

**TOWN OF NEW HARTFORD
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2014

Prepared By
Finance Department
New Hartford
New Hartford, Connecticut 06057

TOWN OF NEW HARTFORD

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Introductory Section

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TOWN OF NEW HARTFORD

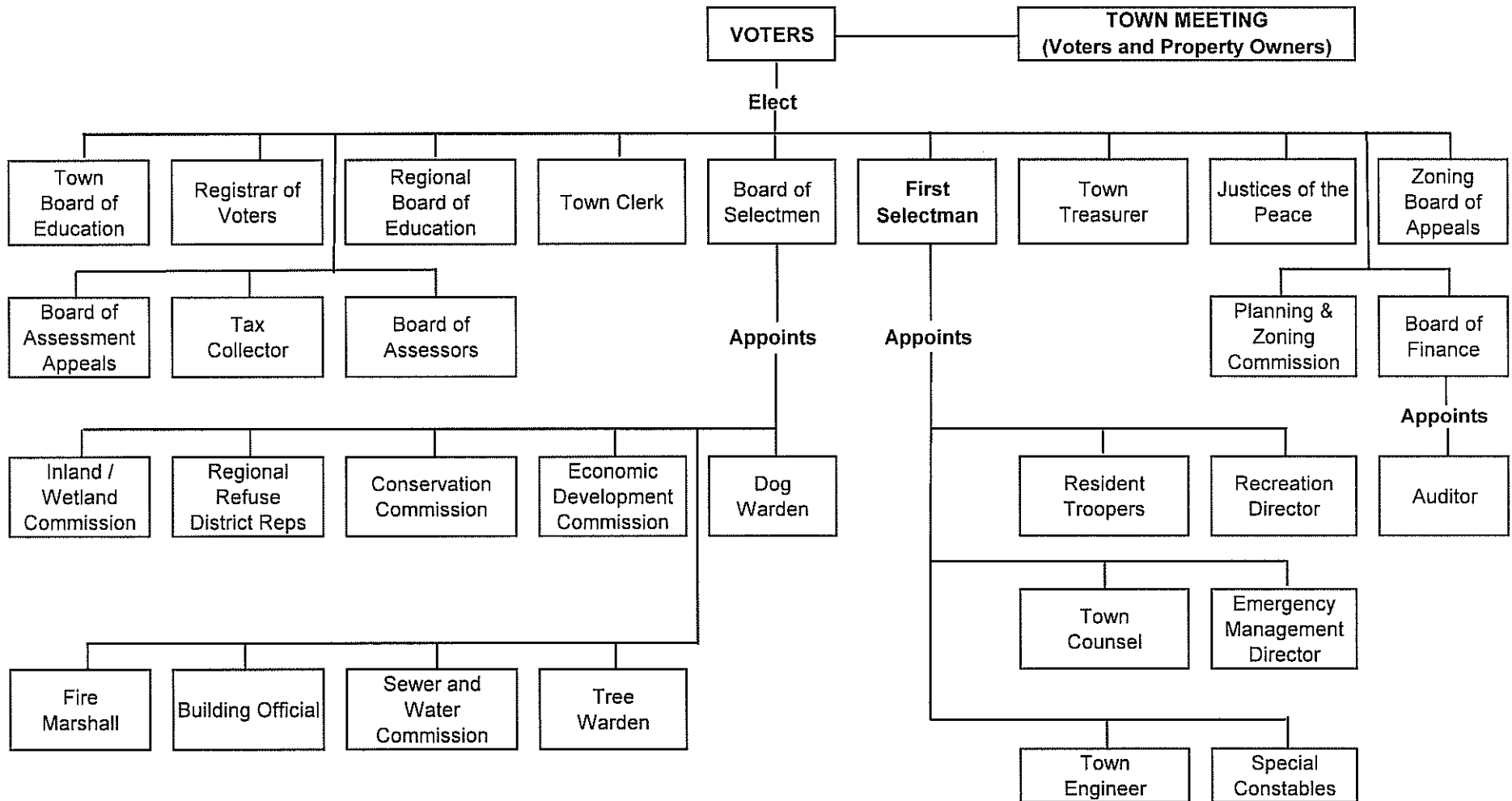
Principal Officials

June 30, 2014

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term</u>
First Selectman	Daniel V. Jerram	Elected	2 years
Selectman	Jack Casey	Elected	2 years
Selectman	Alesia Kennerson	Elected	2 years
Town Clerk	Donna N. LaPlante	Elected	4 years
Tax Collector	Linda M. Sheffield	Elected	2 years
Treasurer	Gordon Ross	Elected	2 years
Assessor	Beth Paul	Appointed	Indefinite
Board of Finance - Chair	Bernard J. Witte	Elected	6 years
Board of Education - Chair	Bryan Keilty	Elected	6 years
Superintendent/Principal	Dr. Phillip O'Reilly	Appointed	Indefinite
Judge of Probate	Michael Magistralli	Elected	4 years

TOWN OF NEW HARTFORD

Organizational Chart



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of New Hartford
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Daniel V. Jerram
First Selectman



Town Hall
530 Main Street
Post Office Box 316
New Hartford, CT 06057

December 31, 2014

To the Members of the Board of Selectmen,
Board of Education, Board of Finance and
Citizens of the Town of New Hartford, Connecticut:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of New Hartford, CT (the "Town") for the fiscal year ended June 30, 2014. The appointed auditors from King, King & Associates, CPAs Certified Public Accountants, have issued their opinion on New Hartford's financial statements for the Fiscal Year 2013-2014, which states that the Town's financial statements are fairly presented in accordance with generally accepted accounting principles. Additionally, the auditor's reports issued under *Government Auditing Standards* report no material weaknesses and no findings under grant programs. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

This report was prepared by the Town Finance Department under the direction of the First Selectman with the services of King, King & Associates, CPAs as the Town's contractual auditor. The report consists of management's representations concerning the finances of the Town. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that this financial report is complete to the best of our knowledge and belief.

The Town is required to undergo an annual audit in conformity with the provisions of the Connecticut General Statutes, the Connecticut Single Audit Act, Federal Single Audit Act, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, when applicable. Information related to the Connecticut State Single Audit, including the Schedule of Expenditures of State Financial Assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are issued under a separate cover and are not included in this report. Copies of these reports are on file in the Town Clerk's office.

Profile of the Government

Description of the Town

New Hartford borders the City of Torrington to the west, Barkhamsted to the north, Canton to the east, and Burlington and Harwinton to the south. The Town was settled in 1733 and incorporated five years later in October of 1738. State routes 44, 202, and 219 along with numerous town and private roads traverse New Hartford's 38.3 square miles. Grades kindergarten through six attend local Town schools. Two of the three Town schools have been renovated in the last 13 years. The renovations were funded primarily through state construction grants and

long-term bonds, which are in the repayment phase. The bond for Bakerville Consolidated School was fully repaid on September 1, 2013. Grades seven through twelve attend Northwestern Regional School District No. 7 in Winsted, whose member towns include New Hartford, Barkhamsted, Colebrook, and Norfolk. The school buildings were renovated in 1999, financed primarily through state construction grants and long-term bonds that are being repaid through assessments to the member Towns. All schools attended by the residents are widely accepted to maintain high levels of scholastic achievement.

Many of New Hartford's residents commute to the Hartford area to white collar and management positions. Land use is characterized by many large, limited purpose sites such as the Nepaug State Forest (1,017.4 acres), Metropolitan District Commission water shed lands (2,481.62 acres), sizable agricultural areas, land acquired as open space, and vacant land. The few developments in Town are consistently moderate to low density single family residences. The Town has experienced steady population growth in the last 40 years growing from a population of 3,993 in 1970 to 6,970 according to 2010 Census. The Census reports that the town's population has since declined to 6,886 in 2013. Student population in local schools has dropped significantly in recent years. Grand list growth, primarily attributable to new home construction, has stagnated in recent years. Supporting new initiatives to foster new economic development remains a priority of the Town.

The Town's principal industries are manufacture of plumbing supplies, aircraft parts, electronic components, springs, industrial adhesives, motion control products, agriculture and plastics. The world famous Ovation Guitar Company ceased production in New Hartford in 2014, but maintains a repair facility in town. Home Depot provides large scale retail of home improvement products. Recreational sites, such as the Farmington River for fishing, canoeing and kayaking and Ski Sundown for skiing, attract visitors year round.

Form of Government

New Hartford is governed by the Board of Selectmen/Board of Finance/Town Meeting form of government. A three-member Board of Selectmen, elected biennially, serves as the executive body, and a full-time First Selectman acts as the Town's Chief Executive. The six-member Board of Finance, in conjunction with the First Selectman and the elected part-time Treasurer, is responsible for finances and for preparing and presenting the annual budget of the Town.

The Town Meeting is the legislative body that must approve the annual budget, all special appropriations or expenditures over \$20,000, and all bond and note authorizations. Local elections are held every odd-numbered year in November. There are two voting districts, but all elected officials serve at-large. The Board of Selectmen assumes office four weeks after election and appoints members of various Town boards, commissions, and committees. The Board of Education appoints the Superintendent of Schools who is responsible for administering the Town's educational system.

The Town provides a full range of services, including police and fire protection; emergency medical services; highway, parks and recreation; solid waste disposal; water and sewer; elementary education; library services; utilities; and services to the elderly.

The annual budget serves as the foundation for the Town's financial planning and control. The Board of Selectmen hold public review sessions before approving a proposed budget and submitting it to the Board of Finance each year. The Board of Finance reviews the budget with the Board of Selectmen and holds a public hearing in April each year. The Board of Finance adjusts the proposed budget before recommending the budget to the annual town budget meeting each year, where the budget may be discussed and then adjourned to referendum. It is noted that while statute allows the Town to approve the budget at the "budget meeting", the Board of Selectmen have historically under CGS 7-7 voluntarily removed the item from the call of the Budget Meeting and have taken the budget to referendum every year for the past 20+ years.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of New Hartford operates.

Local Economic Condition and Outlook

Local economic indicators have slowed considerably and remain at record low levels. Unemployment remains very high in New Hartford (local unemployment for the 2013/2014 fiscal year was 6.5%). Residential construction, the primary source of Grand List growth remains at record low levels. Only four (4) permits were issued for new homes in 2013/2014 fiscal year, near a 10 year low. The lack of new construction continues to place pressure on residential real estate taxes. The Town is anticipating a reduction in some state grants. Over the past year the town has utilized state and federal grants to complete several large infrastructure projects, but grant funding continues to get harder to find.

One State grant totaling \$187,757 was received to off-set the cost of security enhancements (totaling \$487,643) at all three local schools. The town also applied for a \$500,000 STEAP grant for sewer line extensions and a Local Bridge Program grant of \$367,655 to replace the Carpenter Road Bridge. While the STEAP grant was not approved, \$3.7 Million was awarded through the DEEP Clean Water Priority List funding for sewer extension. The bridge grant was awarded in early July 2014.

While the State projects population growth, the Town is not anticipating any significant increase to the tax base by way of new residents or businesses, as the current declining economic times has people being cautious relative to spending. The First Selectman is committed to continued budget restraint combined with pursuit of grant funds (when available) to help maintain affordable real estate taxes. The First Selectman has taken action to limit long term budget growth by minimizing growth in labor costs through reasonable contractual salary increases balanced with increased co-funding of health care costs by employees. The town also replaced Anthem Blue Cross/Blue Shield with ConnectiCare as the town's new health insurance provider to reduce costs. The Town and Municipal Employee unions have also agreed to "sunset" the Town's pension program in favor of a new Defined Contribution Plan which will show significant savings to the Town in the future.

Long-Term Financial Planning

The Municipal Reserve fund provides financial resources for the acquisition of major equipment or the construction of capital facilities. The Town periodically maintains individual capital projects funds for special grant funded projects, such as school renovation projects. Municipal debt service remains low and no new bonded initiatives have been undertaken in the fiscal year. The Town's largest municipal debt consists of the USDA loan for construction of the now completed Wastewater Treatment Plant (WWTP). This \$8,950,000 project was funded through a \$3,650,000 USDA Loan. Debt service on the loan will cost residents and taxpayers roughly \$195,000 per year with 61 percent of the debt paid for by Sewer users and 39 percent paid for by the general taxpayers. Appropriations are made on an annual basis by the Board of Selectmen, Board of Finance and Board of Education within the respective operating budgets for infrastructure and facility improvements and vehicle and equipment acquisition.

Cash and Investment Management Policies and Practices

All cash during the year was maintained in demand accounts. The Town restricts its investment activities to instruments that provide, in order of priority, the greatest safety, liquidity and yield.

Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Town purchases commercial insurance to cover most potential risks of loss. Neither the Town nor its insurers have settled any claim within the past year, which have exceeded the Town's insurance coverage. There were no significant changes in coverage from the prior year, and no settlements have exceeded insurance coverage in the last three years. Additional information of the Town of New Hartford's risk management activity can be found in Note 7 of the notes to the financial statements.

Pension Trust Fund Operations

The Town has a Pension Trust Fund for Town employees hired on or before July 1, 2011, which is a single employer, defined benefit, noncontributory plan that is administered by the Town. Board of Education employees that are excluded from this plan are participants in the State Teachers Retirement System. Teacher pension contributions provided and managed by the State of Connecticut on behalf of the Town are disclosed in the Town's financial statements but are not a part of the Town's Pension Trust Funds. Newer employees (hired after July 1, 2011) are offered a co-funded Municipal 457 plan administered through ING.

The Town's pension assets are invested in Cash Equivalents (Money Funds) and various Mutual Funds. These accounts are managed by investment professionals, who are responsible for coordinating and monitoring the management of the investments within guidelines contained in an approved investment plan. A five-member Pension Committee is appointed by the Board of Selectmen and meets quarterly to review investment performance and asset allocation decisions. The investment policy and allocation guidelines are adjusted on a periodic basis by the Board of Selectmen upon recommendation by the Pension Committee. Over the past two fiscal years, the economy has had a significant impact on the value of the assets of the pension fund. The pension fund balance has grown significantly over this time, regaining prior losses with a current balance of \$2,803,627 as of June 30, 2014 (balance was \$2,331,750 as of June 30, 2013 and \$2,034,773 on June 30, 2012). Annual pension contributions currently exceed \$230,000.

Independent Audit

Connecticut General Statutes require that all municipalities have their accounts audited annually by an independent public accountant as required under Connecticut General Statutes Section 7-392. The Board of Finance appointed King, King & Associates, CPAs to conduct the 2013-2014 Town audit. The independent auditor's report is included in this report.

Certificate of Achievement

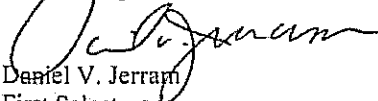
This report has been prepared following the guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB). The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA awarded the certificate to the Town of New Hartford for the fiscal years ending 2009, 2010, 2011, 2012 & 2013. 2009 was the first year that the Town ever received an award of this type.

A Certificate of Achievement, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine eligibility for another certificate.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Board of Selectmen, Board of Finance, and the Finance Department. I would like to express my appreciation to them and other town departments who assisted in compiling this report. My office aims to provide support and advice necessary to carry out the policies of the New Hartford Board of Selectmen and Board of Finance, along with the many challenging issues confronting New Hartford in the years ahead.

Respectfully Submitted,



Daniel V. Jerram
First Selectman

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Financial Section

King, King & Associates

*Certified Public Accountants
Serving Businesses, Individuals, Nonprofits and Governments*

Member of
American Institute of
Certified Public Accountants

Connecticut Society of
Certified Public Accountants

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Independent Auditor's Report

To the Board of Finance
Town of New Hartford, CT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of New Hartford, CT, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of New Hartford, CT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11–17, the budgetary comparison information on page 24 and the supplementary pension plan information on pages 53-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

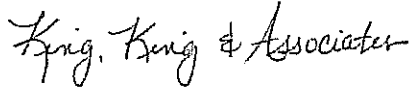
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of New Hartford, CT's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, on our consideration of the Town of New Hartford, CT'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 New Hartford, CT's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "King, King & Associates".

King, King & Associates, CPAs
Winsted, CT
December 16, 2014

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

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

Financial Highlights

- The assets of the Town of New Hartford, CT exceeded its liabilities at the close of the most recent fiscal year by \$23,515,198 (*net position*). Restricted net position is \$636,139 of which \$39,792 is restricted for Community Investment, \$487,607 is restricted for Community Development, \$101,822 is restricted for Town Hill Cemetery, \$4,946 is restricted for Historical Documents and \$1,972 is restricted for New Hartford Day.
- The Town of New Hartford, CT's, total net position increased by \$720,007. This increase is attributable primarily to an increase in grant funds receivable.
- As of the close of the current fiscal year, the Town of New Hartford, CT's governmental funds reported combined ending fund balances of \$4,829,804, a decrease of \$82,690 in comparison with the prior year. The decrease was attributable to the use of fund balance for the school security projects and special education cost overrun partially offset by favorable cost savings in most departments. Of this amount, \$2,381,486 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, assigned and unassigned fund balance for the General Fund was \$3,441,800 or 14.8% percent of total General Fund expenditures.

Overview of the Financial Statements

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

Government-Wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of New Hartford, CT's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of New Hartford, CT's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of New Hartford, CT is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in future cash inflows (revenues) and outflows (expenditures).

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

Both of the government-wide financial statements distinguish functions of the Town of New Hartford, CT that are principally supported by grants and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of New Hartford, CT include education, public safety, general government and highway.

The government-wide financial statements can be found on pages 18-19 of this report.

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

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of New Hartford, CT maintains twelve (12) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The Town of New Hartford, CT adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds: The Town maintains one proprietary fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

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

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-52 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of New Hartford, CT, assets exceeded liabilities by \$23,515,198 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 6,022,827	\$ 6,125,798	\$ 266,177	\$ 371,227	\$ 6,289,004	\$ 6,497,025
Capital Assets	15,741,855	15,769,357	11,497,860	11,391,433	27,239,715	27,160,790
Total Assets	21,764,682	21,895,155	11,764,037	11,762,660	33,528,719	33,657,815
Deferred Outflows of Resources	-	-	-	-	-	-
Long-term Liabilities	5,903,638	6,450,269	2,886,586	2,992,545	8,790,224	9,442,814
Other Liabilities	1,120,562	1,320,825	102,735	98,985	1,223,297	1,419,810
Total Liabilities	7,024,200	7,771,094	2,989,321	3,091,530	10,013,521	10,862,624
Deferred Inflows of Resources	-	-	-	-	-	-
Net Position:						
Net Investment in						
Capital Assets	12,513,900	12,124,042	10,767,874	10,636,926	19,779,931	19,167,283
Restricted	636,139	36,948	-	-	636,139	36,948
Unrestricted	1,590,443	1,963,071	(1,993,158)	(1,965,796)	3,099,128	3,590,960
Total Net Position	\$ 14,740,482	\$ 14,124,061	\$ 8,774,716	\$ 8,671,130	\$ 23,515,198	\$ 22,795,191

The restricted portion of the Town of New Hartford, CT's net position represents net position restricted for Community Investments. The balance of *unrestricted net position* (\$1,590,443) may be used to meet the government's ongoing obligations to citizen and creditors.

At the end of the current fiscal year, the Town of New Hartford, CT's Governmental Activities is able to report positive balances in all categories of net position, for the government as a whole.

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

Net position of governmental activities increased by \$616,421 during this fiscal year. This increase is primarily attributable to cost savings in all departments.

Net position of business-type activities increased by \$103,586 during this fiscal year. This increase is primarily attributable to the federal grant funds received.

	Governmental Activities		Business-Type Activities		Totals	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 18,065,221	\$ 17,928,524	\$ -	\$ -	\$ 18,065,221	\$ 17,928,524
Unrestricted Grants	96,757	455,629	-	-	96,757	455,629
Investment Income	29,189	26,823	-	-	29,189	26,823
Rental Income	-	48,933	-	-	-	48,933
Other Income	86,293	100,365	150	-	86,443	100,365
<i>Program Revenues:</i>						
Charges for Services	546,988	510,062	741,148	722,010	1,288,136	1,232,072
Operating Grants and Contributions	4,947,624	4,551,503	-	-	4,947,624	4,551,503
Capital Grants and Contributions	146,071	130,370	455,891	-	601,962	130,370
Total Revenues	<u>23,918,143</u>	<u>23,752,209</u>	<u>1,197,189</u>	<u>722,010</u>	<u>25,115,332</u>	<u>24,474,219</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	1,692,211	1,858,404	-	-	1,692,211	1,858,404
Public Safety	611,487	621,356	-	-	611,487	621,356
Highway	1,701,028	1,564,137	-	-	1,701,028	1,564,137
Planning and Development	146,313	148,092	-	-	146,313	148,092
Health and Welfare	220,060	204,198	-	-	220,060	204,198
Libraries	272,000	268,000	-	-	272,000	268,000
Parks and Recreation	284,804	329,721	-	-	284,804	329,721
Commissions and Agencies	83,391	62,503	-	-	83,391	62,503
Education	18,094,896	17,543,708	-	-	18,094,896	17,543,708
Interest Expense	195,733	219,579	104,460	107,240	300,193	326,819
<i>Business-Type Activities:</i>						
Water and Sewer System	-	-	988,942	843,571	988,942	843,571
Total Expenses	<u>23,301,923</u>	<u>22,819,698</u>	<u>1,093,402</u>	<u>950,811</u>	<u>24,395,325</u>	<u>23,770,509</u>
Change in Net Position Before Special Items and Transfers	616,220	932,511	103,787	(228,801)	720,007	703,710
Transfers	201	-	(201)	-	-	-
Change in Net Position	616,421	932,511	103,586	(228,801)	720,007	703,710
Beginning Net Position - restated	14,124,061	13,191,550	8,671,130	8,899,931	22,795,191	22,091,481
Ending Net Position	<u>\$ 14,740,482</u>	<u>\$ 14,124,061</u>	<u>\$ 8,774,716</u>	<u>\$ 8,671,130</u>	<u>\$ 23,515,198</u>	<u>\$ 22,795,191</u>

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

Governmental Activities: Governmental activities increased the Town of New Hartford, CT's net position by \$616,421. Seventy-six percent (76%) of the revenues of the Town were derived from property taxes, followed by twenty-one percent (21%) from grants and contributions, then two percent (2%) from charges for services, then one percent (1%) from other general revenues and investment earnings.

Major revenue factors include:

- Better than anticipated Property Tax collections
- Receipt of \$75,486 of additional Municipal Grant in Aid in excess of budget
- Appropriation of \$577,000 for the school security project and special education cost overruns

For Governmental Activities, 78% of the Town's expenses relate to education, 4% relate to public safety and health and welfare, 7% relate to public works/capital outlay, and the remaining 11% relates to government and community services, administration, and other areas.

Major expense factors include:

- Less than anticipated costs for health insurance
- Less than anticipated costs for Resident Troopers
- Reduction in the Regional Refuse District #1 assessment
- Less than anticipated costs for legal and professional fees

Other significant grant/projects included in governmental activities include:

- The final payment on the 2003 GO Bonds for the Bakerville School project
- Inception of several projects including Carpenter Road Bridge, Maple Hollow Bridge, Antolini Salt Shed and the School Security Project
- Purchase of a Dump Truck

Business-Type Activities: Business-type activities increased the Town of New Hartford, CT's net position by \$103,586. Sixty-eight percent (68%) of the revenues of the business-type activities were derived from charges for services. The remaining 32% was from grant funds.

Financial Analysis of the Government's Funds

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

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

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

As of the end of the current fiscal year, the Town of New Hartford, CT's governmental funds reported combined ending fund balances of \$4,829,804, a decrease of \$82,690 in comparison with the prior year. 49% of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Town of New Hartford, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,442,778. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.5 percent of total General Fund expenditures. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, has further classified unreserved fund balance into two categories: Assigned and Unassigned. Assigned Fund Balance is also available for use in the General Fund at the direction of the Boards of Finance and Selectmen. The total Unassigned and Assigned Fund Balance in the General Fund is \$3,441,800. The remaining fund balance of \$17,865 represents monies restricted for the Waste Water Treatment Plant.

The fund balance of the Town of New Hartford, CT's General Fund decreased by \$544,273 during the current fiscal year. As previously discussed, there were additional appropriation of fund balance for the school security project and special education cost overruns.

General Fund Budgetary Highlights

- Projected Revenues exceeded expectations in most categories. A use of surplus of \$577,000 was appropriated to the school security project special education cost overruns. This was partially offset by unanticipated grant funds that were received and cost savings in departments.

Capital Asset and Debt Administration

Capital Assets: The Town of New Hartford, CT's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$27,239,715 (net of accumulated depreciation). This investment in capital assets includes land and buildings, vehicles, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- 2013 Dump Truck
- Purchase of Apple Computers for the Computer Lab at Antolini School
- Capital Lease for MacBooks for Computer Lab
- Antolini School and Major Field Improvements
- Roller
- Classroom carpeting
- Completion of projects started in prior years including Main Street sidewalk repairs, Brook Street repairs and the Hoop House Sand/Salt Shed
- New server
- Projects in progress for the Antolini Salt Shed, School Security Project, Carpenter Road bridge repair/replacement, Maple Hollow Road bridge repair/replacement and School Security Assessment/Upgrades

TOWN OF NEW HARTFORD, CT
Management's Discussion and Analysis
June 30, 2014

<i>Governmental Activities:</i>	<u>2014</u>	<u>2013</u>
Land & Infrastructure	\$ 7,315,056	\$ 7,085,390
Construction in Progress	154,788	312,598
Building & Improvements	7,612,044	7,826,921
Vehicles	223,288	220,910
Machinery & Equipment	436,679	323,538
Total	<u>\$ 15,741,855</u>	<u>\$ 15,769,357</u>

<i>Business-type activities:</i>	<u>2014</u>	<u>2013</u>
Land and Infrastructure	\$ 11,507	\$ 11,507
Buildings and Improvements	11,271,913	11,157,510
Waterlines	189,602	196,315
Machinery & Equipment	24,838	26,101
	<u>\$ 11,497,860</u>	<u>\$ 11,391,433</u>

Additional information on the Town of New Hartford, CT's capital assets can be found in Note 3 on pages 40-41 of this report.

Long-Term Debt: The Town of New Hartford, CT has the following obligations:

	<u>2014</u>	<u>2013</u>
Compensated absences	\$ 329,577	\$ 361,885
Premium on Bond	-	315
Net Pension Liability	1,540,734	1,706,891
USDA Loan	3,513,350	3,594,000
G.O. Bonds	3,271,730	3,705,000
Capital Lease	37,955	-
Loans	636,749	694,507
Total	<u>\$ 9,330,095</u>	<u>\$ 10,062,598</u>

The Town of New Hartford, CT's total debt decreased by \$638,923 due to the repayment of G.O. Bonds. Additional information on the Town of New Hartford, CT's long-term debt can be found in Note 3 on pages 42-44 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town will use \$463,589 of fund balance to finance the subsequent year's budget.
- State grants are expected to fluctuate due to lack of revenue sources.
- Current recession still has people cautious relative to spending.
- Personal Property data illustrates a reduction in the 2014 Grand List.

Request for Information

This financial report is designed to provide a general overview of the Town of New Hartford, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Board, Town of New Hartford, 530 Main Street, P.O. Box 316, New Hartford, CT 06057.

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Basic Financial Statements

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TOWN OF NEW HARTFORD

Statement of Net Position

June 30, 2014

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 4,710,339	\$ 37,356	\$ 4,747,695
State and Federal Grants Receivable	6,775	-	6,775
Taxes and Assessments Receivable	518,598	228,821	747,419
Other Receivables	22,110	-	22,110
Interest Receivable	152,781	-	152,781
Prepaid Expenses	26,250	-	26,250
Inventories	5,209	-	5,209
Total Current Assets	<u>5,442,062</u>	<u>266,177</u>	<u>5,708,239</u>
Noncurrent Assets:			
Restricted for Wastewater Treatment Plant Project			
Cash and Cash Equivalents	17,865	-	17,865
Deferred Loans Receivable	463,810	-	463,810
Investments	99,090	-	99,090
Capital Assets:			
Nondepreciable Assets	5,596,268	11,507	5,607,775
Depreciable Buildings and Equipment, net	<u>10,145,587</u>	<u>11,486,353</u>	<u>21,631,940</u>
Total Noncurrent Assets	<u>16,322,620</u>	<u>11,497,860</u>	<u>27,820,480</u>
Total Assets	\$ 21,764,682	\$ 11,764,037	\$ 33,528,719
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 623,723	\$ 948	\$ 624,671
Accrued Expenses	17,115	-	17,115
Refundable Advance	33,653	-	33,653
Other Payables	7,987	-	7,987
Current Portion of Interfund Advances	(66,147)	66,147	-
Current Portion of Notes, Bonds and Leases	<u>504,231</u>	<u>35,640</u>	<u>539,871</u>
Total Current Liabilities	<u>1,120,562</u>	<u>102,735</u>	<u>1,223,297</u>
Non-Current Liabilities			
Internal Balances	(2,203,747)	2,203,747	-
Noncurrent Portion of Loans, Bonds and Leases	6,566,651	682,839	7,249,490
Net Pension Liability	<u>1,540,734</u>	<u>-</u>	<u>1,540,734</u>
Total Noncurrent Liabilities	<u>5,903,638</u>	<u>2,886,586</u>	<u>8,790,224</u>
Total Liabilities	<u>7,024,200</u>	<u>2,989,321</u>	<u>10,013,521</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net Investment in Capital Assets	12,513,900	10,779,381	19,779,931
Restricted for Community Investment	39,792	-	39,792
Restricted for Community Development	487,607	-	487,607
Restricted for Town Hill Cemetery	101,822	-	101,822
Restricted for Other Purposes	6,918	-	6,918
Unrestricted	<u>1,590,443</u>	<u>(2,004,665)</u>	<u>3,099,128</u>
Total Net Position	<u>\$ 14,740,482</u>	<u>\$ 8,774,716</u>	<u>\$ 23,515,198</u>

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

TOWN OF NEW HARTFORD

Statement of Activities

For the Year Ended June 30, 2014

Functions/programs	Program revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General Government	\$ 1,692,211	\$ 109,571	\$ 4,310	\$ -	\$ (1,578,330)	\$ -	\$ (1,578,330)
Public Safety	611,487	16,555	-	-	(594,932)	-	(594,932)
Highway	1,701,028	-	469,320	97,552	(1,134,156)	-	(1,134,156)
Planning and Development	146,313	86,771	-	48,519	(11,023)	-	(11,023)
Health and Welfare	220,060	-	-	-	(220,060)	-	(220,060)
Libraries	272,000	-	-	-	(272,000)	-	(272,000)
Parks and Recreation	284,804	185,591	-	-	(99,213)	-	(99,213)
Commissions/Agencies	83,391	-	-	-	(83,391)	-	(83,391)
Education	18,094,896	148,500	4,473,994	-	(13,472,402)	-	(13,472,402)
Interest Expense	195,733	-	-	-	(195,733)	-	(195,733)
Total governmental activities	<u>23,301,923</u>	<u>546,988</u>	<u>4,947,624</u>	<u>146,071</u>	<u>(17,661,240)</u>	<u>-</u>	<u>(17,661,240)</u>
Business-type activities							
Water and sewer system	<u>1,093,402</u>	<u>741,298</u>	<u>-</u>	<u>455,891</u>	<u>-</u>	<u>103,787</u>	<u>103,787</u>
Total business-type activities	<u>1,093,402</u>	<u>741,298</u>	<u>-</u>	<u>455,891</u>	<u>-</u>	<u>103,787</u>	<u>103,787</u>
Total primary government	<u>\$ 24,395,325</u>	<u>\$ 1,288,286</u>	<u>\$ 4,947,624</u>	<u>\$ 601,962</u>	<u>(17,661,240)</u>	<u>103,787</u>	<u>(17,557,453)</u>
General revenues:							
Property taxes levied for general purposes					18,065,221	-	18,065,221
Grants not restricted to specific purpose					96,757	-	96,757
Unrestricted Investment income					29,189	-	29,189
Other Income					<u>86,293</u>	<u>-</u>	<u>86,293</u>
Total general revenues					<u>18,277,460</u>	<u>-</u>	<u>18,277,460</u>
Transfers					<u>201</u>	<u>(201)</u>	<u>-</u>
Total general revenues and transfers					<u>18,277,661</u>	<u>(201)</u>	<u>18,277,460</u>
Change in net position					616,421	103,586	720,007
Net position - beginning, as restated					<u>14,124,061</u>	<u>8,671,130</u>	<u>22,795,191</u>
Net position - ending					<u>\$ 14,740,482</u>	<u>\$ 8,774,716</u>	<u>\$ 23,515,198</u>

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

TOWN OF NEW HARTFORD

Balance Sheet Governmental Funds June 30, 2014

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 4,283,849	\$ 426,490	\$ 4,710,339
Investments	-	99,090	99,090
State and Federal Grants Receivable	6,775	-	6,775
Property Taxes Receivable, Net	518,598	-	518,598
Other Receivables	22,110	-	22,110
Prepaid Expenses	26,250	-	26,250
Interfund Receivables	103,377	507,190	610,567
Internal Loans - WPCA	126,750	-	126,750
Inventories	-	5,209	5,209
Restricted for Wastewater Treatment Plant Project			
Cash and Cash Equivalents	17,865	-	17,865
Deferred Loans Receivable	-	463,810	463,810
Total Assets	<u>\$ 5,105,574</u>	<u>\$ 1,501,789</u>	<u>\$ 6,607,363</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 603,437	\$ 20,286	\$ 623,723
Accrued Expenses	17,115	-	17,115
Deferred Revenue	33,653	-	33,653
Interfund Payables	507,190	103,377	610,567
Due to State of CT	-	7,987	7,987
Total Liabilities	<u>1,161,395</u>	<u>131,650</u>	<u>1,293,045</u>
Deferred Inflows of Resources			
Deferred Taxes	<u>484,514</u>	<u>-</u>	<u>484,514</u>
Total Deferred Inflows of Resources	<u>484,514</u>	<u>-</u>	<u>484,514</u>
Fund balances:			
Nonspendable:			
Inventories	-	5,209	5,209
Small Cities Housing Rehabilitation	-	463,810	463,810
Restricted for:			
Capital Projects	17,865	-	17,865
New Hartford Day	-	1,972	1,972
Historical Documents	-	4,946	4,946
Town Hill Cemetery	-	101,822	101,822
Small Cities Housing Rehabilitation	-	23,797	23,797
Community Investment	-	39,792	39,792
Committed to:			
Capital Projects	-	671,101	671,101
Debt Service	-	46,849	46,849
Cafeteria	-	1,000	1,000
Recreation	-	71,133	71,133
Assigned (See Note 8)	999,022	-	999,022
Unassigned	<u>2,442,778</u>	<u>(61,292)</u>	<u>2,381,486</u>
Total Fund Balances	<u>3,459,665</u>	<u>1,370,139</u>	<u>4,829,804</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,105,574</u>	<u>\$ 1,501,789</u>	<u>\$ 6,607,363</u>

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

TOWN OF NEW HARTFORD

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2014

Fund balances reported in governmental funds Balance Sheet \$ 4,829,804

**Amounts reported for governmental activities in the government- wide
Statement of Net Position are different because:**

The governmental fund Balance Sheet includes revenues that will only be available to pay current period liabilities. Adjustments are necessary to accrue receivables for all earned revenues.

Interest on taxes 152,781

Long-term Interfund Advances 2,143,144

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets 38,233,774

Accumulated Depreciation (22,491,919)

Deferred revenue for property taxes and grants are reported in the funds but accrued as revenue in the government-wide statements and added to net position.

Property taxes 484,514

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

Capital Lease (37,955)

General obligation bonds and notes payable (6,703,350)

Premium on general obligation bonds -

Compensated absences (329,577)

Pension liability (1,540,734)

Net position of governmental activities \$ 14,740,482

TOWN OF NEW HARTFORD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Revenues			
Property Taxes	\$ 17,985,887	\$ -	\$ 17,985,887
Unrestricted Grants and Contributions	96,757	-	96,757
Operating Grants and Contributions	4,911,679	35,945	4,947,624
Capital Grants and Contributions	97,552	48,519	146,071
Charges for Services	240,689	306,299	546,988
Other Income	86,244	49	86,293
Investment Earnings	9,916	18,958	28,874
Total Revenues	<u>23,428,724</u>	<u>409,770</u>	<u>23,838,494</u>
Expenditures			
Current			
General Government	1,584,529	17,523	1,602,052
Public Safety	580,534	16,192	596,726
Highway	1,526,042	-	1,526,042
Planning and Development	135,820	-	135,820
Health and Welfare	206,340	-	206,340
Libraries	272,000	-	272,000
Parks and Recreation	101,701	165,632	267,333
Commissions/Agencies	79,145	4,246	83,391
Education	17,925,220	131,543	18,056,763
Debt Service	682,187	-	682,187
Capital Expenditures	97,552	395,179	492,731
Total Expenditures	<u>23,191,070</u>	<u>730,315</u>	<u>23,921,385</u>
Excess/(deficiency) of revenues over expenditures	237,654	(320,545)	(82,891)
Other Financing Sources/(Uses)			
Transfers In	201	782,128	782,329
Transfers Out	(782,128)	-	(782,128)
Total Other Financing Sources/(Uses)	<u>(781,927)</u>	<u>782,128</u>	<u>201</u>
Net Change in Fund Balances	(544,273)	461,583	(82,690)
Fund Balances - Beginning	<u>4,003,938</u>	<u>908,556</u>	<u>4,912,494</u>
Fund Balances - Ending	<u>\$ 3,459,665</u>	<u>\$ 1,370,139</u>	<u>\$ 4,829,804</u>

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

TOWN OF NEW HARTFORD

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

Net Change in Fund Balances - Total Governmental Funds.	\$ (82,690)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

<i>Capital expenditures</i>	529,265
<i>Depreciation Expense</i>	(594,722)

Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred revenues in the funds. Accordingly, an adjustment is necessary to reconcile amounts reported as interest receivable in the government-wide Statement of Net Position and as deferred revenue in the fund Balance Sheet.

79,334

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Bonding costs are amortized over the life of the related obligation</i>	315
<i>General obligation bond principal payments</i>	535,650
<i>WPCA contribution for debt repayment</i>	(49,196)

Compensated absences and pension contributions are expended in the funds when resources are used, but are expensed in the Statement of Activities when the liability is incurred. This is the amount by which the accrued liability exceeded the resources expended.

198,465

Change in Net Position of Governmental Activities:	<u>\$ 616,421</u>
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TOWN OF NEW HARTFORD

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over</u>
	<u>Original</u>	<u>Amended</u>	<u>Budgetary Basis</u>	<u>(Under)</u>
Revenues				
Taxes	\$ 17,802,286	\$17,802,286	\$ 17,985,887	\$ 183,601
Intergovernmental Revenue	4,026,477	4,026,477	4,168,227	141,750
Fees, Fines, and Permits	157,800	157,800	190,043	32,243
Rental Income	50,646	50,646	50,646	-
Other Revenue	182,947	182,947	206,416	23,469
Investment Earnings	35,000	35,000	9,916	(25,084)
Surplus to Finance Budget	<u>452,507</u>	<u>1,030,150</u>	<u>512,080</u>	<u>(518,070)</u>
Total Revenues	<u>22,707,663</u>	<u>23,285,306</u>	<u>23,123,215</u>	<u>(162,091)</u>
Expenditures				
Current				
General Government	1,683,158	1,637,128	1,583,561	(53,567)
Public Safety	652,119	652,119	580,374	(71,745)
Highways	1,488,849	1,524,168	1,524,168	-
Planning and Development	156,598	156,589	136,150	(20,439)
Health and Welfare	233,744	233,754	206,340	(27,414)
Libraries	272,000	272,000	272,000	-
Parks and Recreation	93,138	103,828	103,828	-
Commissions/Agencies	109,361	109,361	80,899	(28,462)
Education	16,926,763	17,016,763	17,056,798	40,035
Debt Service				
Principal	536,149	536,149	535,650	(499)
Interest	266,984	266,984	266,984	-
Capital Expenditures				
Total Capital Expenditures	<u>288,800</u>	<u>776,463</u>	<u>776,463</u>	<u>-</u>
Total Expenditures	<u>22,707,663</u>	<u>23,285,306</u>	<u>23,123,215</u>	<u>(162,091)</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances, beginning			\$ 3,954,449	
Less: Use of Fund Balance to Finance Budget			<u>\$ (512,080)</u>	
Fund Balances, ending			<u>\$ 3,442,369</u>	

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

TOWN OF NEW HARTFORD

Statement of Net Position

Proprietary Funds

June 30, 2014

Enterprise Fund **Water Pollution Control Authority**

Assets

Current assets:

Cash	\$ 37,356
Accounts receivable, net	<u>228,821</u>
Total current assets	<u>266,177</u>

Noncurrent assets:

Land	11,507
Property, plant, and equipment, net of depreciation	<u>11,486,353</u>

Total Assets	<u>11,764,037</u>
---------------------	--------------------------

Deferred Outflows of Resources	<u>-</u>
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Liabilities

Current liabilities:

Accounts payable	948
Current portion of interfund advances	66,147
Current portion of long-term debt	<u>35,640</u>
Total current liabilities	<u>102,735</u>

Noncurrent liabilities:

Interfund Advances	2,203,747
Long-term notes payable	662,839
General obligation bonds	<u>20,000</u>
Total noncurrent liabilities	<u>2,886,586</u>

Total Liabilities	<u>2,989,321</u>
--------------------------	-------------------------

Deferred Inflows of Resources	<u>-</u>
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Net Position

Net Investment in Capital Assets	10,779,381
Unrestricted	<u>(2,004,665)</u>

Total Net Position	<u>\$ 8,774,716</u>
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The notes to the financial statements are an integral part of the financial statements

TOWN OF NEW HARTFORD

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

Enterprise Fund
Water Pollution Control Authority

OPERATING REVENUES

Charges for services:	
Usage assessments	\$ 651,148
Other Operating Income	150
Septage received	<u>90,000</u>
Total Operating Revenues	<u>741,298</u>

OPERATING EXPENSES

General operations	516,931
Plant management fees	697
Capital improvement	11,850
Repairs and maintenance	110,201
Depreciation	<u>349,263</u>
Total operating expenses	<u>988,942</u>
Operating income/(loss)	(247,644)

NONOPERATING REVENUES/(EXPENSES)

Grant Income	455,891
Interest expense	<u>(104,460)</u>
	<u>351,431</u>
Income/(loss) before transfers	103,787
Transfer Out	<u>(201)</u>
Change in net position	<u>103,586</u>
Total net position - beginning	<u>8,671,130</u>
Total net position - ending	<u>\$ 8,774,716</u>

The notes to the financial statements are an integral part of the financial statements

TOWN OF NEW HARTFORD
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Enterprise Fund
Water Pollution Control Authority

Cash flows from operating activities:

Receipts from customers	\$ 711,403
Receipts for interfund services	3,699
Septage Received	90,000
Payments to suppliers	<u>(653,414)</u>
Net cash provided by operating activities	<u>151,688</u>

Cash flows from noncapital financing activities:

-

Cash flows from capital and related financing activities:

Principal paid on capital debt	(88,474)
Purchase of Fixed Assets	(455,690)
Interest paid on capital debt	<u>(104,460)</u>
Net cash used by capital and related financing activities	<u>(648,624)</u>

Cash flows from investing activities:

Grant Income	<u>455,690</u>
Net cash used by investing activities	455,690

Net decrease in cash and cash equivalents	(41,246)
Balances - beginning of the year	<u>78,602</u>
Balances - end of the year	<u>\$ 37,356</u>
Displayed as: Cash	<u>\$ 37,356</u>

Reconciliation of operating income/(loss) to net cash provided by operating activities:

Operating income/(loss)	\$ (247,644)
Adjustments to reconcile income to net cash provided (used) by operating activities:	
Depreciation expense	349,263
Change in assets and liabilities:	
Accounts Receivable, net	63,804
Accounts payable	<u>(13,735)</u>
	-
Net cash provided by operating activities	<u>\$ 151,688</u>

The notes to the financial statements are an integral part of the financial statements

TOWN OF NEW HARTFORD
Statement of Fiduciary Net Position
June 30, 2014

	Pension <u>Trust Fund</u>	Private Purpose Trust Fund - <u>Neighbors</u>	Agency <u>Funds</u>
Assets			
Cash and Cash Equivalents	\$ 57,019	\$ 16,603	\$ 46,505
Investments:			
Fixed Income	1,068,209	-	-
Stocks	1,623,042	-	-
Alternative Investments	<u>55,357</u>	<u>-</u>	<u>-</u>
Total Assets	<u>2,803,627</u>	<u>16,603</u>	<u>46,505</u>
 Deferred Outflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Liabilities and Net Position			
Liabilities:			
Fiduciary Deposits	<u>-</u>	<u>-</u>	<u>46,505</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>46,505</u>
 Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Position			
Held in Trust for Others	-	16,603	-
Restricted for Pension Benefits	<u>2,803,627</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ 2,803,627</u>	<u>\$ 16,603</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of the financial statements

TOWN OF NEW HARTFORD
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Fund - Neighbors</u>
Additions		
Contributions	\$ -	\$ 16,763
Employer Contributions	231,114	-
Total Contributions	<u>231,114</u>	<u>16,763</u>
Investment Income:		
Net Appreciation in Fair Value of Investments	304,097	-
Interest and Dividends	80,058	-
Less Investment expense, other than from securities lending	<u>(6,000)</u>	<u>-</u>
Net Income from investing, other than from securities lending	<u>378,155</u>	<u>-</u>
Other Income	<u>12,184</u>	<u>-</u>
Total Additions	621,453	16,763
Deductions		
Assistance to Individuals	-	11,540
Benefit payments, including refunds of member contributions	144,348	-
Other deductions	<u>5,228</u>	<u>-</u>
Total Deductions	149,576	11,540
Net Increase in Fiduciary Net Position	471,877	5,223
Net Position - Beginning	<u>2,331,750</u>	<u>11,380</u>
Net Position - Ending	<u>\$ 2,803,627</u>	<u>\$ 16,603</u>

The notes to the financial statements are an integral part of the financial statements

TOWN OF NEW HARTFORD
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of New Hartford, CT was incorporated in 1738 under the provisions of the Connecticut General Statutes. The Town operates under the Board of Selectmen, Town Meeting, and Board of Finance form of government. The Town provides a wide range of services, including the following: public safety, public works, public health and welfare, parks and recreation, education, and water sewer utilities. Education services are provided by Regional School District #7, of which the towns of Barkhamsted, New Hartford, Norfolk, and Colebrook are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of New Hartford residents attending the District's schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive, chief administrative officer and budget-making authority of the Town. The Board of Finance is responsible for revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The accounting and reporting policies of the Town relating to the funds included in the accompanying combined financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Town are described below.

The Town's combined financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of New Hartford, CT (the primary government) and its component units. Component units include all organizations for which the government is considered financially accountable and other organizations which by their nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches.

The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of New Hartford, CT.

Based upon the foregoing criteria, the following organization is not considered part of the Town and is excluded from the accompanying financial statements:

Regional School District #7

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

TOWN OF NEW HARTFORD

Notes to the Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary fund and fiduciary fund financial statements (except for Agency funds). Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Exceptions to this general rule include: voluntary non-exchange transactions when all eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, and claims and judgments, which are recorded only when payment is due.

Property taxes when levied, expenditure reimbursement-type grants, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner.

The government reports the following major proprietary funds:

The *New Hartford Water Pollution Control Authority* accounts for the activity of the Authority. The Authority operates the water distribution system and sewage treatment systems for a portion of the Town's residents.

Additionally, the government reports the following fiduciary fund types:

The *Pension Trust Fund* is used to account for the accumulation of resources to be used for pension benefit payments to qualified employees.

Private Purpose Trust Funds are used to account for private donations made anonymously for the benefit of New Hartford residents in need of assistance.

TOWN OF NEW HARTFORD

Notes to the Financial Statements

Agency Funds account for taxpayer deposits and monies held as a custodian, including the Student Activities Fund and building department bonds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the *New Hartford Water Pollution Control Authority* are charges to customers for services. The fund also recognizes as operating revenue the hookup fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

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

Cash and Cash Equivalents: The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds which may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates fair value and have maturities of three months or less. The above definition of cash applies to the proprietary funds statement of cash flows.

Receivables and Payables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible property taxes in the amount of \$10,000. Property taxes are assessed of October 1 and billed the following July. Real and personal property bills are payable in two installments, July 1 and January 1. Motor vehicle taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Outstanding real estate tax accounts are lienied each year prior to June 30. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value.

TOWN OF NEW HARTFORD

Notes to the Financial Statements

Investments: In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values.

Inventories: Inventories in the School Cafeteria Fund are reported at cost using the first-in, first-out method, and are recorded as expenditures when consumed, rather than when purchased.

Advances to and from Other Funds: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets: Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	7-40
Land Improvements	10-39
Infrastructure	18-39
Vehicles	3-10
Machinery & Equipment	3-10
Furniture & Fixtures	7-10

Compensated Absences: Employees accrue vacation and sick leave based upon a prescribed formula. For all Town employees, vacation and sick time may be accumulated and paid upon death, retirement, or termination. The Town has a limit on the accumulation of 121 days. Employees hired after July 2011 are not subject to pay-outs for accrued sick time. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

TOWN OF NEW HARTFORD

Notes to the Financial Statements

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-Term Debt: Is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, Deferred Taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Fund equity and net position— In the government-wide financial statements, net position is classified in the following categories:

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

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

TOWN OF NEW HARTFORD

Notes to the Financial Statements

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal legislative action at Town Meetings in accordance with provisions of the Connecticut General Statutes.

Assigned Fund Balance – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by formal action of the Board of Selectman or Board of Finance through an adopted motion.

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies establishing stabilization funds or requiring it to maintain a minimum fund balance.

Review for Subsequent Events

In preparing these financial statements, management has evaluated subsequent events subsequent events through December 16, 2014, which represents the date that these statements were available to be issued.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information and Accounting

The Town of New Hartford, CT follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage at a Town Meeting.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

- The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any additional appropriations exceeding \$20,000 to any one department must be approved at a Town meeting.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- All noncontinuing appropriations lapse at year-end. Capital appropriations do not lapse until completion of the applicable projects.
- Encumbrance accounting is not used.

Budgeted amounts are presented, or as amended by the Board of Finance and the Board of Education during the course of the year. Annual budgets are adopted only for the General Fund. Program budgets are established for certain funds not budgeted annually. All appropriations lapse at year-end, except for capital appropriations.

The Statement of Revenue and Expenditures-Budget (non-GAAP Budgetary Basis) and Actual-General Fund represents comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of differences in excess of revenues and expenditures and other sources of financial resources with expenditures for the year ended June 30, 2014 is presented as follows:

	<u>Revenues</u>	<u>Expenditures</u>	Other Financing Sources/ <u>(Uses)</u>	Net <u>Change</u>
Balance, Budgetary Basis	\$ 23,123,215	\$ 23,123,215	\$ -	\$ -
Revenue Adjustments for:				
Timing Differences:				
Grant Revenue	58,793	-	-	58,793
Other Income	(120,172)	-	-	(120,172)
Basis Differences:				
CT Teacher's Retirement	878,968	-	-	878,968
Transfers In	-	-	201	201
Budgeted Use of Fund Balance	(512,080)	-	-	(512,080)
Expenditure Adjustments for:				
Basis Differences:				
CT Teacher's Retirement	-	878,968	-	(878,968)
Transfers Out	-	(782,128)	(782,128)	-
Entity Differences:				
Grant Expenditures	-	97,552	-	(97,552)
Other Expenditures	-	(126,537)	-	126,537
Balance, GAAP Basis	<u>\$ 23,428,724</u>	<u>\$ 23,191,070</u>	<u>\$ (781,927)</u>	<u>\$ (544,273)</u>

Excess of expenditures over appropriations

For the year ended June 30, 2014, education expenditures exceeded appropriations.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

NOTE 3 – DETAILED NOTES ON ALL FUNDS

The deposits of public funds are controlled by the Connecticut General Statutes. The following is a summary of cash and cash equivalents at June 30, 2014.

Detailed Cash Notes on all Funds

	Governmental Funds	Fiduciary Funds	Proprietary Funds	Total
Demand Accounts	\$ 4,728,204	\$ 63,108	\$ 37,356	\$ 4,828,668
Total	<u>4,728,204</u>	<u>63,108</u>	<u>37,356</u>	<u>\$ 4,828,668</u>

Deposits and Investments

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the Town's carrying amount of deposits was \$4,828,668 and the bank balance was \$4,975,736. Of the bank balance, Federal Depository Insurance Corporation covered \$535,507. As of June 30, 2014, \$4,440,229 of the Town's bank balance of \$4,975,736 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,946,206
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>494,023</u>
	<u>\$ 4,440,229</u>

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 has no investment policy that limits the investment choices further than the State Statutes. As of June 30, 2014, the Town's special revenue and fiduciary funds held \$ 2,902,717 in mutual funds for which ratings were not available at the end of the current fiscal year.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town's investments are held in various trustee accounts in the Town's name. The Town's mutual funds are not subject to custodial credit risk, as the Town's investment is not directly exposed to custodial credit risk.

As of June 30, 2014, the Town had the following investments:

	Fair Value	Investment Maturities	
		Less Than 1 yr.	1-5 yrs.
Short-term Funds	\$ 57,034	\$ 57,034	\$ -
Mutual Funds	2,845,683	N/A	N/A
Total Investments	<u>\$ 2,902,717</u>	<u>\$ 57,034</u>	<u>\$ -</u>

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Receivables

Receivables as of year-end for the town's governmental and business-type activities, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Property Taxes*	\$ 528,598	\$ -	\$ 528,598
Water Assessments	-	233,821	233,821
Deferred Loans Receivable	463,810	-	463,810
State & Federal Grants	6,775	-	6,775
Total Receivables	<u>999,183</u>	<u>233,821</u>	<u>1,233,004</u>
Allowance for Tax Collection Losses	<u>(10,000)</u>	<u>(5,000)</u>	<u>(15,000)</u>
Totals	<u>\$ 989,183</u>	<u>\$ 228,821</u>	<u>\$ 1,218,004</u>

* a significant portion of these receivables are not expected to be collected within one year

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$484,514	\$ -
Deferred grant revenue	<u>-</u>	<u>33,653</u>
	<u>\$484,514</u>	<u>\$ 33,653</u>

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. Governmental and proprietary funds record costs of inventories as expenditures and expenses when consumed rather than when purchased.

Inventories at year-end consisted of:

	<u>Governmental Activities Nonmajor Funds</u>
Food inventory	\$ 5,209
Total	<u>\$ 5,209</u>

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Interfund Transfers, Receivables and Payables

<u>Transfers From</u>	<u>Transfer to</u>		<u>Total</u>
	<u>Non-Major Funds</u>	<u>General Fund</u>	
General Fund	\$ 782,128	\$ -	\$ 782,128
Enterprise Fund	-	201	201
	<u>\$ 782,128</u>	<u>\$ 201</u>	<u>\$ 782,329</u>

The transfer to nonmajor funds from the General Fund reflects \$776,463 for budgeted capital expenditures transferred to the Capital Projects Fund, \$3,865 for the cafeteria fund and \$1,800 to the New Hartford Day Fund.

Interfund balances represent amounts recognized but not yet received by the appropriate funds. The composition of interfund balances as of June 30, 2014 is as follows:

<u>Due From:</u>	<u>Due To:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
General Fund	\$ -	\$ 507,190	\$ 507,190
Nonmajor Funds	103,377	-	103,377
WPCA	126,750	-	126,750
	<u>\$ 230,127</u>	<u>\$ 507,190</u>	<u>\$ 737,317</u>

Interfund receivable balances represent amounts held in the General Fund for the Capital Projects, Community Investment and Historic Preservation. Interfund payable balances represent balances owed to the General Fund from the Open Space Fund and School Cafeteria Fund for reimbursement for payroll costs, and from the WPCA from a working capital loan.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Capital Assets

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

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 5,441,480	\$ -	\$ -	\$ 5,441,480
Construction in Progress	312,598	95,471	(253,281)	154,788
Total capital assets, not being depreciated	<u>5,754,078</u>	<u>95,471</u>	<u>(253,281)</u>	<u>5,596,268</u>
Capital assets, being depreciated				
Buildings & Improvements	19,899,781	11,677	-	19,911,458
Land Improvements	708,375	52,750	-	761,125
Infrastructure	8,126,916	415,373	-	8,542,289
Vehicles	1,588,405	63,485	-	1,651,890
Machinery & Equipment	1,356,313	172,147	-	1,528,460
Furniture & Fixtures	232,692	9,598	-	242,290
Total capital assets, being depreciated	<u>31,912,482</u>	<u>725,030</u>	<u>-</u>	<u>32,637,512</u>
Less accumulated depreciation for:				
Buildings & Improvements	12,625,781	241,797	-	12,867,578
Land Improvements	155,454	37,507	-	192,961
Infrastructure	6,483,006	185,707	-	6,668,713
Vehicles	1,367,495	61,107	-	1,428,602
Machinery & Equipment	1,149,682	46,804	-	1,196,486
Furniture & Fixtures	115,785	21,800	-	137,585
Total accumulated depreciation	<u>21,897,203</u>	<u>594,722</u>	<u>-</u>	<u>22,491,925</u>
Total capital assets, being depreciated	<u>10,015,279</u>	<u>130,308</u>	<u>-</u>	<u>10,145,587</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 15,769,357</u>	<u>\$ 225,779</u>	<u>\$ (253,281)</u>	<u>\$ 15,741,855</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	11,507	-	-	11,507
Total capital assets, not being depreciated	<u>11,507</u>	<u>-</u>	<u>-</u>	<u>11,507</u>
Capital assets, being depreciated				
Building & Improvements	13,595,540	455,690	-	14,051,230
Water Lines	288,068	-	-	288,068
Machinery & Equipment	121,730	-	-	121,730
Total capital assets, being depreciated	<u>14,005,338</u>	<u>455,690</u>	<u>-</u>	<u>14,461,028</u>
Less accumulated depreciation for:				
Building & Improvements	2,438,030	341,288	-	2,779,318
Water Lines	91,753	6,712	-	98,465
Machinery & Equipment	95,629	1,263	-	96,892
Total accumulated depreciation	<u>2,625,412</u>	<u>349,263</u>	<u>-</u>	<u>2,974,675</u>
Total capital assets, being depreciated, net	<u>11,379,926</u>	<u>106,427</u>	<u>-</u>	<u>11,486,353</u>
<i>Business Activities capital assets, net</i>	<u>\$ 11,391,433</u>	<u>\$ 106,427</u>	<u>\$ -</u>	<u>\$ 11,497,860</u>

TOWN OF NEW HARTFORD
Notes to the Financial Statements

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

Governmental activities:	
General Government	\$ 252,568
Public Safety	12,449
Highway	91,283
Planning & Development	13,558
Health & Welfare	13,720
Recreation	35,127
Education	<u>176,017</u>
Total	<u>\$ 594,722</u>
Business-type activities	
Water & Sewer	<u>\$ 349,263</u>

The Town has active construction projects as of June 30, 2014. The year-end total accumulated construction costs were:

	<u>2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>2014</u>
Carpenter Road Bridge	\$ -	\$ 16,608	\$ -	\$ 16,608
Maple Hollow Bridge	-	30,465	-	30,465
Antolini Salt Shed	-	20,946	-	20,946
Brook Street Sewer Project	230,373	-	(230,373)	-
Hoop House	12,793	-	(12,793)	-
Downtown Sidewalk Repairs	10,115	-	(10,115)	-
Security Upgrade Assessment	36,142	27,452	-	63,594
Design Services Antolini School	<u>23,175</u>	<u>-</u>	<u>-</u>	<u>23,175</u>
	<u>\$ 312,598</u>	<u>\$ 95,471</u>	<u>\$ (253,281)</u>	<u>\$ 154,788</u>

The STEAP Grant for the Brook Street Sewer project has been amended to include Main Street and the downtown sidewalk project started last fiscal year and completed during the year ending June 30, 2014. The Hoop House used for sand and salt storage was damaged last fiscal year, and the proceeds from insurance, FEMA, and a current year appropriation funded the construction of the new building. There was a security assessment completed last fiscal year with upgrades started during the year ended June 30, 2014. The School Design services are part of a preliminary phase. No construction contracts are in place.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Long-Term Obligations

General Obligation Bonds are direct obligations and pledge the full faith and credit of the town. These bonds generally are issued as 10 and 20-year serial bonds with equal amounts of principal maturing each year. The funds were used for the acquisition and construction of major capital facilities. BANs and bonds have been issued for both governmental and business-type activities. The General Fund has historically been used to liquidate other long-term liabilities related to governmental activities. The WPCA liquidates the long-term liabilities related to business-type activities.

	Interest Rate	Date of Issue	Date of Maturity	Original Amount at Issuance	Annual Principal	Principal Outstanding June 30, 2014
Governmental Activities:						
Bond - Bakerville	2.5 to 4.2	09/01/03	09/01/13	1,150,000	100,000	-
Bond - Town Hall/Refunding	4.0 to 4.875	04/15/99	04/15/18	4,275,000	200,000-220,000	1,090,000
Bond - Open Space/N.H. Elementary	4.0 to 6.0	02/01/07	03/01/27	3,187,000	150,000-170,000	2,100,000
Capital Lease - MacBook Lab	5.66	07/01/13	08/31/15	58,558	18,455-20,603	37,955
USDA WPCA Note	3.25	09/15/10	09/15/40	3,594,000	31,454-74,277	3,513,350
Total Governmental Bonds & Notes				<u>\$ 12,264,558</u>		<u>\$ 6,741,305</u>

	Interest Rate	Date of Issue	Date of Maturity	Original Amount at Issuance	Annual Principal	Principal Outstanding at June 30, 2014
Business-Type Activities:						
Bond - Water System	4.9 to 7.5	11/15/95	11/15/15	\$ 480,000	20,000	\$ 40,000
Loan - Prospect Street Sewers	4.5	07/16/96	07/16/26	96,300	3,210	41,730
Loan - Water System Improvements	4.5	07/19/00	07/19/40	591,360	8,974-29,896	495,562
Loan - Water System Improvements	4.5	06/27/02	06/27/42	165,730	2,408-8,249	141,187
Total Business-Type Bonds & Loans				<u>\$ 1,333,390</u>		<u>\$ 718,479</u>

Changes in long-term obligations for the year ended June 30, 2014, are as follows:

	July 1, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 361,885	\$ -	\$ (32,308)	\$ 329,577	\$ 42,505
Net Pension Liability-as restated	1,706,891	-	(166,157)	1,540,734	-
G.O. Bonds	3,645,000	-	(455,000)	3,190,000	360,000
Capital Lease - MacBook Lab	-	58,558	(20,603)	37,955	18,455
USDA WPCA Note	3,594,000	-	(80,650)	3,513,350	83,271
Total	<u>\$ 9,307,776</u>	<u>\$ 58,558</u>	<u>\$ (754,718)</u>	<u>\$ 8,611,616</u>	<u>\$ 504,231</u>

In addition, the Town also reports a premium associated with bond issuance in the Governmental activities non-current liabilities. The bond premium of \$315 was amortized, at year end.

	July 1, 2013	Additions	Reductions	June 30, 2014	Due Within One Year
Business-type Activities					
Loans	\$ 694,507	\$ -	\$ (16,028)	\$ 678,479	\$ 15,640
G.O. Bonds	60,000	-	(20,000)	40,000	20,000
Total	<u>\$ 754,507</u>	<u>\$ -</u>	<u>\$ (36,028)</u>	<u>\$ 718,479</u>	<u>\$ 35,640</u>

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Interest Expense

No interest was capitalized during the year. Interest expense charged to business-type activities was as follows:

Business-Type Activities:

Water Pollution Control Authority	<u>\$ 104,460</u>
Total interest expense Business-Type Activities	<u>\$ 104,460</u>

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2014, are as follows:

Year Ending	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	443,271	246,563	35,640	33,038
2016	455,977	227,695	36,199	31,132
2017	458,772	208,396	16,784	29,200
2018	461,657	188,708	17,394	28,443
2019	464,636	165,841	18,033	27,656
2020-2024	1,361,361	673,743	100,788	125,446
2025-2029	1,121,772	417,582	115,227	101,041
2030-2034	717,860	269,416	131,592	74,155
2035-2039	842,346	144,932	163,988	41,762
2040-2042	375,698	18,400	82,832	6,291
Total	<u>\$ 6,703,350</u>	<u>\$ 2,561,276</u>	<u>\$ 718,477</u>	<u>\$ 498,164</u>

During a prior year, the Town received long-term financing from the U.S. Department of Agriculture for \$3,594,000. The Town had an arrangement with the New Hartford WPCA to repay the loan with a 61/39 split. The original agreement proposed that the NHWPCA repay 61% of the loan and the Town will repay 39%. This agreement was modified during the year to propose the NHWPCA repay in annual installments of \$13,000, paid in quarterly installments of \$3,250 beginning March 31, 2014. The note requires annual payments of \$197,455 due annually from September 15, 2013 through 2040. The final payment of \$196,645 is due September 15, 2040. The interest rate on the note is 3.25%.

Overlapping Debt

New Hartford is a member of the Regional School District No. 7, along with the Towns of Barkhamsted, Colebrook, and Norfolk. New Hartford's scheduled payment to the School District is a pro rata share of 50.66%, which is based upon student enrollment. The Town's portion of the bond principal for Regional School District No. 7 is as follows:

	<u>Principal</u>
Bonds Outstanding	\$4,169,703
Town's Pro Rata %	<u>50.66%</u>
Town's Share	<u>\$2,112,372</u>

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Capital Lease

The Board of Education entered into a capital lease with Apple Inc. for a MacBook Learning Lab. The lease term is for three years at \$20,603 per year with an imputed interest rate of 5.66% commencing July 1, 2013. At the end of the lease, the Board of Education will purchase the computers at a cost of \$1. The following is an analysis of the computers under the capital lease.

Equipment	\$ 58,558
Less: Accumulated Depreciation	<u>(11,712)</u>
Total, net of depreciation	<u>\$ 46,846</u>

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payment as of June 30, 2014.

June 30, 2015	\$ 20,603
2016	<u>20,603</u>
Total Minimum Lease Payments	41,206
Less Amounts Representing Interest	<u>(3,252)</u>
Present Value of Net Minimum Lease Payment	<u>\$ 37,954</u>

NOTE 4 – OPERATING LEASES

The Town has entered into several lease agreements for equipment. These leases require monthly payments from \$240 to \$646. These leases expire ranging from August 2013 to September 2016. Total lease expense for 2014 was \$4,292. Future minimum lease payments under current agreement is as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 25,394
2016	17,642
2017	14,483
2018	9,397

NOTE 5 – SEGMENT INFORMATION

The Town issued bonds and notes to finance improvements to its water pollution control authority, which operates the government's water and sewage treatment plants, pumping stations, and collections systems. The New Hartford Water Pollution Control Authority is reported as the sole enterprise fund. Because both the water and sewer activity is recorded in the same fund and financial activity is blended, segment information for each activity is not presented. Summary financial information for the WPCA is presented in the proprietary fund statements on pages 25-27.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

NOTE 6 – PENSION PLANS

Defined Benefit Pension Plan

Plan Description - The Town of New Hartford, CT Retirement Plan (the Plan) is a single-employer, defined benefit, noncontributory pension plan administered by the Town of New Hartford, CT. The Plan provides retirement and death benefits to plan members and beneficiaries. The Town of New Hartford, CT retains the authority to establish and amend benefit provisions. The Plan is considered to be part of the Town of New Hartford, CT's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report. The pension board is comprised of 5 members who serve for a specified term length and are appointed by the Board of Selectmen. The Board of Selectmen seek residents who have expertise in the field of investments, pensions, or something similar to serve of this Board.

Classes of Employees Covered and Current Membership – All employees (except those covered by the State of Connecticut Teachers Retirement System) at least 25 years of age and having five years of credited service are eligible. One year of credited service is earned for each calendar year during which 1,000 hours is worked. Current membership consists of the following:

Active plan members	39
Inactive plan members or beneficiaries receiving benefits	29
Inactive plan members entitled to but not yet receiving benefits	<u>30</u>
Total plan participants	<u>98</u>

Benefits Provided - Under the Plan, employees who have attained 25 years of age are 100% vested after 5 years of credited service. For employees hired after January 1, 2002, normal retirement is the Social Security normal retirement age. Otherwise, normal retirement is at age 65. Retirees will receive a retirement benefit for life of 1.25% times credited service (max 40) of the final average compensation for the highest three consecutive years out of the final ten. A surviving spouse of a participant, who dies after five years of service, will receive a death benefit equal to 50% of the benefit, which the deceased employee was (or would have been) eligible for at early retirement (age 55 with ten years of service). Benefits and refunds are recognized when due and payable in accordance with terms of the plan. Effective July 1, 2011, the plan is closed to new entrants.

Contributions - The contribution requirements of the Town are established and may be amended by the Board of Selectmen, as suggested by the actuarial valuations. The actuarial method used to develop the annual funding percentage for all benefits is the Projected Unit Credit Cost Method. Town currently contributes at the actuarially determined rate; the current rate is 14.07% of annual covered payroll. Employees do not contribute to the Plan. Costs to administer the plan are paid by the Town out of the General Fund, and are not included in the actuarially determined contribution. Investment management fees are paid out of the pension trust.

Significant Accounting Policies

Basis of Accounting - Financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized in the period that the contributions are due. Benefits are recognized in the period owed.

Investment Policy – The pension plan's policy in regard to the allocation of invested assets is established by and may be revised by the Pension Committee. The overall investment goal is to obtain a competitive rate-of-return on portfolio assets commensurate with prudent investment rules and the responsibility to provide retirement benefits for members, retirees and their beneficiaries. The committee regards prudent risk taking as justifiable and necessary to meet the plan liabilities and minimize long term contributions within reasonable and prudent levels of risk. The strategic allocation targets are:

TOWN OF NEW HARTFORD
Notes to the Financial Statements

<u>Asset Class</u>	<u>Target Allocation</u>
Money Market	2.00%
Core Fixed Income	38.00%
Large Capitalization Domestic Equity	34.00%
Mid/Small Cap Equity Domestic Equity	11.00%
International Equity	13.00%
Commodities	2.00%

Method Used to Value Investments – The actuarial value of assets phases in recognition of the difference between the actuarial return on Market Value and the expected return of Market Value over a 4-year period at 25% per year. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Investments that represent 5% or more to total assets are:

Russell US Core Equity I	6.00%
Schwab S&P 500 Index	10.00%
Vanguard Mid-Cap Index-Adm	6.00%
PIMCO Total Return D	12.10%

Money-weighted rate of return - Money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

Money-Weighted Rate of Return

Beginning Value \$2,331,750

June 30, 2014

Ending Value \$2,803,627

		Employer	Employee	Benefit	Net External	Period	Period	Net External
	Date	Contributions	Contributions	Payments	Cash Flows	Invested	Weight	Cash Flows w/ Interest
Beg of year						12	1.000	2,715,411
July	7/31/2013	-	-	(12,029)	(12,029)	11	0.917	(13,832)
August	8/30/2013	-	-	(12,029)	(12,029)	10	0.833	(13,657)
Sept.	9/30/2013	-	-	(12,029)	(12,029)	9	0.750	(13,485)
Oct.	10/31/2013	-	-	(12,029)	(12,029)	8	0.667	(13,315)
Nov.	11/30/2013	-	-	(12,029)	(12,029)	7	0.583	(13,147)
Dec.	12/31/2013	-	-	(12,029)	(12,029)	6	0.500	(12,981)
Jan.	1/31/2014	-	-	(12,029)	(12,029)	5	0.417	(12,817)
Feb.	2/28/2014	231,114	-	(12,029)	219,085	4	0.333	230,496
March	3/31/2014	-	-	(12,029)	(12,029)	3	0.250	(12,496)
April	4/30/2014	-	-	(12,029)	(12,029)	2	0.167	(12,338)
May	5/31/2014	-	-	(12,029)	(12,029)	1	0.083	(12,183)
June	6/30/2014	-	-	(12,029)	(12,029)	-	-	(12,029)
End of Year	6/30/2014	231,114	-	(144,348)				2,803,627

Money-Weighted Rate of Return

16.45%

Currently there is no Deferred Retirement Option Plan.

TOWN OF NEW HARTFORD

Notes to the Financial Statements

Funded Status and Funding Progress

The Town's annual pension cost and net pension obligation to the Plan for the current year as of July 1, 2013 (the most recent actuarial date) were as follows:

Schedule of Net Pension Liability

	<u>2014</u>
Total Pension Liability *	\$ 4,344,361
Plan Fiduciary net position	<u>2,803,627</u>
Net pension liability (asset)	1,540,734
Plan fiduciary net position as a percentage of total pension liability	64.53%
 Covered-employee payroll	 \$ 1,642,346
 Net pension liability as a % of covered employee payroll	 93.81%

* Total pension liability calculated using the Entry Age Normal Cost Method

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial Methods and Assumptions: The annual required contribution for the current year was determined as part of the July 1, 2011 actuarial valuation using the Projected Unit Credit Method. The funding policy consists of two parts, normal cost plus an amortization of the plan's Unfunded Actuarial Liability. For the July 1, 2013 valuation, an open amortization period of 30 years was used. Significant actuarial assumptions used include (1) rate of return on investments of 7.5% per year, (2) projected salary increases of 4.0% per year, and (3) a retirement age of 65 or social security retirement age for hires after December 31, 2001. The unfunded actuarial accrued liability is being amortized over 30 years. Mortality was based on RP2000 Combined Mortality projected using Scale AA to the valuation date. A full actuarial experience study has not been completed.

Discount Rate – The long-term expected rate of return may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where a) contributions are established by statute or contract or b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover the expected benefit payments and administrative expenses.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

Plans that are projected to have a sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. Plans that are projected to not have a sufficient fiduciary net position (i.e., assets are not sufficient to cover future benefit payments and administrative expenses) will be required to use a blended single equivalent discount rate, which may be significantly lower than the long-term expected rate of return on investments and will result in higher liabilities. As a result of this depletion date, we have used a blended single equivalent interest rate of 7.3%.

	<u>Current</u> <u>Discount Rate</u> 7.3%	<u>1% Decrease</u> <u>Discount Rate</u> 6.3%	<u>1% Increase</u> <u>Discount Rate</u> 8.3%
Net pension liability as of June 30, 2014	\$1,540,734	\$1,993,093	\$1,151,020

Valuation Date and Roll Forward Process – The plan used the July 1, 2011 valuation to calculate the Actuarially Determined Employer Contribution for fiscal year ending June 30, 2014. The July 1, 2013 Valuation directly calculated the July 1, 2013 Total Pension Liability. The July 1, 2013 Total Pension Liability was increased by service cost and interest and decreased by benefit payments to estimate the total pension liability as of June 30, 2014. The Pension Liability was also adjusted to reflect any material plan changes after the valuation.

Target Allocation and Expected Rate of Return
June 30, 2014

<u>Asset Class</u>	<u>Target</u> <u>Allocation</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return *</u>	<u>Weighting</u>
U.S. Large Cap	34.00%	4.75%	1.62%
U.S. Mid Cap	9.00%	5.50%	0.50%
U.S. Small Cap	2.00%	5.50%	0.11%
International	10.00%	5.25%	0.53%
Emerging	3.00%	6.00%	0.18%
Investment Bond	18.00%	2.25%	0.41%
International Bond	8.00%	2.00%	0.16%
Income Fund	8.00%	2.00%	0.16%
High Yield	4.00%	3.25%	0.13%
Commodity	2.00%	5.00%	0.10%
Cash	2.00%	0.00%	0.00%
	100.00%		3.90%
Long-Term Inflation Expectation			3.00%
Long-Term Expected Nominal Return			6.90%

* Long-term returns are provided by HHIA. The returns are geometric means.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 7.0% and 7.5%. An expected rate of return 7.3% was used in the calculation of the liability in this report. The July 1, 2013 valuation was based on a rate of 7.5%.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2013, as restated	\$ 4,038,641	\$ 2,331,750	\$ 1,706,891
Charges for the year			
Service Cost	149,509	-	149,509
Interest	300,559	-	300,559
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Employer Contributions	-	231,114	(231,114)
Net Investment Income		378,155	(378,155)
Benefit Payments	(144,348)	(144,348)	-
Other Changes	-	6,956	(6,956)
Net Changes	305,720	471,877	(166,157)
Balance at June 30, 2014	\$ 4,344,361	\$ 2,803,627	\$ 1,540,734
Plan fiduciary net position as a percentage of the total pension liability			64.53%
Covered-Employee Payroll			\$ 1,642,346
Net pension liability as a percentage of covered-employee payroll			93.81%

Required Supplementary Information - Historical trend information for the pension plan are presented as supplementary schedules following the notes to the financial statements, and, as information becomes available, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Historical Trend Information - Historical trend information provides information about the Plan's progress made in accumulating sufficient assets to pay benefits when due. Three-year historical trend information is presented in the following table:

TOWN OF NEW HARTFORD

Notes to the Financial Statements

Annual Pension Cost and Net Pension Obligation

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	<u>Actual Contribution</u>
June 30, 2012	207,781	90.1%	165,123	187,208
June 30, 2013	207,735	100.2%	164,754	208,104
June 30, 2014	207,733	111.3%	141,373	231,114

Actuarial assumed interest rate 8.0%

Amortization Period 30

Defined Contribution Plan

Town Employees

The Town adopted and administers a single employer defined contribution pension plan (Town of New Hartford 457(b) Plan) to provide benefits at retirement to employees of the Town. Union and Non-union town employees hired after 7/1/11, who are not covered by CT Teacher's Retirement Board, are required to contribute 1% of their salary and are eligible for a required 5% employer contribution. At June 30, 2014, there were 3 plan members. A provision has been included to allow pre-tax employee contributions up to 100% of compensation, subject to IRS dollar limits of \$17,500 for 2013-2014. Any participant who is age 50 or older could be eligible for a "catch-up" contribution of \$5,500 in 2013-2014. Income accumulates tax-free until distribution from the plan. The Town's required 5% contribution was \$4,971. The Board of Education's required 5% contribution was \$860. Participant contributions were \$9,366 for the year. Contributions are placed into individual participant accounts, where the funds are invested in mutual funds at the employees' discretion. Each participant has ownership of his or her respective accounts. Plan provisions and contribution requirements are established and may be amended by the Town.

Other Post-Employment Benefits

The Town is subject to the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*; however, it does not offer any postemployment benefits other than the pension, and has been advised it has no OPEB liability.

Teacher's Retirement System

Certified teachers in the Town of New Hartford, CT are eligible to participate in the State of Connecticut's Teacher's Retirement System, a multiple-employer, public employee's retirement system. The Town does not contribute to the system nor does it have any legal obligation for benefits. A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60. Members are required to contribute 7.25% of their annual salary to the system as required by section 10-183b(7) C.G.S. The State contributes amounts based on actuarial estimates. The State's aggregate contribution to the plan for the fiscal year ended June 30, 2014 for all participating local governments was \$948,540,000. The amount of the contribution allocable to the Town was estimated to be \$878,968 and the "on-behalf" payment has been recognized as a government grant and an education expenditure in the General Fund. For the year ended June 30, 2014, teachers for the Town of New Hartford, CT contributed \$257,053 to the plan. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis.

TOWN OF NEW HARTFORD
Notes to the Financial Statements

NOTE 7 – OTHER MATTERS

Risk Management

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Town purchases commercial insurance to cover most potential risks of loss. Neither the Town nor its insurers have settled any claim within the past year, which have exceeded the Town's insurance coverage. There were no significant changes in coverage from the prior year, and no settlements have exceeded insurance coverage in the last three years.

The Town belongs to the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool currently operating as a common risk management and insurance program for a comprehensive workers' compensation insurance program through its workers' compensation pool. The Town pays an annual premium to the pool for its coverage. The agreement for the formation of CIRMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event to an unlimited excess limit. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, New Haven, CT.

Contingencies

The Town participates in Regional Refuse District No. 1, a transfer station that was formally a landfill. The District has been informed that its landfill is on the Superfund list and has been named a potentially responsible party by the Environmental Protection Agency. The District has settled its liability for the Remedial Investigation/Feasibility Study, and the EPA has approved a long-term natural attenuation and monitoring program as the final remedy for the site. The annual financial obligation for this long-term work was funded by amounts obtained in grant funds and assessed to all PRP's and set aside in a trust fund for these activities. At this point, it is premature to estimate the final cost of the program, as the total cost of post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws and regulations. The towns served by the District are required to pay any shortfall in the District's budget. The Town of New Hartford, CT is responsible for approximately 32% of any such shortfall.

NOTE 8 – FUND BALANCES

The following balances were assigned at June 30, 2014:

General Fund:

Subsequent Year Budget	\$ 463,589
Return of Settlement Funds	50,833
Capital Improvements	484,600
Total	<u>\$ 999,022</u>

The following funds had deficit balances at June 30, 2014:

Dog Fund	\$ 903
Open Space	60,389
Total	<u>\$ 61,292</u>

NOTE 9 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The Town adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. The GASB considers deferred outflows of resources and deferred inflows of resources to be distinct from assets and liabilities, and as a result of this statement now requires certain items previously reported as assets and liabilities to be reported as deferred inflows or outflows of resources. Prior to the implementation of GASB Statement No. 65, reporting standards required the Town to present certain items as assets and liabilities. Due to the adoption of GASB Statement No. 65, the Town is now reporting Deferred Taxes as a deferred inflow of resources.

The Town also adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*, which had no significant effect on the Town's reporting of its defined contribution pension plan.

The adoption of GASB Statement No. 67, *Financial Reporting for Pension Plans* did have significant effects on the financial statement disclosures of the defined benefit plan, which can be found on pages 45-50.

The Town also adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required the Town to report a Net Pension Liability for its Defined Benefit Pension Plan instead of a Net Pension Obligation as previously reported. The restatements of net position/fund balance as a result of the adoption of this statement are as follows:

	Governmental Activities
Net Position at June 30, 2013	\$ 15,666,198
Adoption of GASB Statement 68	<u>(1,542,137)</u>
Net Position at July 1, 2013	<u>\$ 14,124,061</u>

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Required Supplementary Information

TOWN OF NEW HARTFORD
Schedule of Net Pension Liability and Related Ratios
For the Year Ended June 30, 2014

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 149,509
Interest	300,559
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(144,348)</u>
Net change in total pension liability	305,720
Total pension liability - beginning	<u>4,038,641</u>
Total pension liability - ending (a)	<u><u>\$ 4,344,361</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ 231,114
Contributions - employee	-
Net investment income	378,155
Benefit payments, including refunds of member contributions	(144,348)
Administrative Expenses	-
Other	<u>6,956</u>
Net change in pension fiduciary net position	471,877
 Plan fiduciary net position - beginning	<u>2,331,750</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,803,627</u></u>
 Net pension liability - ending: (a) - (b)	<u><u>\$ 1,540,734</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	64.53%
 Covered employee payroll	\$ 1,642,346
 Net pension liability as a percentage of covered-employee payroll	93.81%

See accountant's report.

TOWN OF NEW HARTFORD

Schedule of Contributions Last Fiscal Year

	<u>2014</u>
Actuarially determined contribution (ADEC)	\$ 208,104
Contributions in relation to the ADEC	<u>231,114</u>
Contribution deficiency (excess)	<u>(23,010)</u>
Covered-employee payroll	1,642,346
Contributions as a percentage of covered-employee payroll	14.07%

Notes to Schedule

Valuation Date: 7/1/2011

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Open
Remaining amortization period	30 yrs
Asset valuation method	phases in recognition of the difference between actual return on Market Value and expected return of Market Value
Inflation	7.30%
Salary increases	4% increase per year
Investment rate of return	7.50%
Retirement Age	65 or Social Security Retirement Age for hires after December 31, 2001
Mortality	RP2000 Combined Mortality projected using scale AA to the valuation date

See accountant's report.

TOWN OF NEW HARTFORD
Schedule of Investment Returns

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	16.45%

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**Supplemental, Combining,
and Individual Fund
Statements and Schedules**

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General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund budget is legally adopted at the Annual Town Meeting. The General Fund utilizes the modified accrual basis of accounting.

TOWN OF NEW HARTFORD
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Page 1 of 6

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over <u>(Under)</u>
Revenues				
Taxes				
Property Taxes	\$ 17,527,286	\$ 17,527,286	\$ 17,656,240	\$ 128,954
Property Taxes - Prior Years	175,000	175,000	217,636	42,636
Interest and Lien Fees	100,000	100,000	112,011	12,011
Total Taxes	<u>17,802,286</u>	<u>17,802,286</u>	<u>17,985,887</u>	<u>183,601</u>
Fees, Fines, and Permits				
Licenses and Permits	1,000	1,000	5,265	4,265
Copy Machine Fees	12,000	12,000	10,000	(2,000)
Town Clerk Fees	90,000	90,000	90,826	826
Building Inspector Fees	45,000	45,000	75,311	30,311
Zoning & Wetlands Fees	8,400	8,400	6,636	(1,764)
Burning Official Fees	1,300	1,300	1,980	680
Assessor Revenues	-	-	-	-
Parking Tickets Fees	100	100	25	(75)
Total Fees, Fines, and Permits	<u>157,800</u>	<u>157,800</u>	<u>190,043</u>	<u>32,243</u>
Intergovernmental Revenue				
Telephone access line tax	20,331	20,331	19,738	(593)
Town Aid for Roads	270,219	270,219	269,963	(256)
Lieu of taxes-State-Owned Property	-	-	18,164	18,164
LOCIP Grant	84,887	84,887	63,021	(21,866)
Lieu of taxes-Veteran	3,402	3,402	3,149	(253)
Lieu of taxes-Elderly	36,229	36,229	34,898	(1,331)
Lieu of taxes-Disabled	453	453	484	31
Adult Education	2,321	2,321	2,316	(5)
Pequot Grant	-	-	20,324	20,324
FEMA	50,000	50,000	44,355	(5,645)
ECS Grant	3,197,421	3,197,421	3,177,567	(19,854)
Municipal Grant in Aid	-	-	75,483	75,483
Education Pass-through Grants	216,489	216,489	283,152	66,663
School Transportation	-	-	31,372	31,372
Special Education	89,315	89,315	68,831	(20,484)
Hold Harmless Grant	55,410	55,410	55,410	-
Total Intergovernmental Revenues	<u>4,026,477</u>	<u>4,026,477</u>	<u>4,168,227</u>	<u>141,750</u>
Other Revenues				
Rental Income	50,646	50,646	50,646	-
Student Tuition	-	-	27,613	27,613
WPCA split 61%	120,447	120,447	120,447	-
Miscellaneous	62,500	62,500	58,356	(4,144)
Total Other Revenues	<u>\$ 233,593</u>	<u>\$ 233,593</u>	<u>\$ 257,062</u>	<u>\$ 23,469</u>

See accountant's report.

TOWN OF NEW HARTFORD
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Page 2 of 6

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over <u>(Under)</u>
Investment Earnings				
Short-Term Interest	\$ 35,000	\$ 35,000	\$ 9,916	\$ (25,084)
Total Investment Income	<u>35,000</u>	<u>35,000</u>	<u>9,916</u>	<u>(25,084)</u>
Surplus to Finance Budget	<u>452,507</u>	<u>1,030,150</u>	<u>512,080</u>	<u>(518,070)</u>
Total Revenues	<u>22,707,663</u>	<u>23,285,306</u>	<u>23,123,215</u>	<u>(162,091)</u>
Expenditures				
General Government				
First Selectman	68,282	68,282	68,282	-
Senior Bookkeeper	50,210	50,214	50,214	-
Bookkeeper Ass't	12,857	14,584	14,584	-
Admin. Asst./Welfare Admin.	50,210	50,214	50,214	-
Overtime/ Substitutes	4,000	5,443	5,443	-
Town Hall Janitorial Service	17,000	16,993	16,791	(202)
Administrative Expenses	10,000	12,812	12,812	-
Office Supplies and Equipment	20,000	22,083	22,083	-
Communications Expense	5,000	-	-	-
Town Hall Maintenance and Utilities:				
Telephone	11,500	12,954	12,954	-
Heating	14,750	21,613	21,613	-
Electricity	45,000	42,244	41,665	(579)
Other Utilities	8,000	9,230	9,230	-
Computer Maintenance	18,250	22,006	22,006	-
Interior Maintenance	39,000	31,042	28,708	(2,334)
Insurance				
Liability and Property	70,304	70,535	70,535	-
Workers' Compensation	100,000	98,090	98,090	-
Pension	120,962	122,651	122,651	-
Town's Share of FICA	107,000	109,093	109,093	-
Unemployment	10,000	10,000	78	(9,922)
Health	446,381	400,773	379,504	(21,269)
Longevity Pay	3,224	3,171	3,016	(155)
Town				
Attorney	18,000	9,820	9,820	-
Engineer	18,000	18,053	19,192	1,139
Tax Collector:				
Salary	50,780	50,780	50,780	-
Assistant	17,567	17,567	14,650	(2,917)
Data Processing	9,500	9,500	9,478	(22)
Supplies and Expenses	7,200	7,200	6,810	(390)
Collection Expense	1,500	1,500	1,405	(95)
Assessor:				
Salary	50,269	50,386	50,386	-
Assessor's Clerk	42,466	42,466	42,460	(6)
Data Processing	14,850	14,733	14,370	(363)
Supplies and Expenses	\$ 4,535	\$ 4,535	\$ 3,603	(932)

See accountant's report.

TOWN OF NEW HARTFORD
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Page 3 of 6

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over <u>(Under)</u>
Probate	\$ 6,160	\$ 6,160	\$ 4,679	(1,481)
Elections	35,050	35,050	30,931	(4,119)
Referendums	9,870	9,870	4,936	(4,934)
Board of Finance				
Supplies and Expenses	2,280	2,280	984	(1,296)
Audit	26,295	26,295	22,635	(3,660)
Town Reports	1,000	1,000	1,000	-
Treasurer's Salary	6,656	6,656	6,656	-
Town Clerk:				
Salary	58,165	58,165	58,165	-
Clerical Salary	34,260	34,469	34,469	-
Supplies and Expenses	36,079	35,870	35,840	(30)
Town Clerk Training	746	746	746	-
Total General Government	1,683,158	1,637,128	1,583,561	(53,567)
Public Safety				
Constables	162,604	174,244	174,244	-
Constables - Overtime	6,000	9,219	9,219	-
Resident State Troopers	215,000	191,750	129,774	(61,976)
Vehicle Expense	7,000	8,990	8,999	9
Supplies and Expenses	5,450	8,521	8,521	-
Street Lights	25,191	25,191	22,737	(2,454)
Fire Department:				
Fire Marshal	16,000	16,000	11,301	(4,699)
Deputy Fire Marshal	1,000	1,000	-	(1,000)
Fire Marshal Vehicle	1,800	1,800	1,800	-
Burning Official	1,300	1,680	1,680	-
Animal Control Fund	14,000	14,809	14,809	-
Local Emergency Planning	6,060	8,201	8,201	-
Litchfield County Dispatch	69,113	69,113	67,488	(1,625)
Paramedic Intercept	46,601	46,601	46,601	-
Ambulance Association	75,000	75,000	75,000	-
Total Public Safety	652,119	652,119	580,374	(71,745)
Highways				
Wages	473,849	384,882	384,882	-
Overtime Wages	60,000	96,212	96,212	-
Supplies and Expenses	55,000	73,129	73,129	-
Equip. Maint. and Repair	75,000	100,516	100,516	-
Gas, Grease, and Oil	75,000	93,549	93,549	-
Telephone	2,000	4,178	4,178	-
Heating Oil	10,000	16,734	16,734	-
Electricity	8,000	7,668	7,668	-
Tree Removal	30,000	38,297	38,297	-
Road Maint. and Improvement	115,000	192,059	192,059	-

See accountant's report.

TOWN OF NEW HARTFORD
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Page 4 of 6

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over (Under)
Snow Sand	70,000	61,838	61,838	-
Snow Salt/Liquid Calcium	70,000	53,558	53,558	-
Road Sweeping/Catchbasin Clean	10,000	-	-	-
Asphalt/Bituminous Paving	165,000	359,435	359,435	-
Crack and Chip Seal	<u>270,000</u>	<u>42,113</u>	<u>42,113</u>	-
Total Highway	1,488,849	1,524,168	1,524,168	-
Planning and Development				
Building Inspector	34,037	35,333	35,333	-
Building Department Expense	3,450	3,450	2,462	(988)
Zoning:				
Officer	49,908	49,908	45,453	(4,455)
Zoning Secretary	11,408	8,144	6,510	(1,634)
Printing Supplies and Expenses	8,000	9,968	9,968	-
Legal and Professional Fees	42,000	42,000	28,688	(13,312)
Engineer Fees	2,000	2,232	2,232	-
Town Planner	1,000	990	978	(12)
Inland Wetlands	3,000	2,769	2,731	(38)
Litchfield Co. Soil Conservation	<u>1,795</u>	<u>1,795</u>	<u>1,795</u>	-
Total Planning and Development	156,598	156,589	136,150	(20,439)
Health and Welfare				
Farmington Valley Health District	34,635	34,645	34,645	-
Foothills Visiting Nurse	29,070	29,070	29,070	-
Regional Refuse Disposal	166,000	166,000	138,586	(27,414)
Meals on Wheels	3,039	3,039	3,039	-
Agent for the Elderly	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	-
Total Health and Welfare	233,744	233,754	206,340	(27,414)
Libraries				
N. H. Free Public Library	223,000	223,000	223,000	-
Bakerville Library	<u>49,000</u>	<u>49,000</u>	<u>49,000</u>	-
Total Libraries	272,000	272,000	272,000	-
Parks and Recreation				
Recreation Director	44,003	33,848	33,848	-
Seasonal Help	6,000	9,570	9,570	-
General Recreation	1,500	620	620	-
Contracted Services	34,135	51,182	51,182	-
Sports Allocations	2,000	1,000	1,000	-
Propane	<u>5,500</u>	<u>7,608</u>	<u>7,608</u>	-
Total Parks and Recreation	\$ 93,138	\$ 103,828	\$ 103,828	\$ -

See accountant's report.

TOWN OF NEW HARTFORD
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Page 5 of 6

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Over <u>(Under)</u>
Debt Service				
Principal	\$ 536,149	\$ 536,149	\$ 535,650	\$ (499)
Interest	<u>266,984</u>	<u>266,984</u>	<u>266,984</u>	<u>-</u>
Total Debt Service	803,133	803,133	802,634	(499)
Commissions/Other Agencies				
Conservation Commission	3,500	3,500	1,019	(2,481)
Open Space Board	3,500	3,500	-	(3,500)
Board of Tax Review	5,000	5,000	107	(4,893)
New Hartford Day	1,800	1,800	1,800	-
Historic District Commission	500	500	-	(500)
Senior Citizens	33,587	33,587	31,501	(2,086)
Northwest Transportation	1,128	1,128	1,128	-
Historical Society	1,000	1,000	-	(1,000)
Litchfield Hills CEO	5,543	5,543	5,543	-
Contingency Fund	8,000	6,885	4,100	(2,785)
Community Club	50	50	-	(50)
Town Hill Cemetery	100	100	-	(100)
Susan B. Anthony Project	2,000	2,000	2,000	-
Winchester Youth Service	5,000	5,000	5,000	-
Economic Development	15,350	15,350	9,184	(6,166)
Standclift Cove	5,600	5,600	5,600	-
Torrington Water Co. Hydrants	14,703	14,703	9,802	(4,901)
CCM	<u>3,000</u>	<u>4,115</u>	<u>4,115</u>	<u>-</u>
Total Commissions/Other Agencies	109,361	109,361	80,899	(28,462)
Capital Expenditures				
Antolini Sand Shed	30,000	30,000	30,000	-
Dump Truck	15,000	15,000	15,000	-
Technology	10,000	10,000	10,000	-
Park & Recreation	20,000	20,000	20,000	-
Municipal Projects	30,000	30,000	30,000	-
Bridge Improvements	95,000	95,000	95,000	-
Planning and Zoning	10,000	10,000	10,000	-
Drainage	33,000	32,100	32,100	-
Downtown Improvements	15,000	15,000	15,000	-
Revaluation	-	420	420	-
Roller	-	500	500	-
School Security Project	-	487,643	487,643	-
BOE Capital Projects	<u>30,800</u>	<u>30,800</u>	<u>30,800</u>	<u>-</u>
Total Capital Expenditures	<u>288,800</u>	<u>776,463</u>	<u>776,463</u>	<u>-</u>
Education				
Board of Education:				
Regular Elementary	2,774,090	2,774,090	2,751,914	(22,176)
Special Education	1,244,226	1,334,226	1,361,700	27,474
Adult Education	7,323	7,323	7,323	-
School Health	117,431	117,431	108,830	(8,601)

See accountant's report.

TOWN OF NEW HARTFORD
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2014

Page 6 of 6

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Improvement of Instruction	90,254	90,254	83,498	(6,756)
Library	29,844	29,844	23,975	(5,869)
Technology	138,384	138,384	138,273	(111)
Board of Education	23,636	23,636	14,066	(9,570)
Central Office	271,490	271,490	271,399	(91)
School Offices	377,630	377,630	378,764	1,134
Plant Operations	738,507	738,507	779,515	41,008
Pupil Transportation	661,846	661,846	648,900	(12,946)
Cafeteria Shortfall	-	-	3,865	3,865
Communications	6,964	6,964	6,256	(708)
Employee Benefits	<u>1,457,937</u>	<u>1,457,937</u>	<u>1,420,998</u>	<u>(36,939)</u>
Total Board of Education	7,939,562	8,029,562	7,999,276	(30,286)
Adult Education Cooperative	2,335	2,335	1,618	(717)
Regional School District #7	8,768,377	8,768,377	8,768,377	-
Education Pass-through Grants	<u>216,489</u>	<u>216,489</u>	<u>287,527</u>	<u>71,038</u>
Total Education	<u>16,926,763</u>	<u>17,016,763</u>	<u>17,056,798</u>	<u>40,035</u>
Total Expenditures	<u>\$ 22,707,663</u>	<u>\$ 23,285,306</u>	<u>\$ 23,123,215</u>	<u>\$ (162,091)</u>
 Excess of Revenues over Expenditures	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

See accountant's report.

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Nonmajor Governmental Funds

Special Revenue Funds

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

Debt Service Fund – A fund used to account for financial resources to be used for the payment of compensated absences payable to retired or terminated employees.

New Hartford Day Fund – To account for the revenues and expenditures related to the “New Hartford Day” celebration.

Dog Fund – To account for funds provided by the sale of dog licenses, sale of stray dogs, and various fines levied against owners of stray dogs, as well as General Fund appropriations.

Historical Documents Fund – To account for funds related to the preservation of the Town’s records

School Cafeteria Fund – To separately account for the operations of the school cafeterias. The Town’s participation in the state-administered Federal Child Nutrition Program is reported in this fund.

Recreation Fund – To account for the revenues and expenditures involved in the administration of recreational services.

Town Hill Cemetery Fund – To account for funds used for the maintenance of Town Hill Cemetery.

Small Cities Housing Rehabilitation – To account for funds used to assist qualified citizens in making improvements to their homes.

Open Space Fund – To account for funds related to the preservation of undeveloped land.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Community Investment (formerly known as Farmland Preservation) – To account for funds restricted to preservation of farmland located within the town boundaries.

Capital Projects Fund – To account for the financial resources to be used for major capital asset constructions and/or purchase.

TOWN OF NEW HARTFORD
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Page 1 of 2

SPECIAL REVENUE FUNDS						
	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>New</u> <u>Hartford</u> <u>Day</u>	<u>Dog</u> <u>Fund</u>	<u>Historical</u> <u>Documents</u> <u>Fund</u>	<u>School</u> <u>Cafeteria</u>	<u>Recreation</u> <u>Fund</u>
Assets						
Cash and cash equivalents	\$ 46,849	\$ 1,972	\$ 7,084	\$ -	\$ 43,988	\$ 86,286
Investments	-	-	-	-	-	-
Deferred Loans Receivable	-	-	-	-	-	-
Interfund Receivables	-	-	-	4,946	-	-
Inventories	-	-	-	-	5,209	-
Total Assets	<u>\$ 46,849</u>	<u>\$ 1,972</u>	<u>\$ 7,084</u>	<u>\$ 4,946</u>	<u>\$ 49,197</u>	<u>\$ 86,286</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	-	-	-	-	-	15,153
Interfund Payables	-	-	-	-	42,988	-
Due to State of CT	-	-	7,987	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,987</u>	<u>-</u>	<u>42,988</u>	<u>15,153</u>
Fund Balances						
Nonspendable	-	-	-	-	5,209	-
Restricted	-	1,972	-	4,946	-	-
Committed	46,849	-	-	-	1,000	71,133
Assigned	-	-	-	-	-	-
Unassigned	-	-	(903)	-	-	-
Total Fund Balances	<u>46,849</u>	<u>1,972</u>	<u>(903)</u>	<u>4,946</u>	<u>6,209</u>	<u>71,133</u>
Total Liabilities and Fund Balances	<u>\$ 46,849</u>	<u>\$ 1,972</u>	<u>\$ 7,084</u>	<u>\$ 4,946</u>	<u>\$ 49,197</u>	<u>\$ 86,286</u>

See accountant's report.

TOWN OF NEW HARTFORD

Page 2 of 2

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
	Town Hill Cemetery Fund	Small Cities Housing Rehabilitation	Open Space	Capital Projects	Community Investment	Total
Assets						
Cash and cash equivalents	\$ 2,732	\$ 23,797	\$ -	\$ 213,782	\$ -	\$ 426,490
Investments	99,090	-	-	-	-	99,090
Deferred Loans Receivable	-	463,810	-	-	-	463,810
Interfund Receivables	-	-	-	462,452	39,792	507,190
Inventories	-	-	-	-	-	5,209
Total Assets	\$ 101,822	\$ 487,607	\$ -	\$ 676,234	\$ 39,792	\$ 1,501,789
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	-	-	-	5,133	-	20,286
Interfund Payables	-	-	60,389	-	-	103,377
Due to State of CT	-	-	-	-	-	7,987
Total Liabilities	-	-	60,389	5,133	-	131,650
Fund Balances						
Nonspendable	-	463,810	-	-	-	469,019
Restricted	101,822	23,797	-	-	39,792	172,329
Committed	-	-	-	671,101	-	790,083
Assigned	-	-	-	-	-	-
Unassigned	-	-	(60,389)	-	-	(61,292)
Total Fund Balances	101,822	487,607	(60,389)	671,101	39,792	1,370,139
Total Liabilities and Fund Balances	\$ 101,822	\$ 487,607	\$ -	\$ 676,234	\$ 39,792	\$ 1,501,789

See accountant's report.

TOWN OF NEW HARTFORD

Page 1 of 2

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

	SPECIAL REVENUE FUNDS					
	<u>Debt</u>	<u>New</u>		<u>Historical</u>		
	<u>Service</u>	<u>Hartford</u>	<u>Dog</u>	<u>Documents</u>	<u>School</u>	<u>Recreation</u>
	<u>Fund</u>	<u>Day</u>	<u>Fund</u>	<u>Fund</u>	<u>Cafeteria</u>	<u>Fund</u>
Revenues						
Operating Grants and Contributions	\$ -	\$ 310	\$ -	\$ 4,000	\$ 31,635	\$ -
Capital Grants and Contributions	-	-	-	-	-	-
Charges for Services	-	-	16,530	2,680	97,854	185,591
Other Income	-	-	-	-	49	-
Investments earnings	34	1	-	-	-	-
Total Revenues	<u>34</u>	<u>311</u>	<u>16,530</u>	<u>6,680</u>	<u>129,538</u>	<u>185,591</u>
Expenditures						
Current						
General government	-	1,253	-	16,270	-	-
Public safety	-	-	16,192	-	-	-
Parks and recreation	-	-	-	-	-	165,632
Commissions/agencies	-	-	-	-	-	-
Education	-	-	-	-	131,543	-
Debt Service	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,253</u>	<u>16,192</u>	<u>16,270</u>	<u>131,543</u>	<u>165,632</u>
Excess/(Deficiency) of Revenues						
Over Expenditures	34	(942)	338	(9,590)	(2,005)	19,959
Other Financing Sources/(Uses)						
Transfers in	-	1,800	-	-	3,865	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>3,865</u>	<u>-</u>
Net change in fund balances	34	858	338	(9,590)	1,860	19,959
Fund balances - beginning	<u>46,815</u>	<u>1,114</u>	<u>(1,241)</u>	<u>14,536</u>	<u>4,349</u>	<u>51,174</u>
Fund balances - ending	<u>\$ 46,849</u>	<u>\$ 1,972</u>	<u>\$ (903)</u>	<u>\$ 4,946</u>	<u>\$ 6,209</u>	<u>\$ 71,133</u>

See accountant's report.

TOWN OF NEW HARTFORD
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Page 2 of 2

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
	Town Hill Cemetery Fund	Small Cities Housing Rehabilitation	Open Space	Capital Projects	Community Investment	Total
Revenues						
Operating Grants and Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,945
Capital Grants and Contributions	-	-	48,519	-	-	48,519
Charges for Services	800	-	-	-	2,844	306,299
Other Income	-	-	-	-	-	49
Investments earnings	18,357	11	23	532	-	18,958
Total Revenues	19,157	11	48,542	532	2,844	409,770
Expenditures						
Current						
General government	-	-	-	-	-	17,523
Public safety	-	-	-	-	-	16,192
Parks and recreation	-	-	-	-	-	165,632
Commissions/agencies	4,246	-	-	-	-	4,246
Education	-	-	-	-	-	131,543
Debt Service	-	-	-	-	-	-
Capital Expenditures	-	-	-	395,179	-	395,179
Total Expenditures	4,246	-	-	395,179	-	730,315
Excess/(Deficiency) of Revenues Over Expenditures	14,911	11	48,542	(394,647)	2,844	(320,545)
Other Financing Sources/(Uses)						
Transfers in	-	-	-	776,463	-	782,128
Transfers out	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	776,463	-	782,128
Net change in fund balances	14,911	11	48,542	381,816	2,844	461,583
Fund balances - beginning	86,911	487,596	(108,931)	289,285	36,948	908,556
Fund balances - ending	<u>\$101,822</u>	<u>\$ 487,607</u>	<u>\$ (60,389)</u>	<u>\$671,101</u>	<u>\$ 39,792</u>	<u>\$ 1,370,139</u>

See accountant's report.

Fiduciary Funds

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

Pension Trust Fund – To account for investments and related activity for the pension accounts funded on behalf of Town employees.

Private Purpose Trust Fund

Neighbor to Neighbor Fund – To account for donations received from the public and disbursed by the Town for Community Assistance.

Agency Funds

Driveway Permits – To account for cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

Zoning Permits – To account for cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

Student Activities Fund – To account for monies from various self-funding school activity funds.

TOWN OF NEW HARTFORD
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	AGENCY FUNDS			
	<u>Driveway Permits</u>	<u>Zoning Permits</u>	<u>Student Activities Fund</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 35,507	\$ 3,087	\$ 7,911	\$ 46,505
Investments:				
Short-Term Investments	-	-	-	-
Mutual Funds	-	-	-	-
Total Assets	<u>\$ 35,507</u>	<u>\$ 3,087</u>	<u>\$ 7,911</u>	<u>\$ 46,505</u>
 Deferred Outflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Liabilities				
Fiduciary Deposits	<u>35,507</u>	<u>3,087</u>	<u>7,911</u>	<u>46,505</u>
Total Liabilities	<u>35,507</u>	<u>3,087</u>	<u>7,911</u>	<u>46,505</u>
 Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net Position				
Held in Trust for Pension Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountant's report.

TOWN OF NEW HARTFORD
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Driveway Permits</u>				
Assets:				
Cash	\$ 35,827	\$ 4,517	\$ 4,837	\$ 35,507
Total Assets	<u>35,827</u>	<u>4,517</u>	<u>4,837</u>	<u>35,507</u>
Liabilities				
Fiduciary Deposits	<u>35,827</u>	<u>4,517</u>	<u>4,837</u>	<u>35,507</u>
Total Liabilities	<u>\$ 35,827</u>	<u>\$ 4,517</u>	<u>\$ 4,837</u>	<u>\$ 35,507</u>
<u>Zoning Permits</u>				
Assets:				
Cash	\$ 3,444	\$ 2,675	\$ 3,032	\$ 3,087
Total Assets	<u>3,444</u>	<u>2,675</u>	<u>3,032</u>	<u>3,087</u>
Liabilities				
Fiduciary Deposits	<u>3,444</u>	<u>2,675</u>	<u>3,032</u>	<u>3,087</u>
Total Liabilities	<u>\$ 3,444</u>	<u>\$ 2,675</u>	<u>\$ 3,032</u>	<u>\$ 3,087</u>
<u>Student Activities Fund</u>				
Assets:				
Cash	\$ 19,798	\$ 52,005	\$ 63,892	\$ 7,911
Total Assets	<u>19,798</u>	<u>52,005</u>	<u>63,892</u>	<u>7,911</u>
Liabilities				
Fiduciary Deposits	<u>19,798</u>	<u>52,005</u>	<u>63,892</u>	<u>7,911</u>
Total Liabilities	<u>\$ 19,798</u>	<u>\$ 52,005</u>	<u>\$ 63,892</u>	<u>\$ 7,911</u>
<u>Total Agency Funds</u>				
Assets:				
Cash	\$ 59,069	\$ 59,197	\$ 71,761	\$ 46,505
Total Assets	<u>59,069</u>	<u>59,197</u>	<u>71,761</u>	<u>46,505</u>
Liabilities				
Fiduciary Deposits	<u>59,069</u>	<u>59,197</u>	<u>71,761</u>	<u>46,505</u>
Total Liabilities	<u>\$ 59,069</u>	<u>\$ 59,197</u>	<u>\$ 71,761</u>	<u>\$ 46,505</u>

See accountant's report.

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Supplemental Schedules

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

	Outstanding July 1, 2013	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Receipt of Taxes	Receipt of Interest and Liens	Total Receipts	Outstanding June 30, 2014
			Additions	Deductions						
List of										
10/1:										
2012		\$ 17,943,205	\$ 20,741	\$ 35,919	\$ (928)	17,927,099	\$ 17,675,720	\$ 48,796	\$ 17,724,516	\$ 251,379
2011	\$ 296,416	-	903	2,840	(1,724)	292,755	153,774	32,198	185,972	138,981
2010	124,650	-	-	515	(1,716)	122,419	45,539	19,597	65,136	76,880
2009	53,709	-	-	-	(1,008)	52,701	14,541	6,568	21,109	38,160
2008	17,202	-	217	217	(1,459)	15,743	2,056	2,108	4,164	13,687
2007	5,334	-	239	239	(1,598)	3,736	637	1,138	1,775	3,099
2006	2,135	-	-	-	(548)	1,587	-	603	603	1,587
2005	681	-	-	-	-	681	-	86	86	681
2004	666	-	-	-	-	666	-	133	133	666
2003	1,451	-	-	-	-	1,451	-	59	59	1,451
2002	1,068	-	81	-	-	1,149	81	208	289	1,068
2001	282	-	-	-	-	282	-	100	100	282
2000	280	-	-	-	-	280	-	272	272	280
1999	276	-	-	-	-	276	-	323	323	276
1998	121	-	-	-	-	121	-	-	-	121
	<u>\$ 504,271</u>	<u>\$ 17,943,205</u>	<u>\$ 22,181</u>	<u>\$ 39,730</u>	<u>\$ (8,981)</u>	<u>\$ 18,420,946</u>	<u>\$ 17,892,348</u>	<u>\$ 112,189</u>	<u>\$ 18,004,537</u>	<u>\$ 528,598</u>

Net Grand List- October 1, 2012

Tax Rate: 24.95 mills

Total Suspense Collections	2,063	*	2,063
Total Collections	<u>\$ 17,894,411</u>	<u>\$ 112,189</u>	<u>\$ 18,006,600</u>

*total suspense interest collections of \$2,636 included in total receipt of interest & liens collected

See accountant's report.

TOWN OF NEW HARTFORD

Schedule of Debt Limitation As of June 30, 2014

Total Tax Collections - including interest and lien fees Received by Treasurer	\$ 18,006,600
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Reimbursement for revenue loss on:

Tax relief for elderly	34,898
Base	<u>\$ 18,041,498</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
Debt limitation:				
2 1/4 times base	\$40,593,371	\$ -	\$ -	\$ -
4 1/2 times base	-	81,186,741	-	-
3 3/4 times base	-	-	67,655,618	-
3 1/4 times base	-	-	-	58,634,869
Total debt limitation	<u>40,593,371</u>	<u>81,186,741</u>	<u>67,655,618</u>	<u>58,634,869</u>

Indebtedness:

Bonds payable	1,973,592	1,216,408	-	-
USDA Note	-	-	3,513,350	-

Overlapping debt:

Regional School District No. 7	-	2,112,375	-	-
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Total Indebtedness	<u>1,973,592</u>	<u>3,328,783</u>	<u>3,513,350</u>	<u>-</u>
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Debt limitation in excess of outstanding and authorized debt	<u>\$38,619,779</u>	<u>\$77,857,958</u>	<u>\$64,142,268</u>	<u>\$ 58,634,869</u>
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NOTE:

In no case should this total indebtedness exceed
seven times the base \$18,041,498 or \$126,290,486.

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Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess economic conditions.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.)
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

TOWN OF NEW HARTFORD
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:										
Net Investment in Capital Assets	\$ 3,832,969	\$ 5,087,155	\$ 6,495,637	\$ 9,943,175	\$ 10,358,650	\$ 10,236,647	\$ 10,921,448	\$ 11,155,435	\$ 12,124,042	\$ 12,513,900
Restricted	-	4,680	10,122	13,900	21,155	24,480	28,944	31,929	36,948	636,139
Unrestricted	<u>3,421,144</u>	<u>5,371,047</u>	<u>4,495,772</u>	<u>4,039,050</u>	<u>4,221,104</u>	<u>1,760,535</u>	<u>3,400,525</u>	<u>3,546,323</u>	<u>1,963,071</u>	<u>1,590,443</u>
Total Governmental Activities Net Position	<u>\$ 7,254,113</u>	<u>\$ 10,462,882</u>	<u>\$ 11,001,531</u>	<u>\$ 13,996,125</u>	<u>\$ 14,600,909</u>	<u>\$ 12,021,662</u>	<u>\$ 14,350,917</u>	<u>\$ 14,733,687</u>	<u>\$ 14,124,061</u>	<u>\$ 14,740,482</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 3,518,323	\$ 3,543,790	\$ 3,789,447	\$ 3,691,737	\$ 4,942,028	\$ 9,746,307	\$ 11,265,057	\$ 10,945,088	\$ 10,636,926	\$ 10,767,874
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>372,856</u>	<u>182,629</u>	<u>253,511</u>	<u>90,278</u>	<u>47,118</u>	<u>(1,981,117)</u>	<u>(2,016,632)</u>	<u>(2,045,157)</u>	<u>(1,965,796)</u>	<u>(1,993,158)</u>
Total Business-type Activities Net Position	<u>\$ 3,891,179</u>	<u>\$ 3,726,419</u>	<u>\$ 4,042,958</u>	<u>\$ 3,782,015</u>	<u>\$ 4,989,146</u>	<u>\$ 7,765,190</u>	<u>\$ 9,248,425</u>	<u>\$ 8,899,931</u>	<u>\$ 8,671,130</u>	<u>\$ 8,774,716</u>
Primary Government:										
Net Investment in Capital Assets	\$ 7,351,292	\$ 8,630,945	\$ 10,285,084	\$ 13,634,912	\$ 15,300,678	\$ 19,982,954	\$ 22,186,505	\$ 22,100,523	\$ 19,167,283	\$ 19,779,931
Restricted	-	4,680	10,122	13,900	21,155	24,480	28,944	31,929	36,948	636,139
Unrestricted	<u>3,794,000</u>	<u>5,553,676</u>	<u>4,749,283</u>	<u>4,129,328</u>	<u>4,268,222</u>	<u>(220,582)</u>	<u>1,383,893</u>	<u>1,501,166</u>	<u>3,590,960</u>	<u>3,099,128</u>
Total Primary Government Net Position	<u>\$ 11,145,292</u>	<u>\$ 14,189,301</u>	<u>\$ 15,044,489</u>	<u>\$ 17,778,140</u>	<u>\$ 19,590,055</u>	<u>\$ 19,786,852</u>	<u>\$ 23,599,342</u>	<u>\$ 23,633,618</u>	<u>\$ 22,795,191</u>	<u>\$ 23,515,198</u>

TOWN OF NEW HARTFORD

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

Table 2

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses										
Governmental Activities:										
General Government	\$ 1,378,800	\$ 1,368,966	\$ 1,698,526	\$ 1,963,532	\$ 2,095,182	\$ 2,185,561	\$ 2,257,962	\$ 1,940,123	\$ 1,858,404	\$ 1,692,211
Public Safety	500,929	619,919	762,050	659,020	670,923	638,618	738,279	616,213	621,356	611,487
Highways	1,301,888	1,512,222	1,513,625	1,550,128	1,655,437	1,636,007	1,834,330	1,535,240	1,564,137	1,701,028
Planning and Development	198,226	249,647	199,850	241,915	194,147	197,609	164,289	144,909	148,092	146,313
Health and Welfare	296,421	350,719	264,228	294,581	312,056	317,245	296,489	331,132	204,198	220,060
Libraries	224,469	234,562	238,323	245,483	269,007	259,000	259,000	263,000	268,000	272,000
Parks and Recreation	266,459	248,800	226,323	302,625	303,697	306,023	317,543	317,706	329,721	284,804
Commissions/Agencies	75,413	55,131	60,694	90,943	83,142	76,987	64,330	76,513	62,503	83,391
Education	13,729,104	14,685,429	14,918,099	17,779,811	16,399,158	16,307,462	16,341,565	16,837,641	17,543,708	18,094,896
Interest on Long-Term Debt	195,968	233,379	289,588	-	-	-	-	232,961	219,579	195,733
Total Governmental Activities Expenses	<u>18,167,677</u>	<u>19,558,774</u>	<u>20,171,306</u>	<u>23,128,038</u>	<u>21,982,749</u>	<u>21,924,512</u>	<u>22,273,787</u>	<u>22,295,438</u>	<u>22,819,698</u>	<u>23,301,923</u>
Business-Type Activities:										
Water and Sewer System	673,900	667,788	691,061	795,831	699,739	667,246	877,457	979,493	950,811	1,093,402
Total Business-Type Activities Expenses	<u>673,900</u>	<u>667,788</u>	<u>691,061</u>	<u>795,831</u>	<u>699,739</u>	<u>667,246</u>	<u>877,457</u>	<u>979,493</u>	<u>950,811</u>	<u>1,093,402</u>
Total Primary Government Expenses	<u>\$ 18,841,577</u>	<u>\$ 20,226,562</u>	<u>\$ 20,862,367</u>	<u>\$ 23,923,869</u>	<u>\$ 22,682,488</u>	<u>\$ 22,591,758</u>	<u>\$ 23,151,244</u>	<u>\$ 23,274,931</u>	<u>\$ 23,770,509</u>	<u>\$ 24,395,325</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 199,701	\$ 196,649	\$ 191,703	\$ 114,226	\$ 92,579	\$ 100,844	\$ 107,446	\$ 115,562	\$ 129,867	\$ 109,571
Parks and Recreation	188,508	145,126	155,726	157,683	148,265	174,387	162,076	180,775	180,819	185,591
Education	118,781	128,325	119,758	124,380	123,278	163,073	117,464	110,907	98,401	148,500
Other Activities	119,254	115,785	99,967	99,290	90,281	72,900	87,996	83,986	100,975	103,326
Operating Grants and Contributions	3,245,068	3,625,268	3,830,890	6,318,027	4,523,354	4,314,244	4,392,255	4,827,438	4,551,503	4,947,624
Capital Grants and Contributions	266,558	3,157,312	267,912	766,185	522,606	89,973	1,450,936	117,896	130,370	146,071
Total Governmental Activities Program Revenues	<u>4,137,870</u>	<u>7,368,465</u>	<u>4,665,956</u>	<u>7,579,791</u>	<u>5,500,363</u>	<u>4,915,421</u>	<u>6,318,173</u>	<u>5,436,564</u>	<u>5,191,935</u>	<u>5,640,683</u>
Business-type Activities:										
Charges for Services:										
Water and Sewer System	500,441	502,285	507,168	534,888	557,660	625,768	617,682	666,939	722,010	741,298
Capital Grants and Contributions	-	-	500,000	-	1,329,210	-	2,697,580	-	-	455,891
Total Business-type Activities Program Revenues	<u>500,441</u>	<u>502,285</u>	<u>1,007,168</u>	<u>534,888</u>	<u>1,886,870</u>	<u>625,768</u>	<u>3,315,262</u>	<u>666,939</u>	<u>722,010</u>	<u>1,197,189</u>
Total Primary Government Program Revenues	<u>\$ 4,638,311</u>	<u>\$ 7,870,750</u>	<u>\$ 5,673,124</u>	<u>\$ 8,114,679</u>	<u>\$ 7,387,233</u>	<u>\$ 5,541,189</u>	<u>\$ 9,633,435</u>	<u>\$ 6,103,503</u>	<u>\$ 5,913,945</u>	<u>\$ 6,837,872</u>
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

TOWN OF NEW HARTFORD

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (14,029,807)	\$ (12,190,309)	\$ (15,505,350)	\$ (15,548,247)	\$ (16,482,386)	\$ (17,009,091)	\$ (15,955,614)	\$ (16,858,874)	\$ (17,627,763)	\$ (17,661,240)
Business-type Activities	<u>(173,459)</u>	<u>(165,503)</u>	<u>316,107</u>	<u>(260,943)</u>	<u>1,187,131</u>	<u>(41,478)</u>	<u>2,437,805</u>	<u>(312,554)</u>	<u>(228,801)</u>	<u>103,787</u>
Total Primary Government Net Expense	<u>\$ (14,203,266)</u>	<u>\$ (12,355,812)</u>	<u>\$ (15,189,243)</u>	<u>\$ (15,809,190)</u>	<u>\$ (15,295,255)</u>	<u>\$ (17,050,569)</u>	<u>\$ (13,517,809)</u>	<u>\$ (17,171,428)</u>	<u>\$ (17,856,564)</u>	<u>\$ (17,557,453)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 14,130,592	\$ 14,763,866	\$ 15,401,701	\$ 16,225,898	\$ 16,925,370	\$ 16,845,097	\$ 16,990,778	\$ 17,274,591	\$ 17,928,524	\$ 18,065,221
Grants Not Restricted for Specific Purpose	194,909	323,982	311,564	198,695	273,707	232,686	236,197	222,749	455,629	96,757
Unrestricted Investment Income	100,772	179,919	211,091	131,943	16,921	37,123	30,162	43,584	26,823	29,189
Rental Income	40,000	40,000	40,000	31,050	42,849	44,319	45,901	47,278	48,933	-
Other Income	152,133	91,311	79,643	297,084	95,612	88,141	27,261	73,393	100,365	86,293
Special Item-Return of Unexpended Grant	-	-	-	-	-	-	-	(455,891)	-	-
Transfers	-	-	-	-	(20,000)	(2,817,522)	954,570	35,940	-	201
Total Governmental Activities	<u>14,618,406</u>	<u>15,399,078</u>	<u>16,043,999</u>	<u>16,884,670</u>	<u>17,334,459</u>	<u>14,429,844</u>	<u>18,284,869</u>	<u>17,241,644</u>	<u>18,560,274</u>	<u>18,277,661</u>
Business-type Activities:										
Unrestricted Investment Income	549	743	432	-	-	-	-	-	-	-
Other Income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	20,000	2,817,522	(954,570)	(35,940)	-	(201)
Total Business-type Activities	<u>549</u>	<u>743</u>	<u>432</u>	<u>-</u>	<u>20,000</u>	<u>2,817,522</u>	<u>(954,570)</u>	<u>(35,940)</u>	<u>-</u>	<u>(201)</u>
Total Primary Government	<u>\$ 14,618,955</u>	<u>\$ 15,399,821</u>	<u>\$ 16,044,431</u>	<u>\$ 16,884,670</u>	<u>\$ 17,354,459</u>	<u>\$ 17,247,366</u>	<u>\$ 17,330,299</u>	<u>\$ 17,205,704</u>	<u>\$ 18,560,274</u>	<u>\$ 18,277,460</u>
Change in Net Position										
Governmental Activities	\$ 588,599	\$ 3,208,769	\$ 538,649	\$ 1,336,423	\$ 852,073	\$ (2,579,247)	\$ 2,329,255	\$ 382,770	\$ 932,511	\$ 616,421
Business-type Activities	<u>(172,910)</u>	<u>(164,760)</u>	<u>316,539</u>	<u>(260,943)</u>	<u>1,207,131</u>	<u>2,776,044</u>	<u>1,483,235</u>	<u>(348,494)</u>	<u>(228,801)</u>	<u>103,586</u>
Total Primary Government	<u>\$ 415,689</u>	<u>\$ 3,044,009</u>	<u>\$ 855,188</u>	<u>\$ 1,075,480</u>	<u>\$ 2,059,204</u>	<u>\$ 196,797</u>	<u>\$ 3,812,490</u>	<u>\$ 34,276</u>	<u>\$ 703,710</u>	<u>\$ 720,007</u>

TOWN OF NEW HARTFORD
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,939,455	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>2,289,745</u>	<u>2,387,363</u>	<u>2,364,544</u>	<u>3,102,910</u>	<u>3,394,424</u>	<u>3,519,887</u>	-	-	-	-
Nonspendable							-	-	-	-
Restricted							452,090	17,542	17,542	17,865
Committed							-	-	-	-
Assigned							464,312	858,333	792,140	999,022
Unassigned							<u>3,082,427</u>	<u>3,083,829</u>	<u>3,194,256</u>	<u>2,442,778</u>
Total General Fund	<u>\$ 2,289,745</u>	<u>\$ 2,387,363</u>	<u>\$ 2,364,544</u>	<u>\$ 3,102,910</u>	<u>\$ 3,394,424</u>	<u>\$ 7,459,342</u>	<u>\$ 3,998,829</u>	<u>\$ 3,959,704</u>	<u>\$ 4,003,938</u>	<u>\$ 3,459,665</u>
All Other Governmental Funds:										
Reserved	\$ 3,452	\$ 8,279	\$ 13,172	\$ 46,959	\$ 222,936	\$ 300,136	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	541,093	609,186	745,457	716,098	671,589	788,271	-	-	-	-
Capital Projects Funds	<u>1,626,453</u>	<u>1,914,965</u>	<u>983,468</u>	<u>559</u>	<u>-</u>	<u>-</u>	-	-	-	-
Nonspendable							3,177	2,051	472,412	469,019
Restricted							464,373	543,574	157,417	172,329
Committed							318,673	401,303	289,285	790,083
Assigned							188,267	182,222	99,614	-
Unassigned							-	-	(110,172)	(61,292)
Total All Other Governmental Funds	<u>\$ 2,170,998</u>	<u>\$ 2,532,430</u>	<u>\$ 1,742,097</u>	<u>\$ 763,616</u>	<u>\$ 894,525</u>	<u>\$ 1,088,407</u>	<u>\$ 974,490</u>	<u>\$ 1,129,150</u>	<u>\$ 908,556</u>	<u>\$ 1,370,139</u>

Note:

The change in the classification of fund balance amounts in 2011 is discussed in the notes to the 2011 Financial Statements

** Prior year amounts have not been restated for the implementation of Statement 54.

TOWN OF NEW HARTFORD
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 4

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes	\$ 14,124,967	\$ 14,668,467	\$ 15,370,192	\$ 16,340,531	\$ 16,773,343	\$ 16,857,985	\$ 17,002,857	\$ 17,308,285	\$ 17,782,201	\$ 17,985,887
Investment Income	100,450	179,597	210,769	131,621	16,599	36,801	29,836	43,258	26,497	28,874
Fees and Charges	626,244	585,885	567,154	495,579	454,403	511,204	474,982	491,230	510,062	546,988
Intergovernmental Revenue	3,774,269	6,504,737	4,093,583	7,322,160	5,366,019	4,633,785	6,149,577	5,168,083	5,080,569	5,190,452
Contributions	35,619	656,766	75,244	45,800	15,759	3,118	-	-	-	-
Other	185,333	131,311	44,399	328,134	138,461	132,460	73,162	120,671	149,298	86,293
Total Revenues	<u>18,846,882</u>	<u>22,726,763</u>	<u>20,361,341</u>	<u>24,663,825</u>	<u>22,764,584</u>	<u>22,175,353</u>	<u>23,730,414</u>	<u>23,131,527</u>	<u>23,548,627</u>	<u>23,838,494</u>
Expenditures										
General Government	\$ 1,175,028	\$ 1,209,519	\$ 1,555,467	\$ 1,435,416	\$ 1,530,397	\$ 1,612,520	\$ 1,580,523	\$ 1,585,276	\$ 1,563,846	\$ 1,602,052
Public Safety	490,580	608,880	684,073	634,209	650,705	625,235	584,985	606,213	613,637	596,726
Highways	1,141,954	1,251,031	1,268,827	1,411,039	1,284,493	1,506,589	1,493,270	1,464,743	1,487,442	1,526,042
Planning and Development	197,995	178,109	192,244	229,805	178,883	155,878	144,366	128,590	132,650	135,820
Health and Welfare	283,327	327,617	264,228	281,487	291,490	290,699	269,942	319,288	288,890	206,340
Libraries	224,469	234,562	238,323	245,483	269,007	259,000	259,000	263,000	268,000	272,000
Commissions/Other Agencies	75,413	55,131	60,694	90,943	83,142	76,987	64,330	76,513	65,503	83,391
Parks and Recreation	263,901	245,254	222,489	266,158	278,762	261,540	266,589	288,181	293,088	267,333
Education	13,508,357	14,267,320	14,156,800	17,357,015	15,859,842	16,071,401	16,276,498	16,704,697	17,386,193	18,056,763
Capital Outlay	737,813	5,506,911	1,178,760	1,491,926	1,583,668	246,961	1,069,740	289,638	810,160	492,731
Debt Service										
Principal	450,000	1,350,000	450,000	532,000	500,000	500,000	601,000	601,000	596,000	486,454
Interest	195,968	233,379	289,588	285,610	249,772	235,821	343,171	232,961	219,579	195,733
Total Expenditures	<u>18,744,805</u>	<u>25,467,713</u>	<u>20,561,493</u>	<u>24,261,091</u>	<u>22,760,161</u>	<u>21,842,631</u>	<u>22,953,414</u>	<u>22,560,100</u>	<u>23,724,988</u>	<u>23,921,385</u>
Excess of Revenues										
Over (Under) Expenditures	102,077	(2,740,950)	(200,152)	402,734	4,423	332,722	777,000	571,427	(176,361)	(82,891)
Other Financing Sources (Uses)										
Proceeds from Sale of Bonds	-	-	3,187,000	-	438,000	-	-	-	-	-
Proceeds from Bond Anticipation Notes	1,500,000	4,700,000	-	-	-	8,900,000	3,594,000	-	-	-
Proceeds from Premiums Paid on Bonds	-	-	-	-	-	-	-	-	-	-
Repayment of Bond Anticipation Notes	-	(1,500,000)	(3,800,000)	-	-	-	(8,900,000)	-	-	-
Contributions to Enterprise Funds	-	-	-	-	(20,000)	(4,973,922)	-	-	-	-
Transfer from Enterprise Funds	-	-	-	-	-	-	954,570	-	-	201
Transfers Out	(342,069)	(248,760)	(651,609)	(366,043)	(1,052,273)	(442,000)	(350,872)	(353,000)	(412,300)	(782,128)
Transfers In	342,069	248,760	651,609	366,043	1,052,273	442,000	350,872	353,000	412,300	782,128
Total Other Financing Sources (Uses)	<u>1,500,000</u>	<u>3,200,000</u>	<u>(613,000)</u>	<u>-</u>	<u>418,000</u>	<u>3,926,078</u>	<u>(4,351,430)</u>	<u>-</u>	<u>-</u>	<u>201</u>
Special Item										
Return of Unexpended Grant	-	-	-	-	-	-	-	(455,891)	-	-
Net Change in Fund Balances	<u>\$ 1,602,077</u>	<u>\$ 459,050</u>	<u>\$ (813,152)</u>	<u>\$ 402,734</u>	<u>\$ 422,423</u>	<u>\$ 4,258,800</u>	<u>\$ (3,574,430)</u>	<u>\$ 115,536</u>	<u>\$ (176,361)</u>	<u>\$ (82,690)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	3.6%	7.9%	3.8%	3.6%	3.5%	3.4%	4.3%	3.7%	3.6%	2.9%

TOWN OF NEW HARTFORD
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

Grand List Year	Fiscal Year	Real Property						Personal Property		Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial	Industrial	Vacant Land	Use Assessment	Apartments	Other	Motor Vehicle					
2012	2014	\$ 570,100,559	\$28,860,510	\$7,596,470	\$17,403,750	\$17,203,400	\$ 69,090	\$32,323,614	\$55,073,646	\$13,259,673	\$ 715,371,366	24.95	\$ 1,021,959,094	70%
2011	2013	568,307,790	29,351,770	7,966,770	18,838,400	17,231,035	69,090	32,717,914	56,030,144	13,761,705	716,751,208	24.80	1,023,930,297	70%
2010	2012	564,660,510	29,328,740	7,524,510	18,364,055	17,360,701	69,090	29,983,113	52,849,285	12,151,635	707,988,369	24.20	1,011,411,956	70%
2009	2011	560,053,480	30,043,625	7,653,940	19,274,615	17,653,200	138,180	28,495,609	49,953,523	11,417,954	701,848,218	24.00	1,002,640,311	70%
2008	2010	558,111,710	29,543,265	8,809,570	19,909,745	18,143,775	825,090	27,931,410	47,992,715	10,294,724	700,972,556	23.90	1,001,389,366	70%
2007	2009	454,322,880	22,384,090	8,206,800	N/A	N/A	N/A	24,883,823	50,956,759	8,381,899	552,372,453	29.00	789,103,504	70%
2006	2008	448,568,040	22,138,060	8,206,800	N/A	N/A	N/A	21,025,377	49,768,128	5,162,306	544,544,099	28.15	777,920,141	70%
2005	2007	440,768,050	22,390,390	9,481,640	N/A	N/A	N/A	20,890,213	49,231,381	4,853,512	537,908,162	27.10	768,440,231	70%
2004	2006	428,256,520	22,140,440	11,976,510	N/A	N/A	N/A	22,495,739	45,427,449	4,468,919	525,827,739	26.50	751,182,484	70%
2003	2005	420,178,760	21,899,780	13,210,820	N/A	N/A	N/A	19,083,696	42,557,426	4,993,758	511,936,724	26.10	731,338,177	70%

Source: Assessor's Office - Town of New Hartford, Connecticut

N/A = not available

Note: By State law, property is assessed at 70% of actual value with periodic revaluation of real property. The estimated actual amount is the equalized grand list which is estimated by the state of Connecticut, office of Policy and Management.

TOWN OF NEW HARTFORD
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Table 6

Fiscal Year	NEW HARTFORD	REGIONAL SCHOOL DISTRICT 7	Total Direct and Overlapping
	Direct Rate	District*	
2005	26.10	-	26.10
2006	26.50	-	26.50
2007	27.10	-	27.10
2008	28.15	-	28.15
2009	29.00	-	29.00
2010	23.90	-	23.90
2011	24.00	-	24.00
2012	24.20	-	24.20
2013	24.80	-	24.80
2014	24.95	-	24.95

Source: Assessors Office, Town of New Hartford

* Regional School District 7 is a school district and is funded through annual assessments billed to its member towns.

The direct rate is composed of only one rate, levied on the taxable grand list.

TOWN OF NEW HARTFORD
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 7

Taxpayer	Nature of Business	Grand List as of October 1, 2012			Grand List as of October 1, 2003		
		Taxable Assessed Value	Rank	Percent of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Town Taxable Assessed Value
Metropolitan District Water Bureau	Water and Sewer Utility	\$ 10,389,750	1	1.45%	\$ 7,607,180	3	1.49%
Connecticut Light & Power	Power Company	9,641,110	2	1.35%	9,170,210	1	1.79%
Home Depot USA, Inc.	Retail Tools and Maintenance Materials	8,873,900	3	1.24%	8,089,530	2	1.58%
Ski Sundown	Ski Area	3,152,460	4	0.44%	1,841,070	5	0.36%
Altra Industrial Motion	Manufacturer	2,005,910	5	0.28%			
Ovation Instruments		1,660,410	6	0.23%			
Marandino	Individual	1,631,000	7	0.23%	1,615,320	7	0.32%
Hitchcock Properties LLC	Real Estate Property Management	1,593,550	8	0.22%	1,312,500	8	0.26%
Zahnradfabrik LLC	Real Estate Property Management	1,470,000	9	0.21%	1,691,130	6	0.33%
Fortissimo LLC	Real Estate Property Management	1,468,320	10	0.20%			
Perry Technology Corporation	Retail				3,239,210	4	0.62%
Two Hundred Kelsey Associates	Real Estate Management				1,120,000	10	0.22%
Snowy Night Firelight Woodsmoke	Retail				1,217,580	9	0.24%
		\$ 41,886,410		5.84%	\$ 36,903,730		7.19%

Source: Assessor's Office, Town of New Hartford

TOWN OF NEW HARTFORD
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Year	Tax Rate in Mills	Total Tax Levy for Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Tax Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2005	26.10	14,115,832	13,883,685	98.4%	148,587	14,032,272	99.4%
2006	26.50	14,721,747	14,449,498	98.2%	116,600	14,566,098	98.9%
2007	27.10	15,293,495	15,119,089	98.9%	160,522	15,279,611	99.9%
2008	28.15	16,169,557	15,931,870	98.5%	208,853	16,140,723	99.8%
2009	29.00	16,876,463	16,649,176	98.7%	218,590	16,867,766	99.9%
2010	23.90	16,726,035	16,447,947	98.3%	221,019	16,668,966	99.7%
2011	24.00	16,913,359	16,648,060	98.4%	189,842	16,837,902	99.6%
2012	24.20	17,201,545	16,965,763	98.6%	142,326	17,108,089	99.5%
2013	24.80	17,815,716	17,498,226	98.2%	153,774	17,652,000	99.1%
2014	24.95	17,943,205	17,675,720	98.5%	-	17,675,720	98.5%

Source: Tax Collector Reports

TOWN OF NEW HARTFORD
 Ratios of Outstanding Debt By Type
 Last Ten Fiscal Years

Table 9

Fiscal Year									Other Debt		
	Governmental Activities		Business Type Activities						Governmental Activities	Business Type Activities	
	General Obligation Bonds	Bond Anticipation Notes	General Obligation Bonds	Percentage of Actual Taxable Value of Property ¹	Total Primary Government Bonded Debt	Bonded Debt per Capita	USDA Note	Sewer Notes	Total Primary Government Debt	Total Debt per Capita	Percentage of Personal Income ²
2014	\$ 3,190,000	\$ -	\$ 40,000	0.32%	\$ 3,230,000	466	\$ 3,513,350	\$ 678,479	\$ 7,421,829	1,072	2.54%
2013	3,645,000	-	60,000	0.36%	3,705,000	537	3,594,000	694,507	7,993,507	1,158	2.73%
2012	4,241,000	-	80,000	0.43%	4,321,000	628	3,594,000	709,099	8,624,099	1,253	2.95%
2011	4,842,000	-	105,000	0.49%	4,947,000	710	3,594,000	723,618	9,264,618	1,329	3.17%
2010	5,443,000	8,900,000	130,000	1.45%	14,473,000	2,149	-	737,251	15,210,251	2,258	5.20%
2009	5,943,000	-	155,000	0.77%	6,098,000	905	-	750,569	6,848,569	1,017	2.34%
2008	6,005,000	-	180,000	0.80%	6,185,000	919	-	763,323	6,948,323	1,033	2.38%
2007	6,537,000	-	205,000	0.88%	6,742,000	1,001	-	775,667	7,517,667	1,116	2.57%
2006	3,800,000	3,800,000	230,000	1.04%	7,830,000	1,152	-	786,344	8,616,344	1,268	2.95%
2005	4,250,000	1,500,000	255,000	0.82%	6,005,000	890	-	797,957	6,802,957	1,008	2.33%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ See Table 5 for taxable property value data

² See Table 16 for personal income and population data.

TOWN OF NEW HARTFORD

Legal Debt Margin Information Last Ten Fiscal Years

Table 10

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limitation	\$ 99,637,748	\$ 103,044,606	\$ 107,600,976	\$ 113,262,107	\$ 119,117,327	\$ 117,889,170	\$ 119,524,370	\$ 121,581,929	\$ 124,470,437	\$ 126,290,486
Total net debt applicable to limit	\$ 10,856,132	\$ 12,573,040	\$ 11,380,371	\$ 9,785,186	\$ 9,570,579	\$ 17,542,645	\$ 7,756,015	\$ 8,352,087	\$ 9,716,111	\$ 8,815,725
Legal debt margin	\$ 88,781,616	\$ 90,471,566	\$ 96,220,605	\$ 103,476,921	\$ 109,546,748	\$ 100,346,525	\$ 111,768,355	\$ 113,229,842	\$ 114,754,326	\$ 117,474,761
Total net debt applicable to the limit as a percentage of debt limit	10.90%	12.20%	10.58%	8.64%	8.03%	14.88%	6.49%	6.87%	7.81%	6.98%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2014 debt limit can be found on page 69 of this Report.

TOWN OF NEW HARTFORD
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Regional School District Number 7	\$ 4,169,703	50.66%	\$ 2,112,375
Subtotal, overlapping debt			<u>2,112,375</u>
Town of New Hartford direct debt			<u>6,703,350</u>
Total direct and overlapping debt			<u>\$ 8,815,725</u>

Sources: Enrollment data used to estimate applicable percentage provided by Regional School District Number 7. Debt outstanding data also provided by Regional School District Number 7.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of New Hartford. This process recognizes that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using student population. Applicable percentages were estimated by determining the towns enrolled student population at Regional School District Number 7 and dividing it by the student population at Regional School District Number 7

TOWN OF NEW HARTFORD
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Table 12

WPCA Notes						
Fiscal Year	Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2005	\$ 503	\$ 462	\$ 41	\$ 11	\$ 37	0.85
2006	504	362	142	12	36	2.96
2007	508	484	24	12	36	0.50
2008	535	588	(53)	12	35	-1.13
2009	557	493	64	13	34	1.36
2010	626	463	163	13	33	3.54
2011	618	574	44	14	32	0.96
2012	667	511	156	15	103	1.32
2013	722	496	226	15	107	1.85
2014	741	517	224	36	104	1.60

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Service charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

TOWN OF NEW HARTFORD
Annual Bonded Debt Maturity Schedule
As of June 30, 2014

Table 13

Fiscal			
Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 360,000	\$ 134,779	\$ 494,779
2016	370,000	117,418	487,418
2017	370,000	99,713	469,713
2018	370,000	82,910	452,910
2019	370,000	66,213	436,213
2020	160,000	54,850	214,850
2021	170,000	48,450	218,450
2022	170,000	41,650	211,650
2023	170,000	34,850	204,850
2024	170,000	28,050	198,050
2025	170,000	21,038	191,038
2026	170,000	14,026	184,026
2027	<u>170,000</u>	<u>7,012</u>	<u>177,012</u>
Total	<u>\$ 3,190,000</u>	<u>\$ 750,959</u>	<u>\$ 3,940,959</u>

TOWN OF NEW HARTFORD

Table 14

Annual Self-Supporting Water and Sewer Debt Maturity Schedule As of June 30, 2014

Fiscal			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 35,640	\$ 30,638	\$ 66,278
2016	36,199	29,932	66,131
2017	16,784	29,200	45,984
2018	17,394	28,443	45,837
2019	18,033	27,656	45,689
2020	18,699	26,843	45,542
2021	19,396	25,998	45,394
2022	20,125	25,122	45,247
2023	20,886	24,213	45,099
2024	21,682	23,270	44,952
2025	22,513	22,291	44,804
2026	23,381	21,275	44,656
2027	24,288	20,221	44,509
2028	22,027	19,123	41,150
2029	23,018	18,131	41,149
2030	24,054	17,095	41,149
2031	25,136	16,013	41,149
2032	26,267	14,882	41,149
2033	27,450	13,700	41,150
2034	28,685	12,465	41,150
2035	29,976	11,174	41,150
2036	31,324	9,826	41,150
2037	32,734	8,416	41,150
2038	34,207	6,943	41,150
2039	35,747	5,403	41,150
2040	37,355	3,795	41,150
2041	37,629	2,116	39,745
2042	7,848	380	8,228
Total	<u>\$ 718,477</u>	<u>\$ 494,564</u>	<u>\$ 1,213,041</u>

TOWN OF NEW HARTFORD
Long-Term Debt Ratios
For the Year Ended June 30, 2014

Table 15

1 Population	6,924
2 Net Taxable Grand List (10/1/12)	\$715,371,366
Estimated Full Value (70%)	\$1,021,959,094
3 Equalized Net Taxable Grand List (2011)	\$944,979,390
3 Money Income per Capita (2012)	\$38,098

	Total Direct Debt <u>\$ 3,190,000</u>	Total Net Direct Debt <u>\$ 3,190,000</u>	Total Overall Net Debt <u>\$ 5,302,375</u>
Per Capita	\$460.72	\$460.72	\$765.80
Ratio to Net Taxable Grand List	0.45%	0.45%	0.74%
Ratio to Estimated Full Value	0.31%	0.31%	0.52%
Ratio to Equalized Net Taxable Grand List	0.34%	0.34%	0.56%
Debt per Capita to Money Income per Capita	1.21%	1.21%	2.01%

1 State of Connecticut Departement of Economic and Community Development

2 Revalued 10/1/08

3 State of Connecticut Municipal Fiscal Indicators, (2008-2012 American Community Survey)

TOWN OF NEW HARTFORD
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 16

Fiscal Year	Population ¹	Personal Income (thousands of dollars)	Per Capita Personal Income ²	Median Age	Education Level in Years of Schooling	School Enrollment ⁴	Unemployment Rate ³
2014	6,924	\$ 263,791	\$ 38,098	44	N/A	545	5.6%
2013	6,901	292,457	42,379	44	N/A	569	7.2%
2012	6,882	253,086	36,775	43	N/A	582	6.6%
2011	6,970	254,182	36,468	43	N/A	608	7.6%
2010	6,736	204,970	30,429	43	N/A	625	7.6%
2009	6,736	204,970	30,429	43	N/A	616	7.2%
2008	6,728	204,726	30,429	39	N/A	609	4.9%
2007	6,736	204,970	30,429	39	N/A	612	4.1%
2006	6,794	206,735	30,429	39	N/A	631	3.5%
2005	6,746	205,274	30,429	39	N/A	631	3.7%

¹ State of Connecticut Department of Economic and Community Development

² State of Connecticut Municipal Fiscal Indicators, (2008-2012 American Community Survey)

³ State of Connecticut Department of Labor

⁴ State of Connecticut Department of Education

Note: The per capita personal income figures are based upon the U.S. Bureau of Census compiled in 2011. The information contained in the Census is the most recent data available.

TOWN OF NEW HARTFORD

Principal Employers
Current Year and Nine
Years Ago

Table 17

Employer	Nature of Business	2014			2005		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Town Employment
Altra Industrial Motion	Mfgr of Electromagnetic Clutches & Brakes	118	1	3.4%	N/A	N/A	N/A
Perry Technology Corporation	Mfgr of Machined Parts	100	2	2.9%	N/A	N/A	N/A
New Hartford Board of Education	Board of Education	90	3	2.6%	99	1	2.8%
Ovation Instruments	Mfgr of Musical Instruments	54	4	1.5%	N/A	N/A	N/A
Marandino Foods	Grocery Store	40	5	1.1%	N/A	N/A	N/A
Town of New Hartford	Municipality	33	6	0.9%	33	2	0.9%
Syntac Coated Products LLC	Mfgr of Pressure Sensitive Adhesive Products	30	7	0.9%	N/A	N/A	N/A
Hurley Mfg	Mfgr of Metal Springs	27	8	0.8%	N/A	N/A	N/A
Ski Sundown Inc.	Ski Area	15	9	0.4%	N/A	N/A	N/A
MTI Enterprises, Inc.	Dramatic Licensing Agency	12	10	0.3%	N/A	N/A	N/A

Sources: Town of New Hartford; CT Department of Labor

TOWN OF NEW HARTFORD
Full-Time Equivalent Employees By Function
Last Ten Fiscal Years

Table 18

Function/Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Town Clerk	2	2	2	2	2	2	2	2	2	2
Tax Collector	2	2	2	2	2	2	2	2	2	2
Registrar of Voters	0	0	1	1	1	2	2	2	2	2
Assessor	2	2	2	2	2	2	2	2	2	2
Board of Assessment	0	3	3	3	3	3	3	3	3	3
Financial Services	2	2	2	2	2	2	2	2	2	2
Administrative Services	3	3	3	3	3	3	3	3	3	3
Public Safety										
Fire	3	3	3	3	3	3	2	2	2	2
Police	3	3	3	3	3	3	3	3	2	3
Community Maintenance										
Building Official	1	1	1	1	1	1	1	1	1	1
Land Use	2	2	2	2	2	2	1	1	1	1
Zoning Enforcement Officer	1	1	1	1	1	1	1	1	1	1
Public Works	10	10	11	11	11	8	7	8	8	8
Human and Cultural										
Leisure Services	2	2	2	2	2	2	0	0	1	1
Human & Leisure Services	0	0	1	1	1	1	0	0	0	0
Total - Town	33	36	39	39	39	37	31	32	32	33
Education										
Instructional Staff	70	70	70	70	75	70	62	53	52	52
Non-Instructional Staff	29	30	29	32	35	33	35	45	41	38
Total - Education	99	100	99	102	110	103	97	98	93	90
TOTAL	132	136	138	141	149	140	128	130	125	123

Source: Various Town Departments

TOWN OF NEW HARTFORD
Operating Indicators By Function
Last Ten Fiscal Years

Table 19

Function/Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT										
Town Clerk										
Land Records Processed	2,453	2,415	2,199	1,719	1,645	1,688	1,732	1,756	1,865	1,641
Registrar of Voters										
Number of Registered Voters	4,659	4,669	4,711	4,798	4,878	4,844	4,853	4,722	5,144	4,952
Voter Turnout % - National Election	N/A	N/A	N/A	N/A	94.78%	N/A	N/A	N/A	85.04%	N/A
Voter Turnout % - State Election	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Voter Turnout % - Local Election	N/A	49.20%	N/A	42.70%	94.78%	51.70%	N/A	N/A	N/A	50.54%
PUBLIC SAFETY										
Police										
Number of 911 Call Responses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Physical Arrests	70	78	59	73	N/A	N/A	N/A	83	74	49
Number of Major Crimes	57	54	60	46	N/A	N/A	N/A	N/A	N/A	N/A
Number of Parking Violations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Traffic Stops	718	1,249	785	1,026	848	896	823	724	518	684
Fire										
Number of Fire Related Calls	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Emergency Medical/Rescue Calls	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of Fires Extinguished	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ambulance										
Number of Ambulance Calls	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
COMMUNITY MAINTENANCE										
Building Department										
Number of Inspections Conducted	N/A	739	727	698	540	587	622	773	N/A	N/A
Number of Building Permits Issued	558	535	468	413	443	421	472	496	501	506
Public Works										
Number of Snow Operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miles of Street Reconstructed	N/A	N/A	N/A	N/A	< 2 miles	N/A	N/A	N/A	N/A	N/A
HUMAN AND CULTURAL										
Parks & Recreation										
Number of Instructional programs conducted	45	48	47	51	48	57	60	61	65	N/A
Number of Members at Senior Center	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Library										
Volumes in Collection**	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Registered Borrowers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transit District										
Number of Dial-A-Ride Trips	1,481	1,334	2,025	980	662	873	861	1,141	747	542
EDUCATION										
Average Class Size										
Elementary Schools	19	19	18	17	18	18	21	22	21	20
Middle School*	x	x	x	x	x	x	x	x	x	x
High School*	x	x	x	x	x	x	x	x	x	x
SAT Scores*										
Math/Verbal	x	x	x	x	x	x	x	x	x	x
CAPT Scores										
% at goal (average of tests taken in Grade 10) *	x	x	x	x	x	x	x	x	x	x
CMT Scores										
% at goal: Grade 3 - Reading/Writing/Math	x/x/x	82.9/78.9/84.2	74.1/73.8/76.5	83.3/85.4/90.6	86.7/86.9/96.4	84.9/89.7/94.2	74.4/81.4/88.4	84.1/85.5/91.5	76.5/75.9/80.2	x/x/x
% at goal: Grade 4 - Reading/Writing/Math	80.7/86.4/79.5	80.2/78.0/71.4	78.7/81.3/80.0	75.9/72.4/79.3	86.3/81.6/91.8	74.4/75.9/80.2	85.2/92.0/94.3	78.4/84.1/89.7	86.6/78.0/87.8	x/x/x
% at goal: Grade 5 - Reading/Writing/Math/Science	x/x/x/x	83.5/89.4/81.2	80.4/83.7/83.7	84.9/82.2/90.4/80.8	82.6/79.3/83.7/70.1	84.0/87.5/94.7/x	80.2/87.4/91.9/75.9	89.5/90.7/93.0/87.2	72.2/68.9/89.9/78.9	x/x/x/86.4
% at goal: Grade 6 - Reading/Writing/Math	75.0/73.8/70.2	86.0/84.9/80.6	85.4/82.9/90.2	88.8/70.8/88.8	90.0/87.1/94.3	80.9/66.7/77.5	91.7/79.8/91.8	91.1/78.0/91.1	94.3/84.1/88.6	x/x/x
% at goal: Grade 7 - Reading/Writing/Math*	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x
% at goal: Grade 8 - Reading/Writing/Math*	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x	x/x/x

Source: Various Town Departments

* New Hartford Schools are only grades K-6; students go on to attend a Regional School District upon completion of 6th grade.

** estimated by the Barkville Library stating that the size of their collection is over 14,000 and there are two libraries in the Town.

N/A = not available

TOWN OF NEW HARTFORD
Capital Asset Statistics By Function
Last Ten Fiscal Years

Table 20

Function/Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT										
Town Offices	1	1	1	1	1	1	1	1	1	1
PUBLIC SAFETY										
Police										
Police Cars	1	6	7	7	6	6	6	6	3	3
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Pieces of Equipment	9	8	8	8	8	8	8	8	8	8
TOWN MAINTENANCE										
Public Works										
Miles of Town Streets	N/A	N/A	N/A	N/A	81.7	82.6	82.6	82.6	82.6	82.6
Miles of Highway	N/A	N/A	N/A	N/A	18.36	18.36	18.36	18.36	18.36	18.36
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic Signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HUMAN AND CULTURAL										
Leisure Services										
Senior Centers	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	4	4	4
Acres of Park Land	206	206	206	206	206	206	206	206	206	206
Playgrounds	2	3	3	3	3	3	3	3	3	3
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Athletic Fields	6	6	6	6	6	6	6	6	6	6
Basketball Courts	1	1	1	2	2	2	2	2	2	2
Library										
Branches	2	2	2	2	2	2	2	2	2	2
EDUCATION										
Education										
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Middle Schools*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
High Schools*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source(s): Various Town Departments

* New Hartford Schools are only grades K-6; students go on to attend a Regional School District upon completion of 6th grade.

**Town of New Hartford
Federal and State Single Audit
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June 30, 2014**

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**Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Board of Finance of the
Town of New Hartford, CT

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of New Hartford, CT (Town) which comprise the statement of financial position as of June 30, 2014 and the related statements of activities, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency

described in the accompanying schedule of findings and questioned costs as item 2014-01 to be a significant deficiency.

Compliance and Other Matters

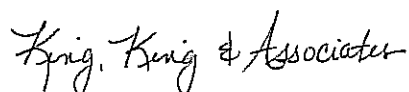
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Town of New Hartford's Response to Findings

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



King, King & Associates, CPAs
Winsted, CT
December 16, 2014

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**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by OMB A-133**

Independent Auditor's Report

To the Board of Finance of the
Town of New Hartford, CT

Report on Compliance for Each Major Federal Program

We have audited the Town of New Hartford, CT (Town)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the laws, regulations, contracts, and grant applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we consider the Town's internal controls over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

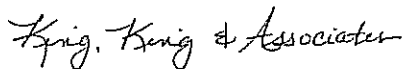
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the types of compliance requirements of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report of Schedule of Expenditures of Federal Awards required by OMB Circular A-133

We have audited the financial statements of the Town as of and for the year ended June 30, 2014, and have issued our report thereon dated December 16, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion of the financial statements as a whole. The accompanying schedule of expenditure of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



King, King & Associates, CPAs
Winsted, CT 06098
December 16, 2014

TOWN OF NEW HARTFORD
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title and Project Number	FEDERAL CFDA NUMBER	TOTAL EXPENDED
Department of Education:		
Passed Through the State Dept. of Education:		
Title I - Improving Basic Programs	84.010	\$ 27,732
Title II Part A - Improving Teacher Quality	84.367	13,209
Preschool	84.173	8,460
Individuals with Disabilities	84.027	103,240
Department of Agriculture		
Passed Through the State Dept. of Education:		
Special School Milk	10.556	212
National School Lunch Program	10.555	26,653
Department of Homeland Security		
Passed Through the State Department of Emergency Homeland Security		
FEMA	97.036	5,433
Department of Agriculture:		
Water and Waste Disposal Systems for Rural Communities	10.760	<u>455,891</u>
Total Expenditures of Federal Awards		\$ <u>640,830</u>

See notes to schedule.

**TOWN OF NEW HARTFORD, CT
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Basic of Presentation

The accompanying Schedule of expenditures of federal awards includes federal grant activity of the Town and is presented on the modified accrual basis of accounting, as defined in the notes to basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements including in the Town's annual audit report.

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**TOWN OF NEW HARTFORD, CT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

We audited the basic financial statements of the Town of New Hartford, CT as of and for the year ended June 30, 2014, and issued our unmodified report thereon dated December 16, 2014.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

We have issued an unmodified opinion relating to compliance for major Federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

☐ Yes ☒ No

Identification of Major Programs

10.760 Water and Disposal System for Rural Communities

Dollar Threshold

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Low-Risk Auditee

The Town of New Hartford does not qualify as a low-risk auditee.

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated December 16, 2014, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated a significant deficiency, as described below:

FINDING 2014-01

Criteria

The recreation department maintains automated records for programs and activities; however, it has not been reconciled to the general ledger software.

Condition

A process of periodic reconciliation to the ledger had not been established historically.

Context

The recreation director has been absent for an extended period. Other personnel had been performing those duties in addition to their regular duties and were not able to revise existing procedures.

Effect

There could be a misstatement of financial records or a chance for misappropriation of cash.

Cause

The condition has likely existed for several years.

Recommendation

We recommend the recreation department fully utilize the recreation software and reconcile to the general ledger.

Views of Responsible Officials and Planned Corrective Actions

The Town of New Hartford agrees that the Recreation Department, a "nonmajor governmental fund" funded by fees from recreational activities, needs to implement greater controls on this revenue and implement verifiable cash management procedures. Toward that end, a new Recreation Director has been hired and charged with implementing procedures that document revenue associated with program sales as well as strict cash management procedures that are verifiable to our auditors.

III. FEDERAL AWARD-FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are relating to federal awards.

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**Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act**

Independent Auditor's Report

To the Board of Finance of the
Town of New Hartford, CT

Report on Compliance for Each Major State Program

We have audited the Town of New Hartford, CT (Town) compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2014. The Town's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 16, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for the purpose of additional analysis as required by the State Single Audit Act, and is not a

required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly presented in all material respects in relation to the basic financial statements as a whole.

King, King & Associates

King, King & Associates, CPAs
Winsted, CT 06098
December 16, 2014

TOWN OF NEW HARTFORD
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2014

State Grantor Pass-Through <u>Grantor Program Title</u>	State Grant Program <u>Core-CT Number</u>	<u>Expenditures</u>
State Dept. of Education		
Adult Education	11000-SDE64000-17030	\$ 2,316
Child Nutrition State Matching Grant	11000-SDE64000-16211	1,812
Healthy Foods Initiative	11000-SDE64000-16212	3,709
High Quality School Start UP	12052-SDE64370-43538	85,856
Magnet School	11000-SDE64370-17057	4,000
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	4,000
Department of Environmental Protection		
Small Town Economic Assistance Program	12060-DEP43720-40531	97,552
Department of Transportation		
Town Aid Road	13033-DOT57131-43459	269,963
Office of Policy and Management		
Property Tax Relief:		
Veteran's Exemptions	11000-OPM20600-17024	3,149
Elderly Circuit Breaker	11000-OPM20600-17018	34,898
Totally Disabled	11000-OPM20600-17011	484
Payment in Lieu of Taxes (PILOT)	11000-OPM20600-17004	18,164
Municipal Purpose & Projects	12052-OPM20600-43587	130,893
Local Capital Improvement Program	12050-OPM20600-40254	63,021
Office of the Treasurer		
Nitrogen Credit	21016-OTT14320-42047	987
Department of Public Safety		
Police Gas	11000-DPS32562-10020	7,776
Total State Financial Assistance before exempt programs		728,580
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041	3,177,567
Transportation of School Children	11000-SDE64370-17027	31,372
Excess Cost-Student Based	11000-SDE64370-17047	68,831
Office of Policy and Management		
Municipal Video Competition	12060-OPM20600-35362	79
Municipal Revenue Sharing	12060-OPM20600-35458	68,308
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	20,324
Total Exempt Programs		3,366,481
Total State Financial Assistance		\$ 4,095,061

See notes to schedule.

TOWN OF NEW HARTFORD, CT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of New Hartford under programs of the State of Connecticut for the fiscal year ended June 30, 2014. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including the construction and maintenance of public roads.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of New Hartford, CT conform to accounting principles generally accepted in the United States of America as applicable to Governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulation to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditure of State Financial Assistance.

2. LOAN PROGRAMS

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2014:

Rural Economic and Community Development

	(93-03)
	Prospect St.
	<u>Sewers</u>
Issue Date	7/16/1996
Interest Date	4.5%
Original Amount	\$ 96,300
Balance, July 1, 2013	44,940
Paid during fiscal year	<u>(3,210)</u>
Balance, June 30, 2014	<u>\$ 41,730</u>

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TOWN OF NEW HARTFORD, CT SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

We audited the basic financial statements of the Town of New Hartford, CT as of and for the year ended June 30, 2014 and issued our unmodified report thereon dated December 16, 2014.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None Reported

Noncompliance material to financial statements
noted?

☐ Yes ☒ No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required to be
reported in accordance with Section 4-236-24 of the
Regulations to the State Single Audit Act?

☐ Yes ☒ No

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core - CT Number</u>	<u>Expenditures</u>
Department of Transportation		
Town Aid Road Grants and Transportation Fund	12001-DOT57000-17036	\$ 269,963
Office of Policy and Management		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 130,893
Small Town Economic Assistance Program	12052-OPM20870-40530	\$ 97,552
Department of Education		
High Quality School Start Up	12052-DAS64370-43538	\$ 85,856

- Dollar threshold used to distinguish between type A and type B programs \$ 100,000

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated December 16, 2014, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated a significant deficiency, as described below:

FINDING 2014-01

Criteria

The recreation department maintains automated records for programs and activities; however, it has not been reconciled to the general ledger software.

Condition

A process of periodic reconciliation to the ledger had not been established historically.

Context

The recreation director has been absent for an extended period. Other personnel had been performing those duties in addition to their regular duties and were not able to revise existing procedures.

Effect

There could be a misstatement of financial records or a chance for misappropriation of cash.

Cause

The condition has likely existed for several years.

Recommendation

We recommend the recreation department fully utilize the recreation software and reconcile to the general ledger.

Views of Responsible Officials and Planned Corrective Actions

The Town of New Hartford agrees that the Recreation Department, a "nonmajor governmental fund" funded by fees from recreational activities, needs to implement greater controls on this revenue and implement verifiable cash management procedures. Toward that end, a new Recreation Director has been hired and charged with implementing procedures that document revenue associated with program sales as well as strict cash management procedures that are verifiable to our auditors.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported related to State Financial Assistance Programs.