337	-	337
Change in investment fair value	-	-	-
Miscellaneous	-	-	-
Total additions	<u>337</u>	<u>-</u>	<u>337</u>
Deductions:			
Salary and wages	-	-	-
Program operating costs	-	-	-
Capital expenditures	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	337	-	337
Net position - July 1	<u>81,041</u>	<u>-</u>	<u>81,041</u>
Net position - June 30	<u>\$ 81,378</u>	<u>\$ -</u>	<u>\$ 81,378</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF LEBANON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

The Town of Lebanon, Connecticut (the “Town”) is located in the central section of Connecticut. The Town is a municipal corporation which is governed by an elected Board of Selectmen and Board of Finance.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. Standards of accounting and financial reporting issued by the Financial Accounting Standards Board, Accounting Principles Board Opinions, and the Accounting Research Bulletins of the American Institute of Certified Public Accountants Committee on Accounting procedure on or before November 30, 1989, generally are followed in the government-wide financial statements, when applicable, to the extent that those standards do not conflict with or contradict pronouncements of the GASB. The basic financial statements of the Town consist of government-wide financial statements and fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately. The other following sections represent a summary of the significant accounting policies as applied by the Town.

Reporting Entity

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or 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. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The Town has determined that the Lebanon Volunteer Fire Department (the “Department”) meets the definition of a component unit due to its fiscal dependence on the Town and the nature and significance of their relationship. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated to the Department to fund a portion of its operations. During the current fiscal year this amount was appropriated for the fire fighting operations of the Department, once the amount has been received it may be physically used for any purpose the Department deems necessary for its operations as a whole. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition, the fire safety complex, fire trucks and ambulances used by the Department are purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the nature and significance of the relationship with the primary government is such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Therefore, this component unit has been treated as a discretely presented component unit and the financial information of the Department has been included in the government-wide Statement of Net Position and Statement of Activities.

Government-Wide Financial Statements

Basis of Presentation

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government and the discretely presented component unit as well as the governmental and business-type activities of the Town. These statements do not include information about the fiduciary funds of the Town or component units which are fiduciary in nature. Fiduciary funds report assets which are held by the Town in a trustee or agency capacity and which cannot be used to support the activities and programs of the Town.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit at the end of the fiscal year. This statement reports the assets, liabilities, deferred outflows and inflows of resources, and net position of the Town. The net position balance of the Town consists of the net investment in capital assets (total capital assets net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets), restricted and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of net investment in capital assets or restricted.

The Statement of Activities presents the operations of the governmental and business-type activities of the primary government of the Town and the discretely presented component unit of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All taxes are shown as general revenues regardless of whether they were levied for a specific purpose or function. The categories of individual functions correspond to the different departments and operations of the Town. Indirect expenses which benefit the Town as a whole are not required to be allocated among the other functions of the Town and therefore they are not allocated. Depreciation expense is allocated to specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Internal activity between individual funds within the governmental activities are eliminated in this statement. This internal activity is also known as transfers in and out and is shown in the fund financial statements as such. The above information relating to the government-wide financial statements basis of presentation is in reference to both governmental and business-type activities. Internal activity between the governmental and business-type activities of the Town would be shown as transfers on the Statement of Activities which would cancel out in the total column for the primary government.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Measurement Focus and Basis of Accounting

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues and the related assets are recognized when they are earned, and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

Fund Financial Statements

Basis of Presentation

The governmental fund financial statements of the Town consist of a Balance Sheet with a reconciliation to the government-wide Statement of Net Position, a Statement of Revenues, Expenditures, and Changes in Fund Balances with a reconciliation to the government-wide Statement of Activities, a budgetary comparison schedule for the General Fund, a Proprietary Funds – Statement of Net Position, a Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position, a Proprietary Funds – Statement of Cash Flows, and a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These fund financial statements are designed to report additional and more detailed information about the primary government. The types of funds shown for the Town are governmental funds, proprietary funds, and fiduciary funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all nonmajor funds being aggregated and reported in a single column.

Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental funds used by the Town governmental fund types are as follows:

General Fund – The General Fund is the general operating fund of the Town and accounts for all revenues and expenditures of the Town with the exception of those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law, contractual agreement, governing body motion, or Town meeting to other funds, or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund, however, those amounts should not be recognized as revenue in the fund initially receiving them but rather be shown as revenue in the special revenue fund in which they will be expended for the specified purpose. The restricted or committed proceeds of the specific revenue sources should be expected to continue to make up a substantial portion of the resources flowing into the fund. Other financial resources such as investment income and transfers from other funds may also be reported within a special revenue fund as long as those resources are restricted, committed, or assigned to the specified purpose of the fund.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Capital Project Funds – Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, such as the acquisition or construction of capital facilities and other capital assets, or for the accumulation of funds for these purposes.

Permanent Funds – Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Proprietary and fiduciary fund reporting focuses on net position and changes in net position. The proprietary funds of the Town consist of two enterprise funds which are used to account for the user fees and benefit assessments relating to the Amston Lake Water Pollution control authority (the "Authority") and an internal service fund which is used to account for the self funding dental activities of the Town. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the programs of the Town. The fiduciary funds of the Town consist of private purpose trust funds and agency funds. Private purpose trust funds account for the assets held by the Town in a trustee capacity on behalf of the schools in the form of scholarship funds, and on behalf of the library and cemeteries in similar funds. All of the resources of these funds, including any earnings on invested resources, may be used to support their activities. Agency funds are used to report resources held by the Town in a purely custodial capacity. Agency funds of the Town consist of the student activity accounts located at the Board of Education and funds received from Board of Education retirees to be put toward the payment of health insurance benefits.

Enterprise Funds – Enterprise funds are used to account for those operations that are financed and operated in a manner which is similar to private business operations, or where the Town has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. However, certain instances require the use of an enterprise fund, for example, if the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs. The Town uses enterprise funds to account for both its operating activities which are funded through user fees and its benefit assessments fund which is funded through the actual benefit assessment as well as borrowed interest assessment both of which relate to the Authority.

Internal Service Fund – Internal service funds can be used for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis when the reporting government is the predominant participant in the activity. The Town uses an internal service fund to account for its self funding dental activities.

Private-Purpose Trust Funds – All trust arrangements, other than those defined as pension trust funds and investment trust funds, are described as private-purpose trust funds under which the principal and income of the fund benefit individuals, private organizations, or other governments.

Agency Funds – Agency funds represent resources held in a purely custodial capacity for individuals, private organizations, or other governments.

The Balance Sheet is used to report information about the current financial resources (assets, liabilities, deferred outflows and inflows of resources, and fund balances) of each major governmental fund and for all nonmajor governmental funds in the aggregate. The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned, and unassigned amounts.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

The Statement of Revenues, Expenditures, and Changes in Fund Balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and all nonmajor funds in the aggregate. Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments and operations of the Town. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to reconcile the total change in governmental fund balances to the total change in net position of the governmental activities of the Town as shown on the government-wide Statement of Activities.

The budgetary comparison information is required to be presented for the General Fund and each major special revenue or capital project fund that has a legally adopted annual budget. This statement shows the original budget as voted on and appropriated, the changes made to each individual departmental line item within the budget, and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers.

The Statement of Net Position presents the financial position of the proprietary funds at the end of the fiscal year. This statement reports the assets, liabilities, and net position of the funds. The net position balance of the Town consists of the net investment in capital assets, restricted, and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of net investments in capital assets or restricted. Internal balances between individual funds within the governmental activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as interfund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities of the Town would be shown as an internal balance on the Statement of Net Position which would cancel out in the total column for the primary government.

The Statement of Revenues, Expenses, and Changes in Net Position is the operating statement of proprietary funds. The Town's business-type operations are accounted for as an enterprise fund which is a proprietary fund. The revenues on this statement should be reported by major sources. This statement also segregates revenues and expenses between the category of operating and non-operating. Operating revenues and expenses are subtracted to come up with the operating income or loss from operations. Non-operating revenues and expenses are then shown by line item in a section following the results of the operations. If the proprietary fund of the Town were to have any revenues from capital contributions, special or extraordinary items or transfers, they would be accounted for in a section after the non-operating results section. The results of all three of these sections would then be consolidated to come up with a change in net position balance.

The Statement of Fiduciary Net Position shows information in regard to the assets and liabilities of the fiduciary funds of the Town, which consists of private-purpose trust funds and agency funds. The Statement of Changes in Fiduciary Net Position shows information in regard to the additions to, subtractions from, and net increase or decrease for the year in fiduciary fund net position.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Measurement Focus and Basis of Accounting

In regard to the governmental activities of the Town, the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt are not recorded as assets or liabilities on the balance sheet of the Town. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting revenues are recognized when they become measureable and available as net current assets. Property tax revenues are recognized when they become available. Available includes those property taxes receivable which are expected to be collected within the first sixty days after the end of the current fiscal year, when applicable. Miscellaneous revenues are recorded when received because they are generally not measureable until actually received. Intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measureable and available. The Town generally considers intergovernmental revenues which are received within the first sixty days after the end of the current fiscal year to be both measureable and available. Expenditures are generally recognized under this basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest which is recognized when due.

In regard to the proprietary fund activities of the Town, the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes of which both restricted and unrestricted net position is available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit accounts as well as all highly liquid short-term investments with a maturity date within three months of the date acquired by the Town. However, the Town may classify money market accounts, certificates of deposit accounts and other higher yielding accounts as investments regardless of maturity when they are used to gain a high interest rate in order to more accurately reflect how the Town's cash balances are being used for the benefit of the Town.

Investments

Investments are recorded at their fair value as of the end of the fiscal year. Some of the types of investments authorized by the State of Connecticut include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, the State local government investment pool (STIF account), and repurchase agreements. The Town does have types of investments other than those authorized by the State. However, they represent assets which have been donated to the Town and, therefore, are not subject to the limitations of the applicable State Statutes.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Receivables

The Town's property tax for the current year was levied on the grand list as of October 1, 2013, for the real, motor vehicle, and personal property located in the Town at a rate of 28.2 mils. Real estate, personal property, and motor vehicle taxes were due on July 1, 2014, and January 1, 2015. Supplemental motor vehicle taxes were due on January 1, 2015. Interest on unpaid taxes commenced 30 days after the aforementioned due dates, at 18% per annum or 1.50% per month. As described earlier, in the governmental fund financial statements, property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue.

Under Connecticut State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

The Town establishes allowances for uncollectible taxes and interest based on historical collection experience and other factors. As of June 30, 2015, no allowance for uncollectible taxes and interest was considered necessary.

Loans Receivable

The Town administers a loan program for individuals and families in need. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full, or in part, by the borrower at any time without penalty. As of June 30, 2015, loans receivable totaled \$917,367 under this program.

Sewer Benefit Assessment, User Fees, and Related Receivables

Properties located along the Lebanon Amston Lake Sewer District (the "District") were levied a benefit assessment upon the completion of the sewage system construction project. The semi-annual benefit assessment installments are due April 1st and October 1st until such time that the principal portion of the benefit assessment has been paid in full. The borrowed interest portion of the semi-annual installments is the amount which is to be collected relating to the interest which will be payable on the debt which was issued to finance the construction project. The benefit assessment, or any installment thereof, not paid within thirty (30) days after the due date, shall be delinquent and shall be subject to interest from such due date at the rate and in the manner provided by the General Statutes for delinquent property taxes, together with attorney's fees and costs of collection. If all or any part of the property which has been levied this benefit assessment is sold or transferred, the remaining portion of the assessment may be assumed by the transferee.

Tax Acquired Property

Property which has been foreclosed on by the Town due to non-payment of taxes or other similar situations is classified as tax acquired property at the value of the original outstanding tax receivable amount. Interest and fees on the property are recorded at such time when the property is sold. The current value of the recorded tax acquired property of the Town was \$13,361 as of the end of the current fiscal year.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the governmental fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as an expenditure when used. The Town currently has recorded an inventory amount of \$17,188 as it relates to the school lunch program.

Capital Assets

Capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, infrastructure, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets and improvements thereto are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, bridges, and water and pollution control improvements. All improvements to infrastructure and other capital assets are capitalized which add to the value or materially extend the life of the asset. All capital assets of the Town are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset but also capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. The Town maintains a capitalization threshold of \$5,000 for all capital assets with the exception of land purchases which are recorded regardless of amount. Donated capital assets are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the asset into its intended location and intended use. Capital assets are only shown on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The capital assets of the component unit of the Town are accounted for in the same manner.

Land and land improvements are not depreciated. All other individual capital assets of the Town are depreciated over their estimated useful lives using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. The general estimated useful lives for specific types of capital assets are 3 to 10 years for equipment, 5 to 10 years for vehicles, 30 to 50 years for buildings, building improvements and infrastructure, and 75 years for water and pollution control systems. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from the assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation expense on capital assets is only shown on the government-wide Statement of Activities and related proprietary fund statements, and is added to the individual function or department as described above.

Prepaid Items

Payments made to vendors for services, and in certain circumstances goods that will benefit periods beyond the end of the fiscal year, are recorded as prepaid expenses-expenditures using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year(s) in which the services are consumed.

Interfund Receivables and Payables

Interfund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to transfers which were not physically made but need to be recorded to keep track of the individual fund balances, a portion of the annual tax commitment applicable to certain special revenue, and other funds of the Town which are shown as transfers within the annual budget document approved by the inhabitants of the Town, and cash receipts which may have been deposited in the case account of one fund but which are for the use of another fund. The actual receipt of this tax and other revenue is deposited into the general fund and accounted for as an interfund receivable. Expenditures for one fund paid for out of another fund are also included in these balances. The balance of interfund receivables and payables as show on the balance sheet and other fund financial statements must equal. The interfund balances and related activities of the governmental funds have been eliminated in the government-wide Statement of Net Position and the Statement of Activities, however, the interfund balances and related activity between the governmental and business-type activities of the Town are not eliminated on these statements.

Unearned Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned.

Deferred Outflows/Inflows of Resources

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 reports a deferred outflow of resources in the government-wide Statement of Net Position related to pension contributions made subsequent to the measurement date. These amounts are deferred and included in pension expense in the subsequent year.

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports a deferred inflow of resources related to pensions in the government-wide Statement of Net Position. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The unavailable revenues from property taxes are reported in the governmental funds Balance Sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Pension Liability

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

Long-Term Obligations and Related Costs

Long-term debt and other long-term obligations are reported as liabilities on the government-wide Statement of Net Position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method, which approximates the effective interest method. The unamortized portion is presented in the government-wide Statement of Net Position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred. The governmental fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. 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.

Unclassified and Program Expenditures

The Town uses a departmental expenditure category labeled unclassified and program to account for certain types of expenditures that they do not feel truly fall into the traditional departmental expenditure categories. The General Fund classifies Town wide fringe benefits into this departmental expenditure category.

Major Funds – Governmental Fund Financial Statements Only

The focus of the governmental funds of the Town is on the major funds. The General Fund of the Town must always be shown as a major fund. In addition, other governmental funds are shown as major funds based on the following criteria.

- a. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 10% of the corresponding totals for all funds of the governmental or enterprise (if present) fund type, and
- b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, and expenditures of an individual governmental or enterprise (if present) fund are at least 5% of the corresponding totals for all governmental and enterprise (if present) funds combined.
- c. Any other individual governmental or enterprise (if present) fund that the Town believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of these funds and the activities reported within each fund is as follows. Additional financial information on these funds can be found on pages 73 through 75 of the financial statements.

- d. Housing Rehab Income Fund – This fund is used to record activity related to the housing rehab program, which is generally funded by intergovernmental grants.
- e. Capital and Nonrecurring Fund – This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects. The capital assets purchased through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as approved as part of the annual budget and through other miscellaneous grants and revenues.
- f. Trumbull Investment Fund – This fund is used to account for three sets of investments donated to the Town by Hugh Trumbull Adams with the interest and dividend revenue generated by these investments to be used to help fund the operation of the town library, the Adams community center and the Jonathan Trumbull Jr. house.

Fund Balance Classification Policies and Procedures – Governmental Fund Financial Statements Only

The fund balance amounts of the governmental funds of the Town on the balance sheet are broken down between nonspendable, restricted, committed, assigned, and unassigned. These fund balance classifications are described as follows:

Nonspendable Fund Balance – Nonspendable fund balance include amounts that cannot be spent because they are either (a) not in a spendable form such as inventories or prepaid expenditures, or (b) they are legally or contractually required to be maintained intact such as the principal portion of a permanent fund. The nonspendable funds balance amounts are reported by the Town consist solely of the principal portion of its permanent funds and a corresponding amount for the recorded amount of inventory and prepaid expenditures, when applicable.

Restricted Fund Balance – Restricted fund balance include amounts that are restricted to a specific purpose when the restraints are placed on the use of the resources either by (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources from external sources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted fund balance amounts of the Town consist of the residual fund balance amounts at the end of the fiscal year as they relate to grants received from either State, Federal or local funding sources or donations received to be spent for specific purposes. These amounts are restricted to be expended on the items outlined within the funding agreement with the Town and cannot be used for any other specified purposes. In addition, the Town has created a special revenue fund to account for and report the proceeds of funds collected by the Town Clerk's office as mandated by the State of Connecticut in relation to historic document preservation fees and LOCIP surcharge assessment fees. These mandated fees are considered a form of enabling legislation imposed by the State and therefore the funds collected by the Town are restricted to be expended based on the parameters of the enabling legislation. Other funds restricted by the Town include the balance of the housing rehabilitation income fund which relates to housing rehabilitation grants received by the Town, the non-principal portion of permanent funds, the student activity related accounts located in the elementary, middle and high school of the town which are restricted for educational purposes and the remaining balance within the school lunch program which is restricted to be used within the school lunch program based on the grant revenue received as well as State statutes.

Committed Fund Balance – Committed fund balance include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Finance is considered to be the highest level of decision making authority within the Town for determining committed fund balance amounts. The Board of Finance has the final approval for the budget amounts which are presented to the citizens of the Town for approval and in turn the establishment of the related special revenue or capital project funds. The approval of the annual town budget includes amounts characterized as specific revenue sources as a portion of either the annual tax commitment or other specific revenue sources contained and voted on within the annual budget. An example of a committed fund balance amount would relate to an approved transfer to an established special revenue fund or the capital nonrecurring fund. The residual fund balance amount within these funds at the end of the fiscal year would be classified as committed fund balance. Any subsequent change in the specific purpose or use of these committed funds would need to be approved either at the annual Town meeting or a special Town meeting.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Assigned Fund Balance – Assigned fund balance include amounts that are constrained by the Town with the intent to be used for specific purposes, but which are neither restricted nor committed. The intent to use funds for specific purposes is to be assigned by either Town meeting appropriations or the Board of Finance. The First Selectman has the authority to accept funds on behalf of the Town which are specific revenue sources to be used for specific purposes and to establish special revenue or capital project funds to account and report these amounts in accordance with the direction received from the Board of Finance. Assigned special revenue and capital project funds are usually made up of small streams of specific revenue sources for specified purposes for which there is a perceived benefit to segregating and reporting the funds rather than including them within the general fund. In addition, annual budgetary encumbrances outstanding at the end of the fiscal year would be classified by the Town as assigned amounts within the general fund balance would also be reported as assigned fund balance amounts of the general fund at the end of the current fiscal year.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund of the Town. This classification represents fund balance amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. In addition, individual governmental funds whose ending fund balance is negative are also classified as unassigned within the specific fund.

The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the Balance Sheet.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

	General Fund	Housing Rehab Income	Capital & Nonrecurring Fund	Trumbull Investment Fund	NonMajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 82,469	\$ -	\$ -	\$ -	\$ 5,000	\$ 87,469
Inventory	-	-	-	-	17,188	17,188
Permanent fund principal	-	-	-	-	322,272	322,272
	<u>82,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,460</u>	<u>426,929</u>
Restricted:						
Capital projects	-	-	-	-	129	129
Road improvements	-	-	-	-	21,644	21,644
General government	-	-	-	-	70,531	70,531
Housing rehab program	-	17,641	-	-	-	17,641
Trumbull donations	-	-	-	2,582,759	266,660	2,849,419
Education	-	-	-	-	299,868	299,868
Library expenditures	-	-	-	-	10,000	10,000
Other Town donations	-	-	-	-	50,632	50,632
	<u>-</u>	<u>17,641</u>	<u>-</u>	<u>2,582,759</u>	<u>719,464</u>	<u>3,319,864</u>
Committed:						
Capital projects	-	-	1,014,681	-	60,533	1,075,214
Revaluation	-	-	6,019	-	-	6,019
Town improvements	-	-	-	-	48,199	48,199
Community center	-	-	-	-	51,969	51,969
Library expenditures	-	-	-	-	129,809	129,809
Senior programs	-	-	-	-	125,131	125,131
Fire safety complex	-	-	-	-	11,641	11,641
Trumbull donations	-	-	-	-	37,278	37,278
Sewer project	-	-	-	-	31,182	31,182
Recreation	-	-	-	-	76,417	76,417
	<u>-</u>	<u>-</u>	<u>1,020,700</u>	<u>-</u>	<u>572,159</u>	<u>1,592,859</u>
Assigned:						
General government	-	-	-	-	95,605	95,605
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,605</u>	<u>95,605</u>
Unassigned	<u>3,870,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,622)</u>	<u>3,807,388</u>
Total fund balances	<u>\$ 3,952,479</u>	<u>\$ 17,641</u>	<u>\$ 1,020,700</u>	<u>\$ 2,582,759</u>	<u>\$ 1,669,066</u>	<u>\$ 9,242,645</u>

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 assigned fund balance as they do not constitute either expenditures or liabilities.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Budget

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teachers' on-behalf retirement payments made by the State which are not budgeted for, and encumbrances) which is consistent with generally accepted accounting principles. In addition, the budget calls for certain amounts to be transferred or allocated to specific funds which have been set up by the Town for specific purposes. A portion of the budgeted revenues to be raised by the annual tax commitment is considered by the Town to be specific revenue source which is committed to expenditure for these specified purposes. The budget calls for the revenue to be shown within the General Fund and a transfer out to be shown to each of these specific funds. In accordance with the true accounting definition of the special revenue fund, specific revenue sources which in this case would be portion of the annual tax commitment, would be required to be shown as revenue of the specific fund. Therefore, in the Statement of Revenues, Expenditures, and Changes in Fund Balances, property tax revenues have been shown for these specific special revenue funds with no transfers in or out being shown in either the General Fund or the special revenue funds. On the budget to actual statement for the General Fund, these amounts have been shown as property tax revenues for the General Fund and as transfers out for the General Fund in accordance with the approved budget of the Town. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each general function of the Town. Only the Board of Finance may approve budget transfers within and between expenditure classes and individual departments in accordance with applicable State statutes. The bottom line budgeted revenue and expenditure amounts can only change upon approval of the inhabitants of the Town through a special Town meeting. The procedures followed in establishing the budgetary data reflected in the financial statements are as follows:

- a. Early in the second half of the last fiscal year the Town's selectmen, departments, boards and commissions submitted budget requests for the year beginning July 1. The operating budgets include proposed expenditures and the means of financing them.
- b. Hearings are then held for the submitted budget requests by functions: (1) Selectmen's budget, (2) departments, (3) boards and commissions, (4) capital and nonrecurring requests, and (5) Board of Education.
- c. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting has been given.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
GAAP basis	\$ 25,207,965	\$ (23,551,201)	\$ (1,938,862)	\$ (282,098)
Tax commitment for special revenue funds	468,479	-	(468,479)	-
Teachers' retirement system on behalf payments	<u>(1,506,990)</u>	<u>1,506,990</u>	<u>-</u>	<u>-</u>
Budgetary basis	<u>\$ 24,169,454</u>	<u>\$ (22,044,211)</u>	<u>\$ (2,407,341)</u>	<u>\$ (282,098)</u>

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Estimates

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

Note 2 – Restricted Cash and Investments – Government-Wide Financial Statements Only

The Town breaks cash and investments down between a regular current asset and any other asset restricted on the government-wide Statement of Net Position. The other asset restricted investment amount of \$2,887,450 is made up of the balance of the investments which have been donated to the Town and whose interest and earnings are used to partially fund the operations of the Towns library, community center, and the Jonathan Trumbull Jr. house. This investment balance of \$2,582,759 can also be seen on the fund financial statements Balance Sheet as the major fund labeled the Trumbull Investment Fund. In addition, the permanent funds include investments in the amount of \$304,691. These investments are also shown as restricted. The other assets restricted cash balance is made up of cash balances which are restricted for a specific purpose in subsequent fiscal years. The current year amount shown on the government-wide Statement of Net Position is \$13,632.

Note 3 – Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of the State statutes. FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For government accounts the ownership category is per official custodian. At year end, the carrying amount of the Town's deposits was \$8,834,633 which is shown in the financial statements as cash balances of \$4,403,180 and investment balances of \$4,431,453 which represent money market accounts, certificates of deposit and other higher yielding accounts. The corresponding bank balances of these accounts at various financial institutions totaled \$9,305,662 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$877,733 was covered by FDIC, \$1,434,669 was collateralized, with the remaining \$6,993,260 representing balances that were uninsured and uncollateralized, as described in the following paragraph, by securities held by the pledging financial institution's; trust department or agent but not in the Town's name.

The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. All of the Town's deposits are in qualified public institutions as defined by State Statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Investments

The following schedule shows the different types of investments held by the Town, the maturities of those investments and the associated credit ratings as of June 30, 2015.

Type	Fair Value	Maturities in Years				Credit Ratings
		Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	S&P
Governmental funds:						
CT short term investment fund	\$ 24,989	\$ 24,989	\$ -	\$ -	\$ -	AAA
Preferred stocks	9,905	9,905	-	-	-	AAA
Exchange traded funds	278,832	278,832	-	-	-	not rated
Money market and certificates	4,585,766	4,585,766	-	-	-	not rated
Mutual funds fixed income	64,795	64,795	-	-	-	not rated
U.S. Treasury notes	10,713	10,713	-	-	-	AAA
Municipal bonds	63,734	-	-	5,198	58,536	AA
Municipal bonds	14,602	-	-	-	14,602	AAA
Corporate bonds	35,391	-	25,128	4,191	6,072	A
Corporate bonds	26,385	-	15,660	-	10,725	AA
Corporate bonds	25,069	-	4,937	20,132	-	AAA
Corporate bonds	104,955	-	70,790	34,165	-	Baa
	5,245,136	\$ 4,975,000	\$ 116,515	\$ 63,686	\$ 89,935	
Stock equities	1,972,235					
	\$ 7,217,371					
Fiduciary funds:						
Money market and certificates	\$ 95,465	\$ 95,465	\$ -	\$ -	\$ -	not rated
Discretely presented component unit:						
Lebanon Volunteer Fire						
Department money market and certificates	\$ 498,296	\$ 345,061	\$ 153,235	\$ -	\$ -	not rated

Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Town does not have a formal investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes. The types of investments authorized to be carried by the Town are in accordance with those authorized by the State of Connecticut. These investments include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, and repurchase agreements. The Town may vote to accept investments other than those authorized by the State in situations where they have been donated to the Town.

Custodial Credit Risk – For an investment, custodial, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Note 4 – Interfund Receivables, Payables, and Transfers

Interfund receivables and payables – The Town maintains a cash pool that is available for use by all funds. Each fund’s portion of this pool is displayed on the balance sheet as “due to or from other funds” under each fund’s caption. The purpose of interfund balances is to keep track of each fund’s position in this cash pool. These balances are not always expected to be repaid due to the fact that they normally represent funds collected or spent by one fund on behalf of another fund. The following information represents interfund receivables and payables by individual major fund and nonmajor funds in the aggregate. Only the balances for major funds are being shown below as is required. The following fund financial statement interfund balances are eliminated in the government-wide financial statements with the exception of the proprietary fund balances. Proprietary funds report the business-type activities of the Town and therefore these interfund balances are shown as internal balances on the Statement of Net Position.

Interfund transfers – are generally used to transfer monies raised in taxes to other funds. During the year, transfers from the General Fund to the Capital & Nonrecurring Fund and Town Projects Fund were made to finance several projects.

Transfers in:					
	General Fund	Housing Rehab Income	Capital & Nonrecurring Fund	Nonmajor Funds	Total
<u>Transfers out:</u>					
General Fund	\$ -	\$ -	\$ 1,390,629	\$ 740,253	\$ 2,130,882
Trumbull Investment Funds	-	-	-	80,146	80,146
Nonmajor Funds	<u>192,020</u>	<u>321,985</u>	<u>-</u>	<u>-</u>	<u>514,005</u>
	192,020	321,985	1,390,629	820,399	2,725,033
Proprietary Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
	<u>\$ 192,020</u>	<u>\$ 321,985</u>	<u>\$ 1,390,629</u>	<u>\$ 840,399</u>	<u>\$ 2,745,033</u>

As of June 30, 2015, interfund receivables and payables for the governmental funds were as follows:

Due From:			
	General Fund	Nonmajor Funds	Total
<u>Due to:</u>			
General Fund	\$ -	\$ 299,554	\$ 299,554
Capital & Nonrecurring Fund	1,028,001	-	1,028,001
Nonmajor Funds	<u>1,050,191</u>	<u>-</u>	<u>1,050,191</u>
	<u>\$ 2,078,192</u>	<u>\$ 299,554</u>	<u>\$ 2,377,746</u>

Transfers are used to account for unrestricted revenues collected mainly in the General Fund to finance capital projects and other programs accounted for in other funds in accordance with budget and project authorizations.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Note 5 – Capital Assets

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2015.

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 2,128,189	\$ 148,897	\$ -	\$ 2,277,086
Construction in process	<u>255,302</u>	<u>-</u>	<u>(21,934)</u>	<u>233,368</u>
Total capital assets not being depreciated	<u>2,383,491</u>	<u>148,897</u>	<u>(21,934)</u>	<u>2,510,454</u>
Capital assets being depreciated:				
Buildings and improvements	36,130,017	136,485	-	36,266,502
Vehicles	3,963,064	161,800	(90,000)	4,034,864
Equipment	971,953	104,757	-	1,076,710
Infrastructure	<u>27,681,426</u>	<u>398,520</u>	<u>-</u>	<u>28,079,946</u>
Total capital assets being depreciated	<u>68,746,460</u>	<u>801,562</u>	<u>(90,000)</u>	<u>69,458,022</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,930,637)	(889,417)	-	(14,820,054)
Vehicles	(2,102,286)	(244,134)	90,000	(2,256,420)
Equipment	(764,988)	(62,396)	-	(827,384)
Infrastructure	<u>(18,883,133)</u>	<u>(492,770)</u>	<u>-</u>	<u>(19,375,903)</u>
Total accumulated depreciation	<u>(35,681,044)</u>	<u>(1,688,717)</u>	<u>90,000</u>	<u>(37,279,761)</u>
Total capital assets being depreciated, net	<u>33,065,416</u>	<u>(887,155)</u>	<u>-</u>	<u>32,178,261</u>
Total capital assets, net	<u>\$ 35,448,907</u>	<u>\$ (738,258)</u>	<u>\$ (21,934)</u>	<u>\$ 34,688,715</u>

Depreciation expense taken on the governmental activities capital assets of the Town are charged by function or department in the government-wide financial statements. During the current fiscal year depreciation was charged to general government - \$1,414, public safety - \$158,635, public works - \$130,590, health and social \$73,393, education - \$830,455, and general infrastructure - \$494,230 for a total current fiscal year depreciation expense amount of \$1,688,717.

	Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015
Business-type activities:				
Capital assets being depreciated:				
Amston Lake Sewage System	\$ 6,503,574	\$ -	\$ -	\$ 6,503,574
Less accumulated depreciation	<u>(86,714)</u>	<u>(86,715)</u>	<u>-</u>	<u>(173,429)</u>
Total capital assets being depreciated, net	<u>\$ 6,416,860</u>	<u>\$ (86,715)</u>	<u>\$ -</u>	<u>\$ 6,330,145</u>
Component unit:				
Capital assets being depreciated:				
Buildings and improvements	\$ 164,921	\$ -	\$ -	\$ 164,921
Vehicles and equipment	<u>165,386</u>	<u>-</u>	<u>-</u>	<u>165,386</u>
Total capital assets being depreciated, net	<u>330,307</u>	<u>-</u>	<u>-</u>	<u>330,307</u>
Less accumulated depreciation for:				
Buildings and improvements	(59,655)	(6,217)	-	(65,872)
Vehicles and improvements	<u>(126,364)</u>	<u>(10,866)</u>	<u>-</u>	<u>(137,230)</u>
Total accumulated depreciation	<u>(186,019)</u>	<u>(17,083)</u>	<u>-</u>	<u>(203,102)</u>
Total capital assets being depreciated, net	<u>\$ 144,288</u>	<u>\$ (17,083)</u>	<u>\$ -</u>	<u>\$ 127,205</u>

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Note 6 – Long-Term Debt and Other Liabilities

The long-term debt and other liabilities of the Town are made up of the following individual debt agreements and amounts. Long-term debt is shown on the government-wide financial statements as both governmental activities items and business-type activities items on the Statement of Net Position.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Outstanding payables:					
\$5,750,000 bond payable	\$ 2,670,000	\$ -	\$ 385,000	\$ 2,285,000	\$ 385,000
\$486,650 note payable	126,197	-	32,979	93,218	34,666
\$62,480 capital lease payable	6,946	-	6,946	-	-
\$94,491 capital lease payable	64,857	-	27,298	37,559	29,909
\$294,000 capital lease payable	200,398	-	149,011	51,387	48,233
\$167,446 capital lease payable	82,645	-	54,209	28,436	28,436
\$137,888 capital lease payable	-	137,888	38,681	99,207	33,977
Total outstanding payables	<u>3,151,043</u>	<u>137,888</u>	<u>694,124</u>	<u>2,594,807</u>	<u>560,221</u>
Other liabilities:					
Net pension liability	690,335	-	196,735	493,600	-
Accrued comp. absences – school	42,395	-	2,984	39,411	-
Accrued comp. absences – Town	21,659	18,444	-	40,103	-
Accrued landfill post-closure costs	<u>66,131</u>	<u>-</u>	<u>11,500</u>	<u>54,631</u>	<u>-</u>
Total other liabilities	<u>820,520</u>	<u>18,444</u>	<u>211,219</u>	<u>627,745</u>	<u>-</u>
Total long-term liabilities	<u>\$ 3,971,563</u>	<u>\$ 156,332</u>	<u>\$ 905,343</u>	<u>\$ 3,222,552</u>	<u>\$ 560,221</u>
Business-type activities:					
Outstanding payables:					
\$5,105,000 bond payable	<u>\$ 4,904,105</u>	<u>\$ -</u>	<u>\$ 204,842</u>	<u>\$ 4,699,263</u>	<u>\$ 79,594</u>

The following are descriptions of the terms and conditions of the bonds and notes payable of the Town as they relate to both the governmental activities and the business-type activities of the Town.

Outstanding Bonds and Notes Payable – Governmental Activities

\$5,750,000 bond payable issued in August of 2005 to finance two school renovation projects and a fire safety complex project. Annual principal installments range from \$385,000 to \$380,000 through August of 2021. Interest on the outstanding principal balance is at a rate of 3.80% \$ 2,285,000

\$486,650 note payable issued in February of 1998 to finance the purchase of property. Monthly payments are \$3,212 through February of 2018 which includes interest at 5.00% 93,218
\$ 2,378,218

Outstanding Bonds Payable – Business-Type Activities

\$5,105,000 bond payable issued in January of 2013 to finance the Amston Lake sewer construction project. Annual principal installments are \$203,384 through January 2053. Interest on the outstanding principal balance is at a rate of 2.50% \$ 4,699,263

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

The following is a summary of the total outstanding bond and notes payable principal and interest cash flow requirements for the aforementioned bonds and notes payable of the governmental activities and the business-type activities of the Town for the fiscal years ending June 30:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 419,666	\$ 83,389	\$ 79,594	\$ 117,482
2017	416,440	67,080	81,584	115,492
2018	402,112	5,908	83,624	113,452
2019	380,000	36,100	85,714	111,362
2020	380,000	21,660	87,857	109,219
2021-2025	380,000	7,220	473,352	512,028
2026-2030	-	-	535,554	449,826
Thereafter	-	-	3,271,984	1,008,467
	<u>\$ 2,378,218</u>	<u>\$ 221,357</u>	<u>\$ 4,699,263</u>	<u>\$ 2,537,328</u>

Capital Leases – Governmental Activities

The Town has entered into several lease agreements to finance the acquisition of equipment. These leases qualify as capital leases for accounting purposes and are reflected on the long-term debt schedule.

Accrued Compensated Absences

Employees of the Town and the Board of Education are allowed to earn paid absences for vacation and/or sick time. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. Town accumulated balances are paid when an employee leaves. Therefore, the probability of these benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the Statement of Net Position. School accumulated vacation balances are also paid when employees leave. However, school accumulated sick balances are only paid when an employee retires. Therefore, the probability of these school accumulated vacation benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the Statement of Net Position. The probability of school accumulated sick benefits being paid cannot be determined and therefore no liability for these benefits has been recorded. A current portion of these recorded liabilities has not been estimated due to the fact that these benefits (accumulated sick and vacation time) may be used by the employees during the course of the fiscal year or they may be paid out upon retirement or termination. An estimate could be made based on prior year activity but the Town believes there are too many variables which could render this estimate useless.

Accrued Landfill Post-Closure Costs

The Town of Lebanon municipal solid waste landfill was closed in October of 1993 due to new regulations imposed by the United States Environmental Protection Agency which the Town was unable to meet. The cost of capping the landfill was paid for out of the Town's annual operating budget. The post-closure monitoring, which will continue for up to 30 years, will also be paid for out of the Town's annual operating budget. The Town set up a long-term liability to account for these funds being set aside for the post-closure care. The expense for this liability was to be recorded in each period based on the landfill capacity used to date. The amount outstanding for post-closure monitoring is shown as a long-term liability on the government-wide Statement of Net Position. A current portion of this liability has not been estimated due to the fact that the price of the upcoming fiscal year monitoring, year end report and other possibly unforeseen costs is unknown.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2015.

Note 7 – Deficit Fund Balances

The following individual major and nonmajor funds had deficit fund balances as of June 30, 2015. These deficit fund balances represent an excess of expenditures over actual revenues, appropriations, and recorded receivables. The deficits represent state, federal and other award program balances which resulted from funds being expended either before they can or have been billed for and which are expected to be funded through future revenues or transfers.

Nonmajor funds:	
Town construction projects	
Senior center complex	\$ 1,894
Special revenue funds:	
Vo-ag equipment grant	27,749
Nonmajor capital projects fund:	
Town bridge grants	<u>32,979</u>
	<u>\$ 62,622</u>

Note 8 – Employee Retirement Systems and Pension Plans

Connecticut Teachers' Retirement System

Description of System

Teachers within the Town's school system participate in a retirement system administered by the Connecticut State Teachers' Retirement Board. This Connecticut State Teachers' Retirement System (the "System") is a cost sharing multiple employer defined benefit pension system with a special funding situation.

The System is considered 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 or by calling (860) 702-3480.

The System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the System is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the board of Governors of Higher Education and their constituent units. Participation in the System is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement System (TIAA-CREF).

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Summary of Significant Accounting Policies

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the State's requirement to contribute to the System, information about the System's fiduciary net position and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by the System are as follows:

Normal Benefit: A member at age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut, is eligible for vested benefits of 2% of average annual salary times years of credited service (maximum benefit is 75% of average annual salary.)

Prorated Benefit: A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. The benefit is 2% less 0.1% for each year less than 20 years of average annual salary times years of credited service.

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

Contribution Requirements

The pension contributions made by the State to the System are determined on an actuarial reserve basis as described in CGS Sections 10-1831 and 10-183z.

Participants are required to contribute 7.25% of their annual salary rate to the System as required by CGS Section 10-183b (7). For the 2014/2015 school year, \$551,580 mandatory contributions were deducted from the salaries of teachers who were participants of the System during that school year. The estimated covered payroll for the Town is \$7,608,000. The Town had 132 active participants in the System at June 30, 2015.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010. The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following key actuarial assumptions:

Inflation	3.00 Percent
Salary increases, including inflation	3.75-7.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.50 Percent

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Mortality rates were based on the RP-2000 Combined Mortality Table RP-2000 projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries. The Scale AA projection to 2019 of the RP-2000 mortality rates with two-year setbacks continues to provide a sufficient margin in the assumed rates of mortality to allow for additional improvement in mortality experience. The post-retirement mortality rates are multiplied by 75% for death in active service. The post-retirement mortality rates are set forward ten years for the period after disability retirement.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual Equity	21.0%	7.3%
Developed Markets ISF	18.0%	7.5%
Emerging Markets ISF	9.0%	8.6%
Core Fixed Income	7.0%	1.7%
Emerging Market Debt	5.0%	4.8%
High Yield	5.0%	3.7%
Inflation Linked Bonds	3.0%	1.3%
Liquidity Fund	6.0%	0.4%
Real Estate	7.0%	5.9%
Private Investments	11.0%	10.9%
Alternative Investments	6.0%	0.7%

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (7.50%)</u>	<u>Current Discount Rate (8.50%)</u>	<u>1% Increase (9.50%)</u>
Sensitivity of the proportionate Share of the net pension liability	\$ 25,631,991	\$ 20,085,545	\$ 15,370,902

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

The State makes all contributions to the System on behalf of employees of the participating districts. Therefore, participating employers are considered to be in a special funding situation as defined by Governmental Accounting Standards Board No. 68 and the State is treated as a non-employer contributing entity in the System. Since the districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was \$20,085,545.

June 30, 2014 is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized \$1,506,990 as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

Connecticut Municipal Employees Retirement System

Description of Retirement System

The Town is a participating municipality of the Connecticut's Municipal Employees Retirement System ("CMERS"), which is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut General Statute Title 7, Chapter 113. CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The Town had 22 active participants in CMERS at June 30, 2015.

CMERS is considered 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 or by calling (860) 702-3480.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense information about CMERS net position and additions to/deductions from CMERS net position have been determined on the same basis as they are reported by CMERS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

The benefits provided to participants by CMERS include retirement, disability, and death benefits as follows:

General Employees – Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service.

Policemen and Firemen – Compulsory retirement age for police and fire members is age 65.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Normal Retirement – For members not covered by social security, the benefit is 2% of average final compensation times years of service.

For members covered by social security, the benefit is 1% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

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

Early Retirement – Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated based on average final compensation and service to date of termination. Deferred to normal retirement age or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

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

Contribution Requirements

Employer – As a participating municipality, the Town makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment, which covers the liabilities of CMERS not met by member contributions.

Employees – For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

The Town's required contribution to CMERS is currently 11.98% of covered payroll. Such contribution was \$146,543 for the year ended June 30, 2015, related to covered payroll of \$1,223,232.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 Percent
Salary increases, including inflation	4.25-11.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation	8.00 Percent

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

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	16.0%	5.8%
Developed Non-U.S. Equities	14.0%	6.6%
Emerging Markets (Non-U.S.)	7.0%	8.3%
Core Fixed Income	8.0%	1.3%
Inflation Linked Bonds	5.0%	1.0%
Emerging Market Bonds	8.0%	3.7%
High Yield Bonds	14.0%	3.9%
Real Estate	7.0%	5.1%
Private Investments	10.0%	7.6%
Alternative Investments	8.0%	4.1%
Liquidity Fund	3.0%	0.4%

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Sensitivity of the proportionate share of the net pension liability	\$ 1,002,354	\$ 493,600	\$ 62,898

Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources

At June 30, 2015, the Town reported a liability in the government-wide Statement of Net Position for its proportionate share (0.4798391%) of the net pension liability. The amount recognized by the Town as its proportionate share of the net pension liability was \$493,600.

June 30, 2014, is the actuarial valuation date upon which the total pension liability is based. There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

The Town recognized the total proportionate share of the collective pension expense in the government-wide Statement of Activities associated with the Town of \$89,142 for the fiscal year ended June 30, 2015.

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to CMERS in its government-wide Statement of Net Position from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 158,044
Town contributions subsequent to the measurement date	<u>146,543</u>	<u>-</u>
Total	<u>\$ 146,543</u>	<u>\$ 158,044</u>

The deferred outflows of resources resulting from the Town contributions subsequent to the measurement date of June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Deferred outflows and inflows related to the net difference between projected and actual earnings on plan investments is amortized over a closed five-year period. The Town's proportionate share of the net difference between projected and actual investment earnings as of June 30, 2014, compared to the plan's expected rate of return of 8.00% was \$197,555. The first year amortization of \$39,511 is recognized as pension expense and the remaining amount is shown as a deferred inflow of resources and will be recognized in subsequent years as follows:

Fiscal year ended June 30,	
2016	\$ 39,511
2017	39,511
2018	39,511
2019	39,511

Note 9 – Other Post-Employment Benefits (OPEB)

Government Accounting Standards Board (GASB) Statement No.'s 43 and 45 relate to the accounting and reporting for post-employment benefits other than pension benefits. The Town was required to implement this standard for the fiscal year beginning after December 15, 2007, which was the Town's fiscal year ended June 30, 2009. The objective of Statement No. 43 – *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* is to establish uniform standards of financial reporting by state and local governmental entities for other post-employment benefit plans (OPEB plans). OPEB plans are plans that provide post-employment healthcare benefits, either separately or through a defined benefit pension plan. The most common forms of healthcare benefits are medical, dental and vision. Other examples of benefits which are covered by this statement include life insurance, disability and long-term care benefits only when they are provided separately from a defined benefit pension plan. Paragraph 9 of this statement tells us that OPEB arise from an exchange of salaries and benefits for employee services, and it is part of the compensation that employers offer for services received.

The Board of Education provides a benefit to its employees upon retirement in the form of the ability to be part of the health insurance plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Schools. Under this statement, this type of benefit is referred to as an implicit rate subsidy. An implicit rate subsidy exists in effect when a health insurance premium rate is made up of age adjusted factors covering active and retired employees. The health insurance premiums which would be charged to a group of solely retirees are most likely larger than those which would be charged to a group of solely active employees. When these two groups are merged together, a rate somewhere in the middle is charged to all of the employees, whether active or retired. The difference between the premium costs paid by the employer and what would have been paid if the rates were not blended is considered a non-current cost of the employer. The difference between the premium costs paid by the retiree and what would have been paid if the rates were not blended is considered a benefit to the retiree. Hence, a very simplified description of an implicit rate subsidy. Retired Town hall employees are not provided this benefit.

Plan Description

The Board of Education maintains a single employer defined benefit OPEB plan with 132 active members at July 1, 2014. The Plan provides a benefit for retired teachers and administrators in the form of the ability to maintain health insurance coverage through the plan available to active teachers and administrators of the Board of Education. Non-certified Board employees are eligible to participate in the plan upon reaching age 55 with at least 5 years of service or upon 25 years of service. Cafeteria workers are not eligible to participate in the plan. Both the retiree and the retiree's spouse are eligible to participate in the plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. Certified Board

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

employees are eligible to participate in the plan upon reaching age 50 with at least 25 years of service, age 55 with at least 20 years of service or age 50 with at least 10 years of service. Both the retiree and the retiree's spouse are eligible to participate in the plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. The provisions of the plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable State statutes. The plan therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree once they are part of the plan. In addition, benefits for a retiree's spouse will also continue for the life of the spouse once they are a part of the plan. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive. The plan does not issue stand-alone financial statements.

Funding Policy and Annual OPEB Cost

The provisions of the plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable State statutes. The Board of Education does not contribute directly to this plan but rather contributes in the form of an implicit rate subsidy. Retirees under this plan are required to pay the full amount of the health insurance premiums that are applicable to their particular coverage option. The retiree portion is, however, reduced by an amount contributed by the State of Connecticut Retirement Board. The current amount contributed by the State for each retiree is \$110 per month for a single coverage plan and \$220 per month for a dual coverage plan. The State can modify the amount contributed at any time in accordance with applicable State statutes.

GASB Statement No 45 does not mandate that a post-employment benefit liability be pre-funded by an organization – it simply mandates that the liability be recorded and that certain related information be disclosed. The Board of Education of the Town currently plans to fund these benefits on a pay-as-you-go basis. As a result, no assets of the Town have been segregated and restricted to fund or provide these post-employment benefits. The annual required contribution (ARC), which is an actuarial determined amount, represents a level amount of funding, which if paid on an ongoing basis, would be projected to cover the normal cost each year and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

The following table represents the OPEB costs for the Town in relation to the Board of Education OPEB Plan for the current fiscal year and the annual required contribution.

Normal cost	\$ 69,100
Amortization of unfunded actuarial accrued liability	146,000
Interest	<u>3,800</u>
Annual required contribution (ARC)	<u>\$ 218,900</u>

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost and the net OPEB obligation as it relates to the OPEB plan of the Board of Education of the Town for the fiscal year ending June 30, 2015, are as follows.

Annual required contribution (ARC)	\$ 218,900
Interest on beginning NOO (B) at 4.00%	64,412
Adjustment to ARC beginning NOO (B) divided by 17.98	<u>89,561</u>
Annual OPEB Cost	372,873
Amount contributed	<u>(107,000)</u>
Increase in Net OPEB Obligation	265,873
Net OPEB Obligation as of June 30, 2014 (B)	<u>1,610,300</u>
Net OPEB Obligation as of June 30, 2015	<u>\$ 1,876,173</u>

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Actuarial Methods and Assumptions

The projections of benefits associated with the plan are based on the substantive plan (this is the plan as it is understood by the employer and the plan members) and include the types of benefits available at the valuation date and the pattern of sharing the cost of these benefits between the Board of Education of the Town and the members of the plan. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets. Significant methods and assumptions made in making the applicable actuarial calculations are as follows.

Actuarial valuation date	07/01/14
Actuarial cost method	Projected unit credit
Amortization method	30 years, level dollar, open
Asset valuation method	None
Actuarial assumptions	
Interest	3.50%
Projected salary increases	N/A
Healthcare inflation rate	8.50% for 2014, decreasing .50% per year, to an ultimate rate of 5.00% for 2021 and later

Schedule of Funding Progress

Actuarial valuations involve a number of estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions based on actual results as compared to past expectations and new estimates based on expected future events and conditions. The required schedule of funding progress presented below provides multi-year trend information intended to show whether the actuarial value of plan assets is increasing or decreasing over the time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll
2008	\$ 0	\$ 4,998,000	\$ 4,998,000	0.0%	\$ 9,850,000	50.7%
2010	\$ 0	\$ 5,448,000	\$ 5,448,000	0.0%	\$ 10,213,000	53.3%
2012	\$ 0	\$ 3,815,000	\$ 3,815,000	0.0%	\$ 9,120,600	41.8%
2014	\$ 0	\$ 2,779,300	\$ 2,779,300	0.0%	\$ 9,302,000	29.9%

Schedule of Employer Contributions

The following schedule shows the Board of Education annual OPEB cost, its annual contributions, the percentage of the annual OPEB costs contributed and the Net OPEB Obligation.

Town of Lebanon, Connecticut
Notes to Financial Statements (continued)

Schedule of Employer Contributions

<u>Fiscal Year Ending June 30,</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contributions</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (NOO)</u>
2012	\$ 468,000	\$ 107,700	23.0%	\$ 1,199,900
2013	\$ 323,900	\$ 99,600	30.8%	\$ 1,405,500
2014	\$ 328,100	\$ 101,300	30.9%	\$ 1,610,300
2015	\$ 372,873	\$ 107,000	28.7%	\$ 1,876,173

Other Disclosures

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Note 10 – Commitments and Contingencies – Operating Leases

The Town and Board of Education of the Town lease a number of photocopiers under lease agreements which are classified as operating leases.

The future minimum lease payments under these operating leases is as follows at June 30, 2015:

2016	\$ 32,423
2017	29,126
2018	26,496

Note 11 – Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or four prior years.

Note 12 – Contingent Liabilities and Commitments

Grants

Amounts received, or receivable from grant 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.

Various Lawsuits

The Town is a defendant in various lawsuits in the normal course of operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Note 13 – Adoption of Accounting Standard

The Town adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) during the current fiscal year for the Connecticut State Teachers' Retirement System (System). The adoption of this statement had no effect on the recording of amounts in the Town's financial statements. However, the statement requires significant additional footnote disclosures regarding the System.

The Town also adopted GASB 68 during the current fiscal year for the Town's participation in Connecticut's Municipal Employees Retirement System (CMERS). The adoption of this statement requires the Town to report a Net Pension Liability for its proportionate share of CMERS net pension liability. The Town's net position at June 30, 2014, has been restated for the effects of this liability, which reduces net position by \$690,335 at June 30, 2014, in the government-wide financial statements. The statement also requires significant additional footnote disclosures regarding CMERS.

Note 14 – Recently Issued Accounting Standards

The GASB has issued new accounting standards that will become effective in future years. The Town has not yet determined what effect, if any, these new accounting standards will have on its financial statements.

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 provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB 74 addresses reporting by OPEB plans that administer benefits on behalf of governments. This Statement requires more extensive note disclosures and Required Supplemental Information (RSI) (similar to GASB 67) related to the measurement of the OPEB liabilities for accumulated assets in addition to note disclosures. GASB 74 will be effective for fiscal years beginning after December 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement will require more extensive note disclosures and Required Supplementary Information (RSI) about their OPEB liabilities (similar to GASB 68). GASB 75 will be effective for fiscal years beginning after December 15, 2017.

Note 15 – Subsequent Events

On August 3, 2015, the Town issued a general obligation bond anticipation loan in the amount of \$2,240,000 with an interest rate of 0.69%. The loan matures on July 15, 2016. The proceeds will be used to fund a roads and bridges project.

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

TOWN OF LEBANON, CONNECTICUT

**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2015</u>
Town's proportion of the net pension liability	<u>0.479839%</u>
Town's proportionate share of the net pension liability	<u>\$ 493,600</u>
Town's covered-employee payroll	<u>\$ 1,064,789</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>46.36%</u>
System fiduciary net position as a percentage of the total pension liability	<u>90.48%</u>

Note: The above information relates to June 30, 2014, the last actuarial valuation.

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF TOWN CONTRIBUTIONS**

	<u>2015</u>
Contractually required contribution	\$ 146,543
Contributions in relation to the contractually required contribution	<u>(146,543)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered-employee payroll	<u>\$ 1,223,232</u>
Contributions as a percentage of covered-employee payroll	<u>11.98%</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

	<u>2015</u>
Town's proportion of the net pension liability	<u>0.198054%</u>
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>20,085,545</u>
Total	<u>\$ 20,085,545</u>
 Town's covered-employee payroll	 <u>\$ 7,608,000</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	 <u>0.00%</u>
System fiduciary net position as a percentage of the total pension liability	 <u>61.51%</u>

Notes to Connecticut State Teachers' Retirement System

Changes of Assumptions

In 2011, rates of withdrawal, retirement, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five year period ended June 30, 2010.

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market
Inflation	3.00 percent
Salary increase	3.75-7.00 percent, including inflation
Investment rate of return	8.50 percent, net of investment related expense

See accompanying Independent Auditors' Report.

**SUPPLEMENTAL
STATEMENTS AND SCHEDULES**

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Permanent Funds	Total
Assets				
Cash	\$ 661,863	\$ 71,669	\$ 13,632	\$ 747,164
Investments	-	-	304,691	304,691
Accounts and other receivables	51,180	-	-	51,180
Inventories and prepaid items	25,555	-	-	25,555
Due from other funds	963,191	73,144	13,856	1,050,191
Total assets	<u>\$ 1,701,789</u>	<u>\$ 144,813</u>	<u>\$ 332,179</u>	<u>\$ 2,178,781</u>
Liabilities				
Accounts payable	\$ 17,372	\$ 4,500	\$ -	\$ 21,872
Other liabilities	188,289	-	-	188,289
Due to other funds	226,011	71,701	1,842	299,554
Total liabilities	<u>431,672</u>	<u>76,201</u>	<u>1,842</u>	<u>509,715</u>
Fund Balance				
Nonspendable	22,188	-	322,272	344,460
Restricted	711,270	129	8,065	719,464
Committed	468,803	103,356	-	572,159
Assigned	95,605	-	-	95,605
Unassigned	(27,749)	(34,873)	-	(62,622)
Total fund balance	<u>1,270,117</u>	<u>68,612</u>	<u>330,337</u>	<u>1,669,066</u>
Total liabilities and fund balance	<u>\$ 1,701,789</u>	<u>\$ 144,813</u>	<u>\$ 332,179</u>	<u>\$ 2,178,781</u>
Revenues				
Property tax revenues	\$ 467,877	\$ 602	\$ -	\$ 468,479
Intergovernmental	1,420,126	63,584	-	1,483,710
Interest and dividends	287	126	11,599	12,012
Change in investment fair value	-	-	-	-
Miscellaneous	733,532	14,262	-	747,794
Total revenues	<u>2,621,822</u>	<u>78,574</u>	<u>11,599</u>	<u>2,711,995</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	2,384,154	-	11,530	2,395,684
Capital expenditures	-	251,538	-	251,538
Total expenditures	<u>2,384,154</u>	<u>251,538</u>	<u>11,530</u>	<u>2,647,222</u>
Excess of revenues over (under) expenditures	<u>237,668</u>	<u>(172,964)</u>	<u>69</u>	<u>64,773</u>
Other financing sources (uses)				
Transfers in	80,146	759,142	1,111	840,399
Transfers out	(321,985)	(192,020)	-	(514,005)
Total other financing sources (uses)	<u>(241,839)</u>	<u>567,122</u>	<u>1,111</u>	<u>326,394</u>
Net change in fund balance	(4,171)	394,158	1,180	391,167
Fund balance - July 1	<u>1,274,288</u>	<u>(325,546)</u>	<u>329,157</u>	<u>1,277,899</u>
Fund balance - June 30	<u>\$ 1,270,117</u>	<u>\$ 68,612</u>	<u>\$ 330,337</u>	<u>\$ 1,669,066</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Lebanon Public Library	Krause Library Donations	Lebanon Recreation Commission	Jonathan Trumbull Jr. House	Adams Community Center
Assets					
Cash	\$ -	\$ -	\$ 2,714	\$ 39,699	\$ 100
Investments	-	-	-	-	-
Accounts and other receivables	2,253	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	144,441	10,000	57,372	1,061	52,709
Total assets	<u>\$ 146,694</u>	<u>\$ 10,000</u>	<u>\$ 60,086</u>	<u>\$ 40,760</u>	<u>\$ 52,809</u>
Liabilities					
Accounts payable	\$ 3,272	\$ -	\$ 3,829	\$ 1,331	\$ 840
Other liabilities	13,613	-	5,433	2,151	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>16,885</u>	<u>-</u>	<u>9,262</u>	<u>3,482</u>	<u>840</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	-	10,000	-	-	-
Committed	129,809	-	50,824	37,278	51,969
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>129,809</u>	<u>10,000</u>	<u>50,824</u>	<u>37,278</u>	<u>51,969</u>
Total liabilities and fund balance	<u>\$ 146,694</u>	<u>\$ 10,000</u>	<u>\$ 60,086</u>	<u>\$ 40,760</u>	<u>\$ 52,809</u>
Revenues					
Property tax revenues	\$ 270,000	\$ -	\$ 52,000	\$ -	\$ 200
Intergovernmental	2,233	-	-	-	-
Interest and dividends	-	-	-	104	-
Change in investment fair value	-	-	-	-	-
Miscellaneous	6,605	-	41,444	-	3,325
Total revenues	<u>278,838</u>	<u>-</u>	<u>93,444</u>	<u>104</u>	<u>3,525</u>
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	276,729	-	80,173	14,136	17,330
Capital expenditures	-	-	-	-	-
Total expenditures	<u>276,729</u>	<u>-</u>	<u>80,173</u>	<u>14,136</u>	<u>17,330</u>
Excess of revenues over (under) expenditures	<u>2,109</u>	<u>-</u>	<u>13,271</u>	<u>(14,032)</u>	<u>(13,805)</u>
Other financing sources (uses)					
Transfers in	42,772	-	-	15,055	22,319
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>42,772</u>	<u>-</u>	<u>-</u>	<u>15,055</u>	<u>22,319</u>
Net change in fund balance	44,881	-	13,271	1,023	8,514
Fund balance - July 1	<u>84,928</u>	<u>10,000</u>	<u>37,553</u>	<u>36,255</u>	<u>43,455</u>
Fund balance - June 30	<u>\$ 129,809</u>	<u>\$ 10,000</u>	<u>\$ 50,824</u>	<u>\$ 37,278</u>	<u>\$ 51,969</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Town Improvement Program	Senior Vans Program	Lebanon Dog Fund	Trumbull Donations Fund	School Lunch Program
Assets					
Cash	\$ -	\$ 172	\$ -	\$ -	\$ 47,156
Investments	-	-	-	-	-
Accounts and other receivables	-	8,149	-	-	20,142
Inventories and prepaid items	-	-	-	-	17,188
Due from other funds	51,940	123,093	7,904	276,126	-
Total assets	<u>\$ 51,940</u>	<u>\$ 131,414</u>	<u>\$ 7,904</u>	<u>\$ 276,126</u>	<u>\$ 84,486</u>
Liabilities					
Accounts payable	\$ 3,741	\$ 1,964	\$ 213	\$ -	\$ -
Other liabilities	-	4,319	-	-	-
Due to other funds	-	-	-	9,466	155
Total liabilities	<u>3,741</u>	<u>6,283</u>	<u>213</u>	<u>9,466</u>	<u>155</u>
Fund Balance					
Nonspendable	-	-	-	-	17,188
Restricted	-	-	-	266,660	67,143
Committed	48,199	125,131	-	-	-
Assigned	-	-	7,691	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>48,199</u>	<u>125,131</u>	<u>7,691</u>	<u>266,660</u>	<u>84,331</u>
Total liabilities and fund balance	<u>\$ 51,940</u>	<u>\$ 131,414</u>	<u>\$ 7,904</u>	<u>\$ 276,126</u>	<u>\$ 84,486</u>
Revenues					
Property tax revenues	\$ 65,000	\$ 56,000	\$ 21,490	\$ -	\$ -
Intergovernmental	-	32,597	-	-	125,096
Interest and dividends	-	-	-	-	59
Change in investment fair value	-	-	-	-	-
Miscellaneous	-	5,387	11,093	-	254,719
Total revenues	<u>65,000</u>	<u>93,984</u>	<u>32,583</u>	<u>-</u>	<u>379,874</u>
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	68,427	99,116	30,697	60,117	364,384
Capital expenditures	-	-	-	-	-
Total expenditures	<u>68,427</u>	<u>99,116</u>	<u>30,697</u>	<u>60,117</u>	<u>364,384</u>
Excess of revenues over (under) expenditures	<u>(3,427)</u>	<u>(5,132)</u>	<u>1,886</u>	<u>(60,117)</u>	<u>15,490</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(3,427)</u>	<u>(5,132)</u>	<u>1,886</u>	<u>(60,117)</u>	<u>15,490</u>
Fund balance - July 1	<u>51,626</u>	<u>130,263</u>	<u>5,805</u>	<u>326,777</u>	<u>68,841</u>
Fund balance - June 30	<u>\$ 48,199</u>	<u>\$ 125,131</u>	<u>\$ 7,691</u>	<u>\$ 266,660</u>	<u>\$ 84,331</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Historic Document Preservation	LOCIP Surcharge Assessment	Housing Rehab Grant	Survey Planning Grant
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts and other receivables	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	18,608	43,963	-	-
Total assets	<u>\$ 18,608</u>	<u>\$ 43,963</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	18,608	43,963	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>18,608</u>	<u>43,963</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 18,608</u>	<u>\$ 43,963</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,000	-	321,500	-
Interest and dividends	-	-	-	-
Change in investment fair value	-	-	-	-
Miscellaneous	2,078	3,072	-	1
Total revenues	<u>7,078</u>	<u>3,072</u>	<u>321,500</u>	<u>1</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	6,480	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>6,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>598</u>	<u>3,072</u>	<u>321,500</u>	<u>1</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(321,985)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(321,985)</u>	<u>-</u>
Net change in fund balance	598	3,072	(485)	1
Fund balance - July 1	<u>18,010</u>	<u>40,891</u>	<u>485</u>	<u>(1)</u>
Fund balance - June 30	<u>\$ 18,608</u>	<u>\$ 43,963</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Unimproved Town Roads Grant	Agriculture Viability Grants	Emergency Management Grant	FEMA Storm Grants	Equipment Training Grant
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts and other receivables	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	22,799	6,377	1,459	69,871	255
Total assets	<u>\$ 22,799</u>	<u>\$ 6,377</u>	<u>\$ 1,459</u>	<u>\$ 69,871</u>	<u>\$ 255</u>
Liabilities					
Accounts payable	\$ 1,155	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>1,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	21,644	6,377	-	-	255
Committed	-	-	-	-	-
Assigned	-	-	1,459	69,871	-
Unassigned	-	-	-	-	-
Total fund balance	<u>21,644</u>	<u>6,377</u>	<u>1,459</u>	<u>69,871</u>	<u>255</u>
Total liabilities and fund balance	<u>\$ 22,799</u>	<u>\$ 6,377</u>	<u>\$ 1,459</u>	<u>\$ 69,871</u>	<u>\$ 255</u>
Revenues					
Property tax revenues	\$ -	\$ -	\$ -	\$ 3,187	\$ -
Intergovernmental	-	16,989	2,156	-	-
Interest and dividends	-	-	-	-	-
Change in investment fair value	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>16,989</u>	<u>2,156</u>	<u>3,187</u>	<u>-</u>
Expenditures					
Salary and wages	-	-	-	-	-
Program operating costs	28,877	11,652	875	18,842	-
Capital expenditures	-	-	-	-	-
Total expenditures	<u>28,877</u>	<u>11,652</u>	<u>875</u>	<u>18,842</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(28,877)</u>	<u>5,337</u>	<u>1,281</u>	<u>(15,655)</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(28,877)</u>	<u>5,337</u>	<u>1,281</u>	<u>(15,655)</u>	<u>-</u>
Fund balance - July 1	<u>50,521</u>	<u>1,040</u>	<u>178</u>	<u>85,526</u>	<u>255</u>
Fund balance - June 30	<u>\$ 21,644</u>	<u>\$ 6,377</u>	<u>\$ 1,459</u>	<u>\$ 69,871</u>	<u>\$ 255</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Energy Task Force Grant	State Aid Drug Abuse Grant	Rails To Trails Grant	Vo-Ag Equipment Grant
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts and other receivables	-	-	-	-
Inventories and prepaid items	-	-	-	-
Due from other funds	600	628	100	-
Total assets	<u><u>\$ 600</u></u>	<u><u>\$ 628</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ -</u></u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-
Due to other funds	-	-	-	27,749
Total liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>27,749</u></u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	600	628	100	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(27,749)
Total fund balance	<u><u>600</u></u>	<u><u>628</u></u>	<u><u>100</u></u>	<u><u>(27,749)</u></u>
Total liabilities and fund balance	<u><u>\$ 600</u></u>	<u><u>\$ 628</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ -</u></u>
Revenues				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	41,343	-
Interest and dividends	-	-	-	-
Change in investment fair value	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>41,343</u></u>	<u><u>-</u></u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	-	-	38,045	-
Capital expenditures	-	-	-	-
Total expenditures	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>38,045</u></u>	<u><u>-</u></u>
Excess of revenues over (under) expenditures	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,298</u></u>	<u><u>-</u></u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Net change in fund balance	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,298</u></u>	<u><u>-</u></u>
Fund balance - July 1	<u><u>600</u></u>	<u><u>628</u></u>	<u><u>(3,198)</u></u>	<u><u>(27,749)</u></u>
Fund balance - June 30	<u><u>\$ 600</u></u>	<u><u>\$ 628</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ (27,749)</u></u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Warm Hearts Donations Fund	Senior Center Donations Fund	Miscellaneous Donations Fund	Summer Dance Fest Fund
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts and other receivables	-	-	-	-
Inventories and prepaid items	-	-	-	8,367
Due from other funds	38,269	9,799	3,591	22,226
Total assets	<u>\$ 38,269</u>	<u>\$ 9,799</u>	<u>\$ 3,591</u>	<u>\$ 30,593</u>
Liabilities				
Accounts payable	\$ -	\$ 199	\$ 828	\$ -
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>199</u>	<u>828</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	5,000
Restricted	38,269	9,600	2,763	-
Committed	-	-	-	25,593
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>38,269</u>	<u>9,600</u>	<u>2,763</u>	<u>30,593</u>
Total liabilities and fund balance	<u>\$ 38,269</u>	<u>\$ 9,799</u>	<u>\$ 3,591</u>	<u>\$ 30,593</u>
Revenues				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest and dividends	-	-	-	-
Change in investment fair value	-	-	-	-
Miscellaneous	15,219	8,491	148	21,152
Total revenues	<u>15,219</u>	<u>8,491</u>	<u>148</u>	<u>21,152</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	6,121	11,536	2,568	10,871
Capital expenditures	-	-	-	-
Total expenditures	<u>6,121</u>	<u>11,536</u>	<u>2,568</u>	<u>10,871</u>
Excess of revenues over (under) expenditures	<u>9,098</u>	<u>(3,045)</u>	<u>(2,420)</u>	<u>10,281</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	9,098	(3,045)	(2,420)	10,281
Fund balance - July 1	<u>29,171</u>	<u>12,645</u>	<u>5,183</u>	<u>20,312</u>
Fund balance - June 30	<u>\$ 38,269</u>	<u>\$ 9,600</u>	<u>\$ 2,763</u>	<u>\$ 30,593</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Cemetery Lots Fund	Historic Buildings Fund	Special Ed Excess Costs Grant	School Educational Grants
Assets				
Cash	\$ 38,372	\$ 10,203	\$ -	\$ 431,358
Investments	-	-	-	-
Accounts and other receivables	-	-	-	20,636
Inventories and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 38,372</u>	<u>\$ 10,203</u>	<u>\$ -</u>	<u>\$ 451,994</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	162,773
Due to other funds	31,991	-	-	156,650
Total liabilities	<u>31,991</u>	<u>-</u>	<u>-</u>	<u>319,423</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	132,571
Committed	-	-	-	-
Assigned	6,381	10,203	-	-
Unassigned	-	-	-	-
Total fund balance	<u>6,381</u>	<u>10,203</u>	<u>-</u>	<u>132,571</u>
Total liabilities and fund balance	<u>\$ 38,372</u>	<u>\$ 10,203</u>	<u>\$ -</u>	<u>\$ 451,994</u>
Revenues				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	456,442	416,770
Interest and dividends	98	26	-	-
Change in investment fair value	-	-	-	-
Miscellaneous	2,050	-	-	-
Total revenues	<u>2,148</u>	<u>26</u>	<u>456,442</u>	<u>416,770</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	200	-	456,442	425,023
Capital expenditures	-	-	-	-
Total expenditures	<u>200</u>	<u>-</u>	<u>456,442</u>	<u>425,023</u>
Excess of revenues over (under) expenditures	<u>1,948</u>	<u>26</u>	<u>-</u>	<u>(8,253)</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,948	26	-	(8,253)
Fund balance - July 1	<u>4,433</u>	<u>10,177</u>	<u>-</u>	<u>140,824</u>
Fund balance - June 30	<u>\$ 6,381</u>	<u>\$ 10,203</u>	<u>\$ -</u>	<u>\$ 132,571</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	LES Activity Accounts	LMS Activity Accounts	LHS Activity Accounts	Total
Assets				
Cash	\$ 14,936	\$ 4,882	\$ 72,271	\$ 661,863
Investments	-	-	-	-
Accounts and other receivables	-	-	-	51,180
Inventories and prepaid items	-	-	-	25,555
Due from other funds	-	-	-	963,191
Total assets	<u>\$ 14,936</u>	<u>\$ 4,882</u>	<u>\$ 72,271</u>	<u>\$ 1,701,789</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 17,372
Other liabilities	-	-	-	188,289
Due to other funds	-	-	-	226,011
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>431,672</u>
Fund Balance				
Nonspendable	-	-	-	22,188
Restricted	14,936	4,882	72,271	711,270
Committed	-	-	-	468,803
Assigned	-	-	-	95,605
Unassigned	-	-	-	(27,749)
Total fund balance	<u>14,936</u>	<u>4,882</u>	<u>72,271</u>	<u>1,270,117</u>
Total liabilities and fund balance	<u>\$ 14,936</u>	<u>\$ 4,882</u>	<u>\$ 72,271</u>	<u>\$ 1,701,789</u>
Revenues				
Property tax revenues	\$ -	\$ -	\$ -	\$ 467,877
Intergovernmental	-	-	-	1,420,126
Interest and dividends	-	-	-	287
Change in investment fair value	-	-	-	-
Miscellaneous	12,360	131,171	215,217	733,532
Total revenues	<u>12,360</u>	<u>131,171</u>	<u>215,217</u>	<u>2,621,822</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	12,342	161,078	182,093	2,384,154
Capital expenditures	-	-	-	-
Total expenditures	<u>12,342</u>	<u>161,078</u>	<u>182,093</u>	<u>2,384,154</u>
Excess of revenues over (under) expenditures	<u>18</u>	<u>(29,907)</u>	<u>33,124</u>	<u>237,668</u>
Other financing sources (uses)				
Transfers in	-	-	-	80,146
Transfers out	-	-	-	(321,985)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(241,839)</u>
Net change in fund balance	18	(29,907)	33,124	(4,171)
Fund balance - July 1	<u>14,918</u>	<u>34,789</u>	<u>39,147</u>	<u>1,274,288</u>
Fund balance - June 30	<u>\$ 14,936</u>	<u>\$ 4,882</u>	<u>\$ 72,271</u>	<u>\$ 1,270,117</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Lake Williams Project	Town Bridge Grants	DOT Fix It First Bridge Grant	Tyler Field Project Grant	Town Construction Projects	Total
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 71,669	\$ 71,669
Investments	-	-	-	-	-	-
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	60,533	841	129	-	11,641	73,144
Total assets	<u>\$ 60,533</u>	<u>\$ 841</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 83,310</u>	<u>\$ 144,813</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 4,500
Other liabilities	-	-	-	-	-	-
Due to other funds	-	33,820	-	-	37,881	71,701
Total liabilities	<u>-</u>	<u>33,820</u>	<u>-</u>	<u>-</u>	<u>42,381</u>	<u>76,201</u>
Fund Balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	129	-	-	129
Committed	60,533	-	-	-	42,823	103,356
Assigned	-	-	-	-	-	-
Unassigned	-	(32,979)	-	-	(1,894)	(34,873)
Total fund balance	<u>60,533</u>	<u>(32,979)</u>	<u>129</u>	<u>-</u>	<u>40,929</u>	<u>68,612</u>
Total liabilities and fund balance	<u>\$ 60,533</u>	<u>\$ 841</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 83,310</u>	<u>\$ 144,813</u>
Revenues						
Property tax revenues	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ 602
Intergovernmental	-	-	-	-	63,584	63,584
Interest and dividends	-	-	-	-	126	126
Change in investment fair value	-	-	-	-	-	-
Miscellaneous	-	-	-	54	14,208	14,262
Total revenues	<u>602</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>77,918</u>	<u>78,574</u>
Expenditures						
Salary and wages	-	-	-	-	-	-
Program operating costs	-	-	-	-	-	-
Capital expenditures	-	-	-	-	251,538	251,538
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,538</u>	<u>251,538</u>
Excess of revenues over (under) expenditures	<u>602</u>	<u>-</u>	<u>-</u>	<u>54</u>	<u>(173,620)</u>	<u>(172,964)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	759,142	759,142
Transfers out	-	-	-	-	(192,020)	(192,020)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,122</u>	<u>567,122</u>
Net change in fund balance	602	-	-	54	393,502	394,158
Fund balance - July 1	<u>59,931</u>	<u>(32,979)</u>	<u>129</u>	<u>(54)</u>	<u>(352,573)</u>	<u>(325,546)</u>
Fund balance - June 30	<u>\$ 60,533</u>	<u>\$ (32,979)</u>	<u>\$ 129</u>	<u>\$ -</u>	<u>\$ 40,929</u>	<u>\$ 68,612</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Cummings Scholarship	George Lyman Fund	Cemetery Perpetual Care	Helen Rodgers Scholarship	Waterman Wilson Library Fund	Flora Williams Library Fund
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	197,045	42,705	10,541	10,000	-	7,000
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	86	-	1,920	4	9,621	-
Total assets	<u>\$ 197,131</u>	<u>\$ 42,705</u>	<u>\$ 12,461</u>	<u>\$ 10,004</u>	<u>\$ 9,621</u>	<u>\$ 7,000</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-	-
Due to other funds	-	-	1,679	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,679</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Nonspendable	197,045	42,705	10,541	10,000	8,360	7,000
Restricted	86	-	241	4	1,261	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>197,131</u>	<u>42,705</u>	<u>10,782</u>	<u>10,004</u>	<u>9,621</u>	<u>7,000</u>
Total liabilities and fund balance	<u>\$ 197,131</u>	<u>\$ 42,705</u>	<u>\$ 12,461</u>	<u>\$ 10,004</u>	<u>\$ 9,621</u>	<u>\$ 7,000</u>
Revenues						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Interest and dividends	4,220	6,044	241	214	150	-
Change in investment fair value	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>4,220</u>	<u>6,044</u>	<u>241</u>	<u>214</u>	<u>150</u>	<u>-</u>
Expenditures						
Salary and wages	-	-	-	-	-	-
Program operating costs	4,470	6,102	-	227	-	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	<u>4,470</u>	<u>6,102</u>	<u>-</u>	<u>227</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(250)</u>	<u>(58)</u>	<u>241</u>	<u>(13)</u>	<u>150</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	1,111	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111</u>	<u>-</u>
Net change in fund balance	<u>(250)</u>	<u>(58)</u>	<u>241</u>	<u>(13)</u>	<u>1,261</u>	<u>-</u>
Fund balance - July 1	<u>197,381</u>	<u>42,763</u>	<u>10,541</u>	<u>10,017</u>	<u>8,360</u>	<u>7,000</u>
Fund balance - June 30	<u>\$ 197,131</u>	<u>\$ 42,705</u>	<u>\$ 10,782</u>	<u>\$ 10,004</u>	<u>\$ 9,621</u>	<u>\$ 7,000</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Town Deposit Fund	Lebanon School Prizes	Royal O. Woodard Scholarship	Dorothy Hinckley Scholarship	Elizabeth Grant Library Fund	EL Reichard Nursing Scholarship
Assets						
Cash	\$ 6,564	\$ -	\$ -	\$ 6,068	\$ -	\$ -
Investments	-	6,400	6,050	-	4,285	3,000
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	211	61	-	7	5
Total assets	<u>\$ 6,564</u>	<u>\$ 6,611</u>	<u>\$ 6,111</u>	<u>\$ 6,068</u>	<u>\$ 4,292</u>	<u>\$ 3,005</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Nonspendable	6,564	6,400	6,050	5,000	4,285	3,000
Restricted	-	211	61	1,068	7	5
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>6,564</u>	<u>6,611</u>	<u>6,111</u>	<u>6,068</u>	<u>4,292</u>	<u>3,005</u>
Total liabilities and fund balance	<u>\$ 6,564</u>	<u>\$ 6,611</u>	<u>\$ 6,111</u>	<u>\$ 6,068</u>	<u>\$ 4,292</u>	<u>\$ 3,005</u>
Revenues						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Interest and dividends	-	472	1	-	5	-
Change in investment fair value	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>472</u>	<u>1</u>	<u>-</u>	<u>5</u>	<u>-</u>
Expenditures						
Salary and wages	-	-	-	-	-	-
Program operating costs	-	473	1	-	5	-
Capital expenditures	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>473</u>	<u>1</u>	<u>-</u>	<u>5</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(1)	-	-	-	-
Fund balance - July 1	<u>6,564</u>	<u>6,612</u>	<u>6,111</u>	<u>6,068</u>	<u>4,292</u>	<u>3,005</u>
Fund balance - June 30	<u>\$ 6,564</u>	<u>\$ 6,611</u>	<u>\$ 6,111</u>	<u>\$ 6,068</u>	<u>\$ 4,292</u>	<u>\$ 3,005</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Flora Williams Scholarship	Local School Fund	Vernon Boothby Library	William Taylor Cemetery	Oliver & Lucille Manning	Total
Assets						
Cash	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ 13,632
Investments	2,000	-	-	1,163	14,502	304,691
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	4	1,937	-	-	-	13,856
Total assets	<u>\$ 2,004</u>	<u>\$ 1,937</u>	<u>\$ 1,000</u>	<u>\$ 1,163</u>	<u>\$ 14,502</u>	<u>\$ 332,179</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	163	-	1,842
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>163</u>	<u>-</u>	<u>1,842</u>
Fund Balance						
Nonspendable	2,000	1,937	1,000	1,000	9,385	322,272
Restricted	4	-	-	-	5,117	8,065
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balance	<u>2,004</u>	<u>1,937</u>	<u>1,000</u>	<u>1,000</u>	<u>14,502</u>	<u>330,337</u>
Total liabilities and fund balance	<u>\$ 2,004</u>	<u>\$ 1,937</u>	<u>\$ 1,000</u>	<u>\$ 1,163</u>	<u>\$ 14,502</u>	<u>\$ 332,179</u>
Revenues						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Interest and dividends	43	-	-	209	-	11,599
Change in investment fair value	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>43</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>-</u>	<u>11,599</u>
Expenditures						
Salary and wages	-	-	-	-	-	-
Program operating costs	43	-	-	209	-	11,530
Capital expenditures	-	-	-	-	-	-
Total expenditures	<u>43</u>	<u>-</u>	<u>-</u>	<u>209</u>	<u>-</u>	<u>11,530</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	1,111
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111</u>
Net change in fund balance	-	-	-	-	-	1,180
Fund balance - July 1	<u>2,004</u>	<u>1,937</u>	<u>1,000</u>	<u>1,000</u>	<u>14,502</u>	<u>329,157</u>
Fund balance - June 30	<u>\$ 2,004</u>	<u>\$ 1,937</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 14,502</u>	<u>\$ 330,337</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**PRIVATE PURPOSE TRUSTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Jared Hinckley Scholarship	Kalmon Kurcinik Scholarship	Mary Chase Fund	Robert L. Hanover Scholarship	Richard Woyasz Scholarship
Assets					
Cash	\$ -	\$ -	\$ 7,997	\$ -	\$ -
Investments	50,006	8,233	-	-	1,198
Accounts and other receivables	-	-	110	-	-
Inventories and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	1,474	-
Total assets	<u>\$ 50,006</u>	<u>\$ 8,233</u>	<u>\$ 8,107</u>	<u>\$ 1,474</u>	<u>\$ 1,198</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Restricted					
Expendable	50,006	8,233	8,107	1,474	1,198
Non-expendable	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total net position	<u>50,006</u>	<u>8,233</u>	<u>8,107</u>	<u>1,474</u>	<u>1,198</u>
Total liabilities and net position	<u>\$ 50,006</u>	<u>\$ 8,233</u>	<u>\$ 8,107</u>	<u>\$ 1,474</u>	<u>\$ 1,198</u>
Additions:					
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Interest and dividends	-	-	124	-	-
Change in investment fair value	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total additions	<u>-</u>	<u>-</u>	<u>124</u>	<u>-</u>	<u>-</u>
Deductions:					
Salary and wages	-	-	-	-	-
Program operating costs	-	-	-	-	-
Capital expenditures	-	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	-	-	124	-	-
Net position - July 1	<u>50,006</u>	<u>8,233</u>	<u>7,983</u>	<u>1,474</u>	<u>1,198</u>
Net position - June 30	<u>\$ 50,006</u>	<u>\$ 8,233</u>	<u>\$ 8,107</u>	<u>\$ 1,474</u>	<u>\$ 1,198</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**PRIVATE PURPOSE TRUSTS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
(CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Flegert Ausberger Library	Nichols Trahan Scholarship	Town School Prizes	Totals
Assets				
Cash	\$ -	\$ -	\$ -	\$ 7,997
Investments	2,558	7,810	-	69,805
Accounts and other receivables	-	-	110	220
Inventories and prepaid items	-	-	-	-
Due from other funds	100	-	1,782	3,356
Total assets	<u>\$ 2,658</u>	<u>\$ 7,810</u>	<u>\$ 1,892</u>	<u>\$ 81,378</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Restricted				
Expendable	2,658	7,810	1,892	81,378
Non-expendable	-	-	-	-
Unrestricted	-	-	-	-
Total net position	<u>2,658</u>	<u>7,810</u>	<u>1,892</u>	<u>81,378</u>
Total liabilities and net position	<u>\$ 2,658</u>	<u>\$ 7,810</u>	<u>\$ 1,892</u>	<u>\$ 81,378</u>
Additions:				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest and dividends	100	-	113	337
Change in investment fair value	-	-	-	-
Miscellaneous	-	-	-	-
Total additions	<u>100</u>	<u>-</u>	<u>113</u>	<u>337</u>
Deductions:				
Salary and wages	-	-	-	-
Program operating costs	-	-	-	-
Capital expenditures	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	100	-	113	337
Net position - July 1	<u>2,558</u>	<u>7,810</u>	<u>1,779</u>	<u>81,041</u>
Net position - June 30	<u>\$ 2,658</u>	<u>\$ 7,810</u>	<u>\$ 1,892</u>	<u>\$ 81,378</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**TOWN CONSTRUCTION PROJECTS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	LES Building Project	LMS Building Project	Fire Safety Complex	Senior Center Complex	Amston Lake Sewer Project	Total
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 71,669	\$ 71,669
Investments	-	-	-	-	-	-
Accounts and other receivables	-	-	-	-	-	-
Inventories and prepaid items	-	-	-	-	-	-
Due from other funds	-	-	11,641	-	-	11,641
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,641</u>	<u>\$ -</u>	<u>\$ 71,669</u>	<u>\$ 83,310</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 4,500
Other liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	1,894	35,987	37,881
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,894</u>	<u>40,487</u>	<u>42,381</u>
Fund Balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	11,641	-	31,182	42,823
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(1,894)	-	(1,894)
Total fund balance	<u>-</u>	<u>-</u>	<u>11,641</u>	<u>(1,894)</u>	<u>31,182</u>	<u>40,929</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,641</u>	<u>\$ -</u>	<u>\$ 71,669</u>	<u>\$ 83,310</u>
Revenues						
Property tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	63,584	-	-	-	-	63,584
Interest and dividends	-	-	-	-	126	126
Charges for services	-	-	-	-	14,208	14,208
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>63,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,334</u>	<u>77,918</u>
Expenditures						
Salary and wages	-	-	-	-	-	-
Program operating costs	-	-	-	-	-	-
Capital expenditures	237,494	-	-	-	14,044	251,538
Total expenditures	<u>237,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,044</u>	<u>251,538</u>
Excess of revenues over (under) expenditures	<u>(173,910)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290</u>	<u>(173,620)</u>
Other financing sources (uses)						
Transfers in	759,142	-	-	-	-	759,142
Transfers out	-	(192,020)	-	-	-	(192,020)
Total other financing sources (uses)	<u>759,142</u>	<u>(192,020)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,122</u>
Net change in fund balance	585,232	(192,020)	-	-	290	393,502
Fund balance - July 1	<u>(585,232)</u>	<u>192,020</u>	<u>11,641</u>	<u>(1,894)</u>	<u>30,892</u>	<u>(352,573)</u>
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,641</u>	<u>\$ (1,894)</u>	<u>\$ 31,182</u>	<u>\$ 40,929</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

CAPITAL AND NON-RECURRING FUND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Fund Balance 07/01/14	Annual Appropriation	Revenues	Expenditures	Fund Balance 06/30/15
General Government					
Revaluation	\$ 6,019	\$ -	\$ -	\$ -	\$ 6,019
Public Safety					
Fire apparatus reserve	(45,200)	52,629	12,000	(520)	18,909
Emergency services reserve	142,467	-	17,221	-	159,688
	<u>97,267</u>	<u>52,629</u>	<u>29,221</u>	<u>(520)</u>	<u>178,597</u>
Public Works					
Paving	197,412	390,000	-	(398,520)	188,892
Truck body replacements	(1,900)	-	-	-	(1,900)
Equipment lease purchase	14,502	60,000	-	(55,659)	18,843
Equipment lease over rail mower	6,625	40,000	-	(28,218)	18,407
Transfer station improvements	65,391	-	-	(175)	65,216
Cemetery commission repairs	2,816	-	-	-	2,816
Cemetery Road development	20,000	-	-	-	20,000
Lease obligation-plow truck	-	40,000	-	(39,116)	884
Equipment-bucket truck	-	40,000	-	(23,912)	16,088
Equipment-debris vacuum	-	8,000	-	(6,278)	1,722
Waterman Rd. drainage repair	-	10,000	-	-	10,000
Bascom Rd. pre-construction	-	45,000	-	(16,702)	28,298
Public works building design	-	25,000	-	-	25,000
Aspinall home site-remediation	-	30,000	-	(30,000)	-
Highway survey bridges/pipes	-	100,000	-	(76,614)	23,386
	<u>304,846</u>	<u>788,000</u>	<u>-</u>	<u>(675,194)</u>	<u>417,652</u>
Health and Social					
Aspinall field tennis to basketball	25,000	-	-	(21,508)	3,492
Library renovations	-	10,000	-	(6,110)	3,890
Senior center-cover vehicles	-	45,000	-	-	45,000
Soccer field design-new	-	25,000	-	(4,353)	20,647
	<u>25,000</u>	<u>80,000</u>	<u>-</u>	<u>(31,971)</u>	<u>73,029</u>
Community Preservation					
Open space	115,615	100,000	-	(48,897)	166,718
Purchase Keefe property	-	100,000	-	(100,000)	-
	<u>115,615</u>	<u>200,000</u>	<u>-</u>	<u>(148,897)</u>	<u>166,718</u>
Education					
School improvement plan	47,571	150,000	-	(92,291)	105,280
Technology	14,890	90,000	-	(84,750)	20,140
Athletic facilities	45,525	30,000	-	(22,260)	53,265
	<u>107,986</u>	<u>270,000</u>	<u>-</u>	<u>(199,301)</u>	<u>178,685</u>
Totals	<u>\$ 656,733</u>	<u>\$ 1,390,629</u>	<u>\$ 29,221</u>	<u>\$ (1,055,883)</u>	<u>\$ 1,020,700</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**TRUMBULL INVESTMENT FUNDS
COMBINING BALANCE SHEET AND COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015**

	Jonathan Trumbull Jr. Library Fund	Adams Community Center Fund	Jonathan Trumbull Jr. House Fund	Total
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	1,377,895	721,486	483,378	2,582,759
Accounts and prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 1,377,895</u>	<u>\$ 721,486</u>	<u>\$ 483,378</u>	<u>\$ 2,582,759</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	1,377,895	721,486	483,378	2,582,759
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>1,377,895</u>	<u>721,486</u>	<u>483,378</u>	<u>2,582,759</u>
Total liabilities and fund balance	<u>\$ 1,377,895</u>	<u>\$ 721,486</u>	<u>\$ 483,378</u>	<u>\$ 2,582,759</u>
Revenues				
Property tax revenues	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest and dividends	42,772	22,319	15,055	80,146
Change in investment fair value	(986)	(516)	(346)	(1,848)
Miscellaneous	-	-	-	-
Total revenues	<u>41,786</u>	<u>21,803</u>	<u>14,709</u>	<u>78,298</u>
Expenditures				
Salary and wages	-	-	-	-
Program operating costs	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>41,786</u>	<u>21,803</u>	<u>14,709</u>	<u>78,298</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(42,772)	(22,319)	(15,055)	(80,146)
Total other financing sources (uses)	<u>(42,772)</u>	<u>(22,319)</u>	<u>(15,055)</u>	<u>(80,146)</u>
Net change in fund balance	(986)	(516)	(346)	(1,848)
Fund balance - July 1	<u>1,378,881</u>	<u>722,002</u>	<u>483,724</u>	<u>2,584,607</u>
Fund balance - June 30	<u>\$ 1,377,895</u>	<u>\$ 721,486</u>	<u>\$ 483,378</u>	<u>\$ 2,582,759</u>

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT
STATEMENT OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7.374(b)
FOR THE YEAR ENDED JUNE 30, 2015

Total tax collections including interest and lien fees for the year ended June 30, 2015	\$ 16,815,705
Reimbursement for revenue loss on: Tax relief for the elderly (CGS 12-129d)	<u>35,568</u>
Base	<u><u>\$ 16,851,273</u></u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
<u>Debt Limitation:</u>					
2 1/4 times base	\$ 37,915,364	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	75,830,729	-	-	-
3 3/4 times base	-	-	63,192,274	-	-
3 1/4 times base	-	-	-	54,766,637	-
3 times base	-	-	-	-	50,553,819
Total debt limitation	<u>37,915,364</u>	<u>75,830,729</u>	<u>63,192,274</u>	<u>54,766,637</u>	<u>50,553,819</u>
<u>Indebtedness:</u>					
Bonds payable	548,400	1,736,600	4,699,263	-	-
Bonds authorized and unissued	630,000	8,296,724	1,445,000	-	-
Notes payable	93,218	-	-	-	-
Capital leases payable	216,589	-	-	-	-
Total indebtedness	<u>1,488,207</u>	<u>10,033,324</u>	<u>6,144,263</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u><u>\$ 36,427,157</u></u>	<u><u>\$ 65,797,405</u></u>	<u><u>\$ 57,048,011</u></u>	<u><u>\$ 54,766,637</u></u>	<u><u>\$ 50,553,819</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation.

See accompanying Independent Auditors' Report.

TOWN OF LEBANON, CONNECTICUT

**REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

Grand List October 1,	Taxes Receivable July 1, 2014	Lawful Corrections		Suspense Transfers	Adjusted Taxes Receivable	Collections			Taxes Receivable June 30, 2015
		Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2013	\$ 16,749,218	\$ -	\$ 37,191	\$ -	\$ 16,712,027	\$ 16,364,808	\$ 80,768	\$ 16,445,576	\$ 347,219
2012	356,422	-	2,457	-	353,965	226,904	52,379	279,283	127,061
2011	118,341	-	644	(22,787)	94,910	52,467	20,293	72,760	42,443
2010	19,141	-	420	-	18,721	12,251	4,045	16,296	6,470
2009	5,762	-	407	-	5,355	193	445	638	5,162
2008	2,415	-	392	-	2,023	-	-	-	2,023
2007	2,135	-	80	-	2,055	-	-	-	2,055
2006	2,343	-	79	-	2,264	1,017	135	1,152	1,247
2005	286	-	-	-	286	-	-	-	286
2004	273	-	-	-	273	-	-	-	273
2003	263	-	-	-	263	-	-	-	263
2002	109	-	-	-	109	-	-	-	109
2001	105	-	-	-	105	-	-	-	105
2000	100	-	-	-	100	-	-	-	100
Total	<u>\$ 17,256,913</u>	<u>\$ -</u>	<u>\$ 41,670</u>	<u>\$ (22,787)</u>	<u>\$ 17,192,456</u>	<u>\$ 16,657,640</u>	<u>\$ 158,065</u>	<u>\$ 16,815,705</u>	<u>\$ 534,816</u>