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CROMWELL FIRE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2015

**CROMWELL FIRE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2015**

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-17

Exhibit

	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Position	18
II	Statement of Activities	19
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	20-21
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22-23
V	Statement of Net Position - Proprietary Funds	24
VI	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	25
VII	Statement of Cash Flows - Proprietary Funds	26
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	27
IX	Statement of Changes in Plan Net Position Pension Trust Fund	28
	Notes to the Financial Statements	29-55
	Required Supplementary Information:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund	56
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund	57
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Volunteer Pension Plan	58
RSI-4	Schedule of Employer Contributions - Volunteer Pension Plan	59
RSI-5	Schedule of Investment Returns - Volunteer Pension Plan	60
RSI-6	Schedule of the District's Proportionate Share of the Net Pension Liability - Municipal Employees Retirement System	61
RSI-7	Schedule of Employer Contributions - Municipal Employees Retirement System	62
RSI-8	Schedule of the District's Proportionate Share of the Net Pension Liability Town of Cromwell Retirement Plan	63
RSI-9	Schedule of Employer Contributions - Town of Cromwell Retirement Plan	64
	Combining and Individual Fund Statements and Schedules:	
	General Fund:	
A-1	Comparative Balance Sheet	65
A-2	Report of Tax Collector	66
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	67
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68
	Agency Fund:	
C	Statement of Changes in Assets and Liabilities	69

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Independent Auditors' Report

To the Board of Commissioners
Cromwell Fire District

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 Cromwell Fire District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cromwell Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cromwell Fire District as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the District has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17, the budgetary comparison information on pages 56 and 57 and the pension schedules on pages 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Cromwell Fire District as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated November 22, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the Cromwell Fire District'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 Cromwell Fire District's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 14, 2015

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

This discussion and analysis of the Cromwell Fire District's (the District) financial performance is prepared by management to provide an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the District's financial statements, Exhibits I to IX.

Financial Highlights

- The District's combined net position decreased by 1.09% from a year ago. Net position amounted to \$21,620,096 as of June 30, 2015. Over time, increases in net position are an indicator that the District's financial position is improving.
- Net position for the District's governmental activities decreased to \$7,155,895 from \$7,720,778 as of June 30, 2014. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from \$1,986,496 at June 30, 2014 to \$1,308,393 at the end of this year.
- The District's total revenue was \$6,031,087 (net of transfers). The total cost of all programs and services was \$6,268,309 (net of transfers).
- The General Fund unassigned fund balance at June 30, 2015 is \$548,561.
- The tax collection rate for the current tax levy was 99.38%. Total tax collections of \$2,694,889 fell short of the budgeted estimate by \$20,911.
- Ambulance billings amounted to \$670,405. Billable call volume decreased from 1,699 in fiscal 2014 to 1,637 in fiscal 2015.
- The District's share of fund balance of the Public Safety Communications Tower Fund is \$675,417 as of June 30, 2015. This balance is earmarked to finance communication systems, public safety tower structural replacements and upgrades, and other Fire Department capital programs but is also available to finance operating costs if needed.
- Water Division operating income amounted to \$352,412 and the change in net position after transfers, capital contributions, and non-operating revenue and interest expenses amounted to \$327,661. Water Division net position increased from \$14,136,540 as of June 30, 2014 to \$14,464,201 as of June 30, 2015.
- The District has an 'AA' long-term bond rating with a stable outlook from Standard and Poor's.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains available for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent.

Government-Wide Financial Statements

The analysis of the District as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the District as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the District's property tax base and the condition of the District's capital assets, to assess the overall health of the District.

In the statement of net position and the statement of activities, we divide the District into two types of activities:

- *Governmental Activities* - The District, through its Fire Department, provides fire protection and ambulance service to the Town of Cromwell. These services are reported under governmental activities and include administration and finance, signals and alarms, the Fire Marshal's Office, emergency communications and dispatch, training, debt service and capital outlay related to public safety operations. These activities are financed by property taxes and charges for services.
- *Business-Type Activities* - The District, through its Water Division, owns, maintains and operates the water distribution, pumping and treatment facilities that service the Town of Cromwell. The District's Water Division is reported as a business-type activity, and these services are financed by fees charged to customers.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the District as a whole. The District operates under the provisions of the Connecticut General Statutes and District By-Laws. The various funds of the District are established by the District's Board of Commissioners in order to manage and control financial activities as required by the Statutes and By-Laws. The District's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - The activities of the Fire Department are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.

- *Proprietary Funds (Exhibits V, VI and VII)* - The operations of the Water Division are financed by water user fees and assessments; therefore, the Water Division Enterprise Fund is reported as a proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the District's enterprise fund (proprietary fund) is the same as the business-type activities reported in the government-wide statements. The fund financial statements provide more detail and additional information, such as cash flows.
- *Fiduciary Funds (Exhibits VIII and IX)* - The District is the administrator of a single employer defined benefit pension plan that covers individuals who have provided volunteer services to the Cromwell Fire Department. The Volunteer's Pension Plan is considered to be part of the District's financial reporting entity and is included in the District's financial reports as a pension trust fund. The District is also responsible for other assets that are in the Volunteer Activity Fund. These assets can only be used for specific volunteer activities as specified in the Fire Department's By-Laws. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District and its employees participate in the Town of Cromwell's Employee Retirement System. The plan is administered by the Town and is considered to be part of the Town's financial reporting entity and is not included in the financial statements of the District. Full-time Fire/EMS personnel participate in the Municipal Employee's Retirement System (MERS). MERS is considered to be part of the State of Connecticut financial reporting entity and is not included in the financial statements of the District.

Government-Wide Financial Analysis

The District's combined net position decreased by 1.09% from a year ago. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental and business-type activities.

TABLE 1
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,334,914	\$ 2,757,377	\$ 2,088,020	\$ 1,958,954	\$ 4,422,934	\$ 4,716,331
Capital assets, net of accumulated depreciation	8,506,889	8,799,482	15,726,249	16,085,443	24,233,138	24,884,925
Total assets	<u>10,841,803</u>	<u>11,556,859</u>	<u>17,814,269</u>	<u>18,044,397</u>	<u>28,656,072</u>	<u>29,601,256</u>
Deferred Outflows of Resources	264,149	56,307	922,490	1,039,779	1,186,639	1,096,086
Long-term debt outstanding	2,382,126	2,682,419	3,889,291	4,484,931	6,271,417	7,167,350
Other liabilities	235,977	189,967	383,267	462,705	619,244	652,672
Total liabilities	<u>2,618,103</u>	<u>2,872,386</u>	<u>4,272,558</u>	<u>4,947,636</u>	<u>6,890,661</u>	<u>7,820,022</u>
Deferred Inflows of Resources	1,331,954	1,020,002			1,331,954	1,020,002
Net Position:						
Net investment in capital assets	5,731,177	5,620,510	11,910,500	11,675,699	17,641,677	17,296,209
Restricted	116,325	113,772			116,325	113,772
Unrestricted	<u>1,308,393</u>	<u>1,986,496</u>	<u>2,553,701</u>	<u>2,460,841</u>	<u>3,862,094</u>	<u>4,447,337</u>
Total Net Position	<u>\$ 7,155,895</u>	<u>\$ 7,720,778</u>	<u>\$ 14,464,201</u>	<u>\$ 14,136,540</u>	<u>\$ 21,620,096</u>	<u>\$ 21,857,318</u>

Net position for the District's governmental activities decreased to \$7,155,895 from \$7,720,778 as of June 30, 2014. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, decreased from \$1,986,496 at June 30, 2014 to \$1,308,393 at the end of this year.

The net position of business-type activities increased 2.3% from the previous year (\$14,464,201 compared to \$14,136,540 in 2014). The District generally can only use this net position to finance the continuing operations of the Water Division.

TABLE 2
CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 964,097	\$ 1,144,441	\$ 2,206,667	\$ 2,074,364	\$ 3,170,764	\$ 3,218,805
Operating grants and contributions	41,347	45,888	31,484	4,332	72,831	50,220
Capital grants and contributions	113,333	113,333		16,889	113,333	130,222
General revenues:						
Property taxes	2,624,196	2,676,174			2,624,196	2,676,174
Unrestricted investment earnings	1,824	2,765	37,766	50,961	39,590	53,726
Other general revenues	10,373	12,051			10,373	12,051
Transfers			6,000	12,000	6,000	12,000
Total revenues	<u>3,755,170</u>	<u>3,994,652</u>	<u>2,281,917</u>	<u>2,158,546</u>	<u>6,037,087</u>	<u>6,153,198</u>
Program expenses:						
Administration and finance	785,327	676,301			785,327	676,301
Public safety	3,470,419	3,270,817			3,470,419	3,270,817
Interest on long-term debt	58,307	87,272			58,307	87,272
Water Division operations			1,954,256	1,963,942	1,954,256	1,963,942
Transfers	6,000	12,000			6,000	12,000
Total program expenses and transfers	<u>4,320,053</u>	<u>4,046,390</u>	<u>1,954,256</u>	<u>1,963,942</u>	<u>6,274,309</u>	<u>6,010,332</u>
Increase (Decrease) in Net Position	\$ <u>(564,883)</u>	\$ <u>(51,738)</u>	\$ <u>327,661</u>	\$ <u>194,604</u>	\$ <u>(237,222)</u>	\$ <u>142,866</u>

The District's total revenue was \$6,031,087 (net of transfers). The total cost of all programs and services was \$6,268,309 (net of transfers).

Governmental Activities

The two primary sources of revenue used to finance governmental activities are property taxes and charges for services. Property taxes amounted to 73% of total revenue, which is an increase from the previous year. Charges for services amounted to 25% of total revenue, which is consistent from the previous year. Total revenues decreased 4.2% from the previous year. This decrease is the result of a decrease in revenue from ambulance services. Charges for services include \$670,405 in ambulance billings and \$252,530 for fees related to the use of the Public Safety Communications Tower owned by the District.

Table 3 presents the cost of each of the District's programs. Public safety includes the operation of the Fire Department, EMS services, emergency communications and dispatch, signals and alarms and the office of the Fire Marshal. Administration and finance reflects the Fire Department's share of the total cost of administration for the District.

The net cost of services reflects the financial impact on the District's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

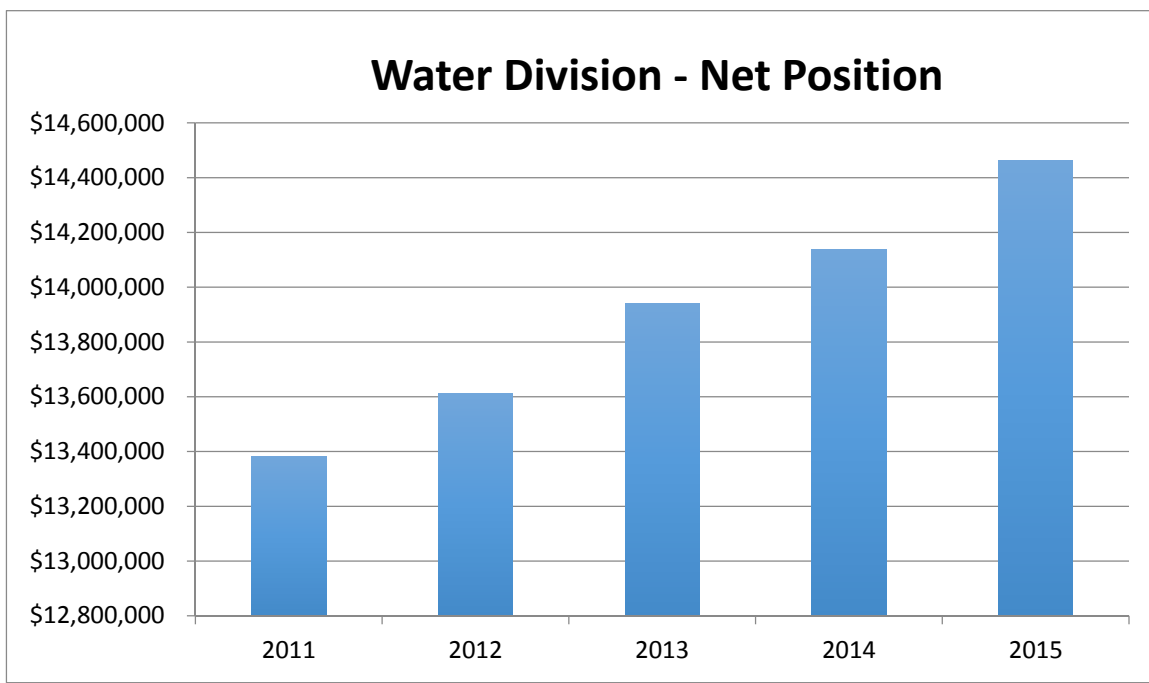
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Administration and finance	\$ 785,327	\$ 676,301	\$ 785,327	\$ 676,301
Public safety	3,470,419	3,270,817	2,351,642	1,967,155
All others	58,307	87,272	58,307	87,272
Totals	<u>\$ 4,314,053</u>	<u>\$ 4,034,390</u>	<u>\$ 3,195,276</u>	<u>\$ 2,730,728</u>

The total cost of services, as reflected in the above schedule, increased by \$279,663 or approximately 6.9%. This increase was the result of a \$109,026 increase in administration costs and a \$199,602 increase in public safety costs, which were partially offset by a \$28,965 decrease in interest expense.

The net cost of services increased by \$464,548 primarily as a result of an increase in public safety expenses. An decrease in revenue from ambulance billings contributed to the overall increase.

Business-Type Activities - Water Division

The District, through its Water Division, owns and operates the water distribution, pumping and treatment facilities that service the Town of Cromwell. The District's Water Division is reported as a business-type activity, and these services are financed by fees charged to customers. For the year ending June 30, 2015, metered sales amounted to \$1,981,783. This was an increase of 6.3 % over the previous year. Water Division operating income amounted to \$352,412 as compared to \$228,552 for 2013-2014. Net income after transfers, capital contributions, and non-operating revenue and interest expenses amounted to \$327,661, an increase of \$133,057 from the previous year. Water Division net position increased from \$14,136,540 as of June 30, 2014 to \$14,464,201 as of June 30, 2015. The chart presented below reflects the net position of the Water Division from 2011 to 2015.



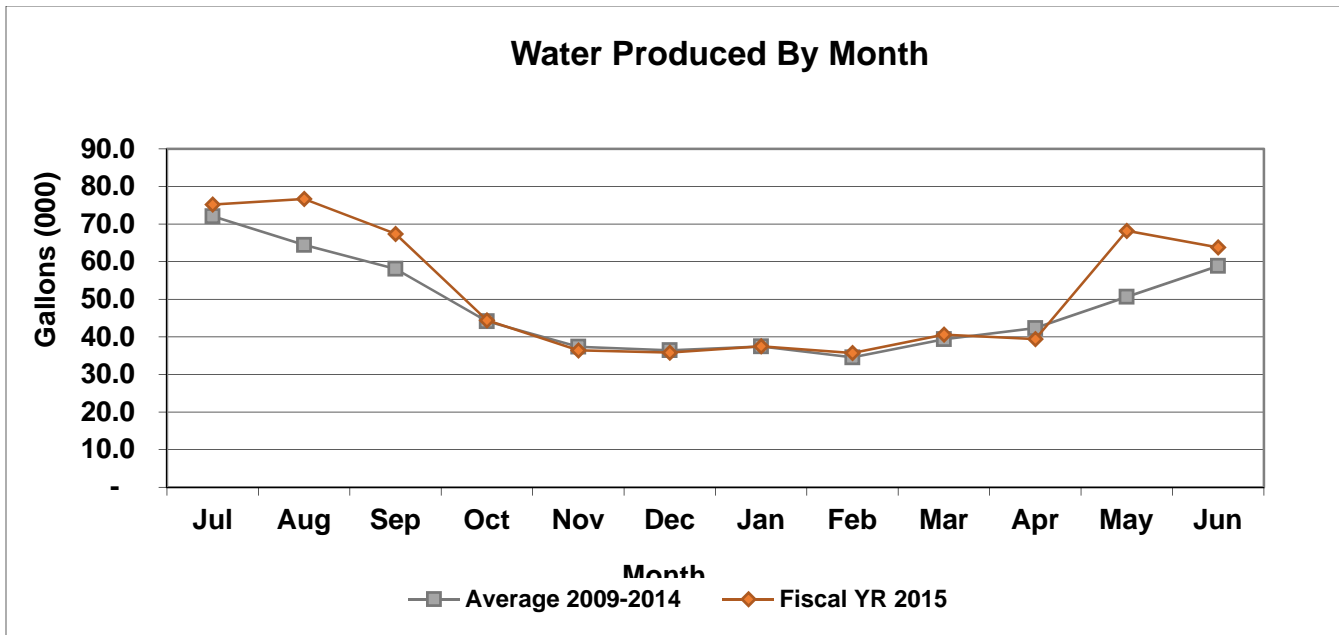
The District services 3,963 accounts, of which 3,588 are residential, 353, are commercial, and 22 are industrial.

With the addition of recently completed Well #4, the District's groundwater system consists of four active production wells with a combined pumping rate of approximately 10.5 million gallons per day. The maximum day demand in fiscal 2015 was 3,438,000 gallons providing the District with a surplus of over six million gallons a day. This surplus in system capacity enables the District to rotate and rest wells, and provides the potential to supply additional water to surrounding communities. The District currently provides water to a portion of Berlin, Connecticut. In addition, with the newer wells now on line, the District has been able to improve overall water quality. The system includes a treatment facility, a high service pump station and a three million gallon underground storage reservoir. The District's chemical feed and control facility includes some of the most advanced technology and monitoring systems that are available in the industry today. None of the District's water supply is derived from open reservoirs or above ground water sources.

Presented below is a table showing the water produced during 2015 as compared to the average for the previous six years:

Month	Fiscal Year							2009-2014 Average	2015/Avg Monthly	%
	2009	2010	2011	2012	2013	2014	2015			
Jul	66.5	59.6	85.1	77.5	74.7	69.0	75.2	72.1	3.1	4.3%
Aug	56.1	63.3	78.8	58.3	64.2	66.0	76.7	64.5	12.3	19.0%
Sep	45.2	66.2	73.0	50.3	56.6	57.3	67.4	58.1	9.3	16.0%
Oct	40.0	49.3	42.4	40.9	43.1	49.1	44.4	44.1	0.3	0.6%
Nov	34.6	42.0	36.5	37.1	35.4	38.6	36.4	37.4	(1.0)	-2.6%
Dec	34.7	37.7	35.8	36.8	37.2	36.4	35.8	36.4	(0.6)	-1.7%
Jan	35.6	38.9	35.9	37.6	38.6	38.1	37.5	37.4	0.1	0.1%
Feb	31.6	35.2	33.9	36.5	36.1	33.9	35.7	34.5	1.2	3.4%
Mar	39.5	39.9	38.3	39.6	40.0	38.9	40.6	39.4	1.2	3.1%
Apr	39.6	42.1	39.1	48.9	44.4	39.8	39.4	42.3	(2.9)	-6.9%
May	45.2	54.1	48.5	51.6	57.6	46.8	68.2	50.6	17.6	34.7%
Jun	46.9	63.5	58.1	61.2	54.4	69.0	63.8	58.9	4.9	8.4%
Total	515.5	591.7	605.4	576.3	582.3	582.9	621.1		45.4	

Water Produced By Month



Presented below is a comparison of the operating expenses for the Water Division.

Function	2015	2014
Payroll	\$ 448,539	\$ 445,106
Pumping and power	240,777	214,352
Purification	69,620	61,665
Transmission and distribution	31,858	43,300
General administration	212,432	201,599
Payroll taxes and employee benefits	224,620	211,571
Amortization	117,289	200,305
Depreciation	423,452	411,320
Maintenance	58,761	44,570
Other	26,907	12,024
Total	\$ 1,854,255	\$ 1,845,812

District Funds Financial Analysis

Governmental Funds

As the District completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance \$2,074,421 as compared with a balance of \$2,472,382 a year ago. A schedule of the various components is presented below:

	<u>2015</u>	<u>2014</u>
General Fund	\$ 745,178	\$ 1,087,667
Capital Projects:		
Equipment Reserve Fund	474,201	603,759
Firehouse Renovation Fund	14,518	14,518
Training Facility Fund	7,249	23,926
West Street Complex Fund	31,269	31,269
Court Street Addition	10,264	10,264
Non-major Governmental Funds:		
Public Safety Tower Fund	675,417	587,072
Ambulance Billing Fund		135
Fire Department Trust Funds	<u>116,325</u>	<u>113,772</u>
Total	<u>\$ 2,074,421</u>	<u>\$ 2,472,382</u>

The decrease in the General Fund total fund balance reflects the results from 2014-2015 budgetary operations and the use of \$267,265 of unassigned fund balance to balance the budget. The District's results from budgetary operations had a negative variance of \$75,224.

The decrease in the Equipment Reserve Fund resulted from the planned use of the reserve balance to finance capital additions. These expenditures were made in accordance with the District's five-year capital plan. Total expenditures amounted to \$329,559 of which \$259,565 was capitalized and included the following:

- Purchase of Turnout gear (\$16,255)
- Costs associated with the acquisition of a new ambulance (\$196,637)
- Radio equipment (\$8,744)

In addition to the use of the reserve balance, the funding for these projects came from transfers from other funds (\$200,000).

The Firehouse Renovation Fund will be used in conjunction with the District's long-range facilities preventive maintenance program. The balance in the Training Facility Fund is being held to finance future expenditures for the Fire Department training facility. The balance in the West Street Complex Fund is being held in reserve to cover any additional costs associated with the completion of the facility. The increase in the Public Safety Communications Tower Fund reflects the positive results of operations for the current year.

The following funds represent trust funds for the Fire Department:

- Fire Department Fund
- Hardship Benefit Fund (Sick Fund)
- Scholarship & Memorial Fund
- Neto Student Benefit Fund

The operation of these trust funds is governed by the By-Laws of the Department and not the By-Laws of the District. All monies received by the Department by gift or donations are deposited into these funds. The funds may be used for general or specific expenses of the Department not covered by the District's annual budget or such other expenditures as defined in the Department's By-Laws.

General Fund Budgetary Highlights

A summary of budgetary results is presented below:

Total fund balance, July 1, 2014	\$1,087,667
Additional appropriations during the year	(0)
Amounts assigned to balance the 2014-2015 budget	(267,265)

Review of current year operations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ 3,459,300	\$ 3,420,499	\$ (38,801)
Expenditures	3,726,565	3,762,988	(36,423)
Results of budgetary operations	<u>\$ (267,265)</u>	<u>\$ (342,489)</u>	<u>(75,224)</u>
Total Fund Balance, June 30, 2015			<u><u>\$745,178</u></u>

The two primary sources that finance General Fund operations are property taxes and ambulance billings. Tax collections for the current year's levy amounted to \$2,681,873. The tax collection rate for the current levy was 99.38%.

Ambulance billings amounted to \$670,405 as compared with \$741,136 for 2013-2014. This represents a 9.5% decrease in revenue. The District' charges for ambulance services are controlled by the State of Connecticut Department of Public Health. The authorized State rate for basic services was \$606 as of June 30, 2015. The Medicare rate is \$392. Regardless of the actual number of requests for service (911 calls), only completed calls result in a billable event. Cancellations, refusals, stand-bys and such do not result in any revenue, yet the District must expend resources to have an ambulance staffed and able to respond. The following factors have contributed to the increase in ambulance billings:

- Billable calls decreased from 1,699 in 2013-14 to 1,637 in 2014-15. The billable call volume for 2014-15 represented a 3.7% decrease from 2013-14.
- The percentage of billable calls to total calls decreased from 89% in 2013-2014 to 84% in 2014-15.
- Self-pay payers decreased from 5% in 2013-14 to 3% in 2014-15.

General Fund expenditures include the District's public safety operations (Fire and EMS Services). Total General Fund expenditures for the year ended June 30, 2015 amounted to \$3,562,988. This was \$36,423 less than then adjusted budget. The results from operations included the following balances:

Administration and Finance	\$ (8,031)
Public Safety (Signals and Alarms, Fire Marshal, Communication Center)	(4,380)
Buildings and Grounds	18,015
Training	833
Ambulance Operations	(12,556)
Insurance and Benefits	(32,723)
Apparatus and Equipment	22
Miscellaneous	2,397

General Fund expenditures exceeded revenues by \$342,489. The General Fund available fund balance as of June 30, 2015 is \$548,561 or 15% of 2014-2015 General Fund expenditures. The District appropriated \$267,265 from fund balance to finance 2014-2015 operations.

Public Safety Communications Tower Fund

The Cromwell Fire District owns a 170-foot communications tower, including appurtenances and equipment buildings. The Tower is utilized for District and town wide public safety communication purposes. The District also leases tower space to various cellular phone companies and other organizations requiring antennas for communications systems. Operations of the Tower are under control of a Public Safety Tower Committee made up of representatives from the District and the Town of Cromwell Police Department. Net revenues from the Tower are shared equally between the District and the Town. Revenues from Tower leases amounted to \$252,530 for the year ended June 30, 2015. The District's share of the fund balance of the Public Safety Communications Tower Fund is \$675,417 as of June 30, 2015. Within the fund the Public Safety Tower Committee established a reserve account for financing the future public safety tower structural replacements and upgrades. There were no contributions to the reserve account for 2014-15. During the fiscal year there was \$2,123 charged to the reserve account and the balance is \$125,708 as of June 30, 2015. The remaining balance of \$549,709 is available to finance communication systems and other Fire Department capital programs.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2015, the District had \$24,223,138 invested in capital assets, including land, buildings, fire apparatus, ambulances and other vehicles and equipment, and water production, purification and transmission systems (see Table 4). This amount represents a net decrease (including additions and deductions) of \$651,786 from the previous year. The decrease was a result of current year depreciation of \$921,271 exceeding additions of \$269,485.

**TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Land	\$ 305,000	\$ 305,000	\$ 147,152	\$ 147,152	\$ 452,152	\$ 452,152
Buildings and improvements	5,265,636	5,445,803	15,099,300	14,628,392	20,364,936	20,074,195
Vehicles	2,014,482	1,972,029	94,971	116,304	2,109,453	2,088,333
Equipment	905,091	1,036,490	355,375	371,275	1,260,466	1,407,765
Construction in progress	16,680	40,160	29,451	822,319	46,131	862,479
Total	\$ 8,506,889	\$ 8,799,482	\$ 15,726,249	\$ 16,085,442	\$ 24,233,138	\$ 24,884,924

The additions in capital assets used in the operation of governmental funds amounted to \$256,532. These additions included the following:

- Purchase of Turnout gear (\$16,255)
- Costs associated with the acquisition of a new ambulance (\$196,637)
- Radio equipment (\$8,744)

The additions to the capital assets used in business-type activities (Water Enterprise Fund) amounted to \$64,258. These additions included the following:

- Construction in progress for the Well field Generator Replacement (\$17,195)
- Hydrants (\$10,453)
- Furniture and Equipment (\$10,714)

Additionally, construction for the new maintenance facility was completed during the year. The Water division disposed of two vehicles during the year with an original acquisition cost of \$51,406.

More detailed information about the District's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

Outstanding debt as of June 30, 2015 is summarized below:

**TABLE 5
OUTSTANDING DEBT AT YEAR END**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General Obligation Bonds (backed by the District)	\$ 1,712,858	\$ 1,938,929	\$ 3,587,142	\$ 4,146,071	\$ 5,300,000	\$ 6,085,000

Other obligations include a capital lease purchase agreement with TD Bank Leasing Corporation that was used to finance the purchase of a pumper in 2006-07 (\$51,767) and accrued compensated absences (\$156,892). More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate in the Town of Cromwell now stands at 4.5% as of June 2015, versus 5.5% as of June 2014. This compares favorably with the Hartford Labor Market area’s unemployment rate of 5.6% and the State rate of 5.4%.

According to the Bureau of Census American Community Survey 5-Year Estimates, 2009-2013, per capita income in Cromwell was \$38,463 compared to the county rate of \$39,992 and the State rate of \$37,892 Median family income was \$98,388 for Cromwell versus \$98,501 for the county and \$87,245 for the State. The percent of families below poverty level was 1.7% for the Town. The county percentage was 3.7% and the State’s was 7.3%.

The net taxable grand list for fiscal year 2016 is \$1.290 billion, which reflects a 1.3% increase over the previous year.

General Fund Budget

The General Fund budget for 2015-2016 reflects revenues of \$3,484,500, operating expenditures of \$3,289,236, capital transfers of \$50,000 and debt service expenditures of \$341,880. The budget projects the use of \$196,617 in available General Fund fund balance to balance revenues with expenditures. The budget does anticipate a slight increase in property taxes and as a result the mill rate increased to 2.25 mills, from 2.1 mills.

General Fund revenues are projected to increase by 0.73% as a result of an increase in EMS billings (\$25,000) while the District budgeted for the use of fund balance to balance the budget, the mill rate was subsequently increased to cover the anticipated (\$196,617) use of fund balance.

General Fund expenditures reflect a decrease of 1.2% over the current budget. A decrease in the annual contribution to the Equipment Reserve Fund (\$150,000) was the primary cause. Contractual increases for Local 4662 members as well as a 2.5% cost of living increase for non-bargaining unit employees, a projected 4.0% increase in medical benefits and a \$6,535 decrease in debt service were the primary factors in the overall decrease.

Water Division Enterprise Fund

The total projected revenue for the Water Division is \$2,151,500. This represents a decrease of 0.02% over the current year. The District is not considering any increase in water rates at this time.

The operating budget for the Water Division, which amounts to \$1,568,784, is a slight increase compared to 2014-2015. Projected operating revenues exceed operating expenditures by \$536,216. Net results of operations reflect a positive balance of \$573 after taking into consideration the contribution from assessments (\$46,500) and the payment of debt principal (\$582,143).

Capital Budget

The budget for the Equipment Reserve Fund includes:

1. \$40,000 to be allocated to the vehicle major repair account
2. \$30,000 appropriated for turnout gear & SCBA equipment
3. \$85,465 for technology related equipment
4. \$25,000 for a CAD upgrade
5. \$19,800 for other public safety capital items

Funding for the Equipment Reserve Fund includes a General Fund contribution of \$50,000. The projected balance for the Equipment Reserve Fund at the end of the 2015-2016 fiscal year is \$273,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director of the Cromwell Fire District, One West Street, Cromwell, Connecticut 06416.

**CROMWELL FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 2,022,788	\$ 726,169	\$ 2,748,957
Receivables, net	306,384	1,308,792	1,615,176
Inventory		44,536	44,536
Other assets	5,742	8,523	14,265
Capital assets:			
Assets not being depreciated	321,680	176,603	498,283
Assets being depreciated, net	<u>8,185,209</u>	<u>15,549,646</u>	<u>23,734,855</u>
Total assets	<u>10,841,803</u>	<u>17,814,269</u>	<u>28,656,072</u>
Deferred Outflows of Resources:			
Deferred charge on refunding		15,821	15,821
West Street Complex contribution		906,669	906,669
Changes in pension assumptions	157,312		157,312
Changes in projected pension investment earnings	35,844		35,844
Pension contributions subsequent to the measurement date	<u>70,993</u>		<u>70,993</u>
Total deferred outflows of resources	<u>264,149</u>	<u>922,490</u>	<u>1,186,639</u>
Liabilities:			
Accounts and other payables	231,545	59,779	291,324
Unearned revenue	4,432	323,488	327,920
Noncurrent liabilities:			
Due within one year	354,972	622,929	977,901
Due in more than one year	<u>2,027,154</u>	<u>3,266,362</u>	<u>5,293,516</u>
Total liabilities	<u>2,618,103</u>	<u>4,272,558</u>	<u>6,890,661</u>
Deferred Inflows of Resources:			
Changes in projected pension investment earnings	106,419		106,419
Changes in actuarial experience	318,866		318,866
West Street Complex contribution	906,669		906,669
Total deferred inflows of resources	<u>1,331,954</u>	<u>-</u>	<u>1,331,954</u>
Net Position:			
Net investment in capital assets	5,731,177	11,910,500	17,641,677
Restricted for trust purposes:			
Expendable	116,325		116,325
Unrestricted	<u>1,308,393</u>	<u>2,553,701</u>	<u>3,862,094</u>
Total Net Position	<u>\$ 7,155,895</u>	<u>\$ 14,464,201</u>	<u>\$ 21,620,096</u>

The accompanying notes are an integral part of the financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Positions		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Administration and finance	\$ 785,327	\$	\$	\$	\$ (785,327)	\$	\$ (785,327)
Public safety	3,470,419	964,097	41,347	113,333	(2,351,642)		(2,351,642)
Interest on long-term debt	58,307				(58,307)		(58,307)
Total governmental activities	4,314,053	964,097	41,347	113,333	(3,195,276)	-	(3,195,276)
Business-Type Activities:							
Water services	1,954,256	2,206,667	31,484			283,895	283,895
Total	\$ 6,268,309	\$ 3,170,764	\$ 72,831	\$ 113,333	(3,195,276)	283,895	(2,911,381)
General revenues:							
Property taxes					2,624,196		2,624,196
Unrestricted interest and late fees					1,824	37,766	39,590
Miscellaneous					10,373		10,373
Transfers					(6,000)	6,000	-
Total general revenues and transfers					2,630,393	43,766	2,674,159
Change in Net Position					(564,883)	327,661	(237,222)
Net Position at Beginning of Year, as Restated					7,720,778	14,136,540	21,857,318
Net Position at End of Year					\$ 7,155,895	\$ 14,464,201	\$ 21,620,096

The accompanying notes are an integral part of the financial statements

**CROMWELL FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 589,664	\$ 557,269	\$ 875,855	\$ 2,022,788
Receivables, net	305,484		900	306,384
Other assets	<u>5,742</u>			<u>5,742</u>
Total Assets	<u>\$ 900,890</u>	<u>\$ 557,269</u>	<u>\$ 876,755</u>	<u>\$ 2,334,914</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 129,625	\$ 19,768	\$ 80,581	\$ 229,974
Unearned revenue			4,432	4,432
Total liabilities	<u>129,625</u>	<u>19,768</u>	<u>85,013</u>	<u>234,406</u>
Deferred Inflow of Resources:				
Unavailable revenue - property taxes	<u>26,087</u>			<u>26,087</u>
Fund Balances:				
Restricted			34,288	34,288
Committed		537,501	757,454	1,294,955
Assigned	196,617			196,617
Unassigned	<u>548,561</u>			<u>548,561</u>
Total fund balances	<u>745,178</u>	<u>537,501</u>	<u>791,742</u>	<u>2,074,421</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 900,890</u>	<u>\$ 557,269</u>	<u>\$ 876,755</u>	<u>\$ 2,334,914</u>

(Continued on next page)

CROMWELL FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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

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

Fund balances - total governmental funds	\$ 2,074,421
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 14,671,727	
Less accumulated depreciation	<u>(6,164,838)</u>	
Net capital assets		8,506,889

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

Deferred outflows related to changes in pension assumptions	157,312
Deferred outflows related to projected pension investment earnings	35,844
Deferred outflows related to contributions made subsequent to the measurement date	70,993
Property tax receivables greater than 60 days	18,659
Interest receivable on property taxes	7,428

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(1,712,858)
Interest payable on bonds and notes	(1,571)
Compensated absences	(99,171)
Capital lease	(51,767)
Bond premium	(104,418)
Deferred contribution	(906,669)
Deferred inflows related to projected pension investment earnings	(106,419)
Deferred inflows related to pension actuarial experience	(318,866)
Net pension liability	<u>(413,912)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 7,155,895</u>
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The accompanying notes are an integral part of the financial statements

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

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 2,694,889	\$	\$	\$ 2,694,889
Intergovernmental	1,723			1,723
Charges for services	670,405		252,530	922,935
Income on investments	1,812	3	9	1,824
Miscellaneous	51,535		39,624	91,159
Total revenues	<u>3,420,364</u>	<u>3</u>	<u>292,163</u>	<u>3,712,530</u>
Expenditures:				
Administration and finance	600,506			600,506
Public safety	539,085		30,897	569,982
Building and utilities	228,655		158,185	386,840
Training	29,167			29,167
Ambulance operations	876,556			876,556
Insurance and benefits	753,723			753,723
Apparatus and equipment	184,278			184,278
Other expenditures	2,603		6,183	8,786
Capital outlay		346,238		346,238
Debt service	348,415			348,415
Total expenditures	<u>3,562,988</u>	<u>346,238</u>	<u>195,265</u>	<u>4,104,491</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(142,624)</u>	<u>(346,235)</u>	<u>96,898</u>	<u>(391,961)</u>
Other Financing Sources (Uses):				
Transfers in	135	200,000		200,135
Transfers out	(200,000)		(6,135)	(206,135)
Total other financing sources (uses)	<u>(199,865)</u>	<u>200,000</u>	<u>(6,135)</u>	<u>(6,000)</u>
Net Change in Fund Balances	(342,489)	(146,235)	90,763	(397,961)
Fund Balances at Beginning of Year	<u>1,087,667</u>	<u>683,736</u>	<u>700,979</u>	<u>2,472,382</u>
Fund Balances at End of Year	<u>\$ 745,178</u>	<u>\$ 537,501</u>	<u>\$ 791,742</u>	<u>\$ 2,074,421</u>

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**CROMWELL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (397,961)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	281,032
Depreciation expense	(573,625)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(18,203)
Property tax interest and lien revenue - accrual basis change	(52,490)
Change in deferred outflows related to changes in pension assumptions	157,312
Change in deferred outflows related to projected investment earnings	35,844
Deferred outflows related to contributions made subsequent to the measurement date	14,686
Deferred charges	113,333

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

Bond principal payments	226,071
Capital lease payments	49,450

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

Changes in net pension liability	32,674
Changes in deferred inflows related to investment experience	(106,419)
Changes in deferred inflows related to pension actuarial experience	(318,866)
Unamortized premiums	14,406
Compensated absences	(22,308)
Accrued interest	181

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(564,883)</u>
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The accompanying notes are an integral part of the financial statements

**CROMWELL FIRE DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

	Business-Type Activities
	<u>Water Division</u> <u>Enterprise Fund</u>
Assets:	
Current:	
Cash and cash equivalents	\$ 726,169
Receivables, net	1,308,792
Prepaid expenses	8,523
Inventory	44,536
Total current assets	<u>2,088,020</u>
Noncurrent:	
Capital assets, net	<u>15,726,249</u>
Total assets	<u>17,814,269</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	15,821
West Street Complex contribution	906,669
Total deferred outflows of resources	<u>922,490</u>
Liabilities:	
Current:	
Accounts payable	42,940
Accrued liabilities	16,839
Unearned revenue	323,488
Compensated absences	40,786
Bonds payable	582,143
Total current liabilities	<u>1,006,196</u>
Noncurrent:	
Compensated absences	16,935
Bonds payable	3,249,427
Total noncurrent liabilities	<u>3,266,362</u>
Total liabilities	<u>4,272,558</u>
Net Position:	
Net investment in capital assets	11,910,500
Unrestricted	<u>2,553,701</u>
Total Net Position	<u>\$ 14,464,201</u>

The accompanying notes are an integral part of the financial statements

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

	Business-Type Activities
	Water Division Enterprise Fund
Operating Revenues:	
Metered sales - general customers	\$ 1,981,783
Revenue from services and seasonal sales	211,908
Employee contributions - other	12,976
Total operating revenues	<u>2,206,667</u>
Operating Expenses:	
Payroll expenses	448,539
Pumping and power	240,777
Purification	69,620
Transmission and distribution	31,858
General administration	212,432
Amortization	117,289
Depreciation	423,452
Maintenance	58,761
Employee benefits	224,620
Other	26,907
Total operating expenses	<u>1,854,255</u>
Operating Income	<u>352,412</u>
Nonoperating Revenues (Expenses):	
Interest income	37,766
Interest and fiscal charges	(100,001)
Other nonoperating income	31,484
Net nonoperating expenses	<u>(30,751)</u>
Income Before Transfers	321,661
Transfers In	<u>6,000</u>
Change in Net Position	327,661
Total Net Position at Beginning of Year	<u>14,136,540</u>
Total Net Position at End of Year	<u>\$ 14,464,201</u>

The accompanying notes are an integral part of the financial statements

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

	Business-Type Activities
	<u>Water Division</u> <u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 2,175,906
Cash payments to employees for salaries and related benefits	(673,159)
Cash payments to vendors	(728,387)
Net cash provided by operating activities	<u>774,360</u>
Cash Flows from Noncapital Financing Activities:	
Transfers from other funds	6,000
Miscellaneous	31,484
Net cash provided by noncapital financing activities	<u>37,484</u>
Cash Flows from Capital and Related Financing Activities:	
Additions to utility plant	(64,258)
Repayments of long-term debt	(597,951)
Interest and fiscal charges	(100,001)
Net cash used in capital financing activities	<u>(762,210)</u>
Cash Flows from Investing Activities:	
Income on investments, interest on assessments and late fees	<u>37,766</u>
Net Increase in Cash and Cash Equivalents	87,400
Cash and Cash Equivalents at Beginning of Year	<u>638,769</u>
Cash and Cash Equivalents at End of Year	<u>\$ 726,169</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 352,412
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	423,452
Amortization expense	117,289
Change in assets and liabilities:	
Increase in accounts receivable	(30,761)
Decrease in accounts payable and accrued liabilities	(77,127)
Increase in prepaid expenses	(8,523)
Increase in inventory	(2,382)
Net Cash Provided by Operating Activities	<u>\$ 774,360</u>

The accompanying notes are an integral part of the financial statements

**CROMWELL FIRE DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015**

	Pension Trust Fund	Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 48,885
Investments	<u>1,337,762</u>	
Total assets	1,337,762	<u><u>\$ 48,885</u></u>
Liabilities:		
Due to volunteers and others		<u><u>\$ 48,885</u></u>
Net Position:		
Restricted for employee retirement system	<u><u>\$ 1,337,762</u></u>	

The accompanying notes are an integral part of the financial statements

**CROMWELL FIRE DISTRICT
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN PLAN NET POSITION
 PENSION TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2015**

Additions:	
Contributions	\$ <u>53,000</u>
Investment income:	
Interest and dividends	27,313
Net increase in fair value of investments	<u>59,565</u>
Total investment income	86,878
Less investment expense	<u>(17,419)</u>
Net investment income	<u>69,459</u>
 Total additions	 <u>122,459</u>
Deductions:	
Benefits	44,279
Administration	<u>9,515</u>
Total deductions	<u>53,794</u>
 Net Increase	 68,665
 Net Position Restricted for Pension Benefits at Beginning of Year	 <u>1,269,097</u>
 Net Position Restricted for Pension Benefits at End of Year	 <u>\$ <u>1,337,762</u></u>

The accompanying notes are an integral part of the financial statements

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Cromwell Fire District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies are described below.

A. Reporting Entity

The District, through its Water Division, owns, maintains and services the water distribution, pumping and treatment facilities that service the Town of Cromwell (the Town). The District, through its Fire Department, provides fire protection and ambulance service to the Town. The District operates under the provisions of the Connecticut General Statutes and District By-Laws. The District is governed by the District Meeting and an elected nine-member Board of Commissioners. The officers of the District consist of the President, Vice President, Secretary/Clerk, Treasurer and Assistant Treasurer.

B. 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 District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who purchase, use or directly benefit from services provided by a given 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 and the major individual enterprise fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Property taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

The District reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports the following major proprietary fund:

The *Water Division Enterprise Fund* is used to account for the operations of the Water Division.

Additionally, the District reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the District's volunteer pension plan.

The *Volunteer Activity Fund* accounts for the funds held on behalf of volunteers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers for service provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

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 Water Division Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Investments for the District are reported at fair value.

E. Receivables and Payables

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

Property taxes are levied each July 1 based on the assessed property values of the prior October 1 Grand List. Assessed values are established at 70% of appraised value.

Property taxes for assessed values of under \$1,000 are due in one installment on July 1; remaining property taxes are due in two equal installments on July 1 and the following January 1. Supplemental motor vehicle taxes are due in full on January 1. Taxes become overdue one month after the installment due date. Interest at the rate of 1.5% per month accrues on all overdue taxes. As of June 30, an enforceable lien is recorded against any outstanding real property taxes.

Uncollected taxes, other than amounts received within 60 days of year-end, and taxes collected in advance of the fiscal year in which they were levied are reflected as deferred revenue in the fund financial statements. Property tax receivables at June 30, 2015 and 2014, respectively, are stated net of allowance for estimated uncollectible amounts of \$3,750 and \$9,599.

F. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. There was no such interest expense incurred by the District during the current fiscal year.

**CROMWELL FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-50
Vehicles	7-20
Equipment	7-15

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resources in the government-wide statement of net position (see Note 12) as well as deferred inflows related to pensions. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the District reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Employees can carry forward all earned vacation time, which must be used during the first six months of the subsequent year. Additionally, employees' accrued sick time is vested after ten years of service. Upon termination, the employee is entitled to 25% of accrued sick time, up to 120 days. At the end of each calendar year, employees shall be paid in cash, the following July, 30% of the accrued sick time in excess of the 120 days. The value of the accrued compensated absences is reflected in the statement of net position for governmental activities and business activities in the amounts of \$99,171 and \$57,721, respectively, at June 30, 2015.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

J. Net Pension Liability

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

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

L. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The component of net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted Net Position

This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

Nonspendable Fund Balance

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Commissioners).

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Board of Commissioners.

Unassigned Fund Balance

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Board of Commissioners submits a proposed budget and tax rate to the annual budget meeting of the District.

Additional appropriations may be made during the year based upon approval by the Board of Commissioners. Additional appropriations of \$20,000 or more are subject to District meeting approval. There were no additional appropriations from fund balance during the fiscal year.

Unexpended appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period upon approval by the Board of Commissioners.

The General Fund budget is prepared on a modified accrual basis of accounting, except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

B. Expenditures Exceeding Appropriations

The following line items within the General Fund budget were overexpended as follows:

Office of the Chief	\$	19,839
Signals and alarms		370
Communication Center		4,612
Ambulance operations		12,556
Insurance and benefits		32,723

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposit will not be returned. The District does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,158,858 of the District’s bank balance of \$2,802,942 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,914,744
Uninsured and collateralized with securities held by the pledging bank’s trust department or agent but not in the District’s name	<u>244,114</u>
	<u>\$ 2,158,858</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Cash Equivalents

At June 30, 2015, the District's cash equivalents amounted to \$9,120. The following table provides a summary of the District's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

Investments

As of June 30, 2015, the District had the following investments within the Pension Trust fund:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing					
U.S. Government	AA+ to N/A	\$ 272,713	\$	\$ 226,076	\$ 46,637
Corporate bonds	AA+ to BBB-	<u>138,574</u>	<u> </u>	<u>108,279</u>	<u>30,295</u>
Total		411,287	\$ <u> -</u>	\$ <u>334,355</u>	\$ <u>76,932</u>
Other investments:					
Common stock		780,781			
Mutual funds		98,676			
Money market funds		<u>47,018</u>			
Total Investments		<u>\$ 1,337,762</u>			

Interest Rate Risk

The District has no formal limits on maximum final stated maturities. To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The District has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk

The District has no policy limiting an investment in any one issuer that is in excess of 5% of the District's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the District or that sells investments to or buys them for the District), the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk. At June 30, 2015, the District had \$780,781 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the District's name.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

4. RECEIVABLES

Receivables as of year-end for the District’s individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water Division</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 7,428	\$ 63,944	\$	\$ 71,372
Taxes	26,537			26,537
Accounts	347,352	789,650	900	1,137,902
Special assessments		546,705		546,705
Gross receivables	<u>381,317</u>	<u>1,400,299</u>	<u>900</u>	<u>1,782,516</u>
Less allowance for uncollectibles:				
Taxes	(3,750)			(3,750)
User fees		(91,507)		(91,507)
Ambulance billings	<u>(72,083)</u>			<u>(72,083)</u>
Net Total Receivables	<u>\$ 305,484</u>	<u>\$ 1,308,792</u>	<u>\$ 900</u>	<u>\$ 1,615,176</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 305,000	\$	\$	\$ 305,000
Construction in progress	40,160	213,317	(236,797)	16,680
Total capital assets not being depreciated	<u>345,160</u>	<u>213,317</u>	<u>(236,797)</u>	<u>321,680</u>
Capital assets being depreciated:				
Buildings and improvements	7,066,760	4,007		7,070,767
Vehicles	4,179,224	241,997	(24,400)	4,396,821
Equipment	2,823,951	58,508		2,882,459
Total capital assets being depreciated	<u>14,069,935</u>	<u>304,512</u>	<u>(24,400)</u>	<u>14,350,047</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,620,957)	(184,174)		(1,805,131)
Vehicles	(2,207,195)	(199,544)	24,400	(2,382,339)
Equipment	(1,787,461)	(189,907)		(1,977,368)
Total accumulated depreciation	<u>(5,615,613)</u>	<u>(573,625)</u>	<u>24,400</u>	<u>(6,164,838)</u>
Total capital assets being depreciated, net	<u>8,454,322</u>	<u>(269,113)</u>	<u>-</u>	<u>8,185,209</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,799,482</u>	<u>\$ (55,796)</u>	<u>\$ (236,797)</u>	<u>\$ 8,506,889</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 147,152	\$	\$	\$ 147,152
Construction in progress	822,319	36,128	(828,996)	29,451
Total capital assets not being depreciated	<u>969,471</u>	<u>36,128</u>	<u>(828,996)</u>	<u>176,603</u>
Capital assets being depreciated:				
Buildings and improvements	20,873,847	832,192		21,706,039
Vehicles	327,743		(51,406)	276,337
Equipment	1,406,666	24,935		1,431,601
Total capital assets being depreciated	<u>22,608,256</u>	<u>857,127</u>	<u>(51,406)</u>	<u>23,413,977</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,245,455)	(361,284)		(6,606,739)
Vehicles	(211,439)	(21,333)	51,406	(181,366)
Equipment	(1,035,391)	(40,835)		(1,076,226)
Total accumulated depreciation	<u>(7,492,285)</u>	<u>(423,452)</u>	<u>51,406</u>	<u>(7,864,331)</u>
Total capital assets being depreciated, net	<u>15,115,971</u>	<u>433,675</u>	<u>-</u>	<u>15,549,646</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,085,442</u>	<u>\$ 469,803</u>	<u>\$ (828,996)</u>	<u>\$ 15,726,249</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

Governmental activities:	
Administration and finance	\$ 38,223
Public safety	469,158
Ambulance operations	<u>66,244</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>573,625</u></u>
 Business-type activities:	
Water Division Fund	 \$ <u><u>423,452</u></u>

6. INTERFUND TRANSFERS

A summary of interfund transfers as of June 30, 2015 is presented below:

	<u>Transfers In</u>			
	<u>Capital Projects</u>	<u>Water Division</u>	<u>General Fund</u>	<u>Total Transfers Out</u>
Transfers Out:				
General Fund	\$ 200,000	\$	\$	\$ 200,000
Nonmajor governmental	<u> </u>	<u>6,000</u>	<u>135</u>	<u>6,135</u>
 Total Transfers In	 \$ <u><u>200,000</u></u>	 \$ <u><u>6,000</u></u>	 \$ <u><u>135</u></u>	 \$ <u><u>206,135</u></u>

Transfers are for regularly recurring operational transactions.

7. LEASES

Operating Lease

The District has entered into various operating leases for the right to use a communication tower for wireless communications. The District is contracted to receive annual rents in the amount of \$218,228 plus contracted renewal increases. Rental income for the year ended June 30, 2015 amounted to \$252,530. The tower is located on land owned by the District and functions under a partnership agreement between the District and the Town of Cromwell Police Department. The net revenue from tower operations is shared equally between the District and the Police Department in accordance with the agreement. Net revenue for the year ended June 30, 2015 was \$88,345, and the Police Department's share was \$44,172.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Capital Lease

The District entered into a lease-purchase agreement with TD Banknorth Leasing Corporation to finance the acquisition of a fire engine. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ <u>54,188</u>
Total future minimum lease payments	54,188
Less amounts representing interest	<u>(2,421)</u>
Present Value of Future Minimum Lease Payments	\$ <u><u>51,767</u></u>

8. INDEBTEDNESS

The District has the power to incur indebtedness as provided by the Connecticut General Statutes and the District Charter. The issuance of bonds and notes is authorized by the District Meeting upon the recommendation of the Board of Commissioners. Notes and bonds may be issued to meet certain emergency appropriations as provided in the Connecticut General Statutes.

A. Governmental Activities

Presented below is a summary of the changes in general long-term obligations for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 1,938,929	\$	\$ 226,071	\$ 1,712,858	\$ 227,857
Premium on bonds payable	<u>118,824</u>	<u></u>	<u>14,406</u>	<u>104,418</u>	<u></u>
Total bonds payable	2,057,753		240,477	1,817,276	227,857
Net pension liability	446,586	44,564	77,238	413,912	
Compensated absences	76,863	30,321	8,013	99,171	75,348
Capital lease	<u>101,217</u>	<u></u>	<u>49,450</u>	<u>51,767</u>	<u>51,767</u>
Governmental Activities					
Long-Term Liabilities	\$ <u><u>2,682,419</u></u>	\$ <u><u>74,885</u></u>	\$ <u><u>375,178</u></u>	\$ <u><u>2,382,126</u></u>	\$ <u><u>354,972</u></u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

A schedule of bonds at June 30, 2015 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2015</u>
West Street Complex	12-15-05	12-15-21	3.75-5.0	\$ 1,540,000	\$ 770,000
Series 2012A	09-25-12	10-01-22	2.25-4.0	1,175,000	942,858
					<u>\$ 1,712,858</u>

The following is a schedule of bond maturities as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 227,857	\$ 59,836	\$ 287,693
2017	227,857	50,938	278,795
2018	227,857	41,723	269,580
2019	227,857	32,951	260,808
2020	227,857	24,799	252,656
2021-2023	<u>573,573</u>	<u>26,469</u>	<u>600,042</u>
Total	<u>\$ 1,712,858</u>	<u>\$ 236,716</u>	<u>\$ 1,949,574</u>

The above amounts represent general obligations of the District and are expected to be paid from future taxation.

B. Business-Type Activities

Presented below is a summary of the changes in long-term obligations for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 4,146,071	\$	\$ 558,929	\$ 3,587,142	\$ 582,143
Premium on bonds payable	283,450		39,022	244,428	
Total bonds payable	<u>4,429,521</u>		<u>597,951</u>	<u>3,831,570</u>	<u>582,143</u>
Compensated absences	<u>55,410</u>	<u>10,085</u>	<u>7,774</u>	<u>57,721</u>	<u>40,786</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 4,484,931</u>	<u>\$ 10,085</u>	<u>\$ 605,725</u>	<u>\$ 3,889,291</u>	<u>\$ 622,929</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

A schedule of bonds and serial notes outstanding at June 30, 2015 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2015</u>
Water main project	12-15-05	3.75-5.0	\$ 2,890,000	\$ 1,370,000
Series 2012A	09-25-12	2.25-4.0	2,115,002	1,697,142
Series 2012B	09-25-12	2.0-3.0	1,020,000	520,000
				<u>\$ 3,587,142</u>

The following is a schedule of bond maturities as of June 30, 2015:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 582,143	\$ 122,583	\$ 704,726
2017	587,143	101,338	688,481
2018	577,143	79,527	656,670
2019	407,143	58,787	465,930
2020	407,143	44,263	451,406
2021-2023	<u>1,026,427</u>	<u>47,344</u>	<u>1,073,771</u>
Total	<u>\$ 3,587,142</u>	<u>\$ 453,842</u>	<u>\$ 4,040,984</u>

The above amounts are reflected in the Water Division Enterprise Fund. It is expected that the debt service will be paid from user fees and assessments.

C. Debt Limitation

Presented below is the statutory debt limitation for the Town of Cromwell including the District:

	<u>Total Debt Limitation</u>	<u>Statutory Indebtedness</u>	<u>Debt Limitation in Excess of Outstanding and Authorized Debt</u>
General purpose	\$ 96,465,062	\$ 19,241,400	\$ 77,223,662
Schools	192,930,125	15,050,924	177,879,201
Sewers	160,775,104	5,562,766	155,212,338
Urban renewal	139,338,423		139,338,423
Pension deficit	128,620,083		128,620,083

In accordance with Connecticut General Statutes, municipalities and their coterminous entities may not incur indebtedness through the issuance of bonds that will cause aggregate indebtedness to be exceeded by class as outlined above, and in no case shall total indebtedness exceed seven times the base, which amounts to \$300,113,527 at June 30, 2015.

The above schedule does not include \$3,587,142 of debt issued for the supply of water as such amounts are excluded from the debt limit calculation by the Connecticut General Statutes.

**CROMWELL FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

The Town of Cromwell is a member of the Mattabassett District, a regional sewer district whose other constituent members are the City of New Britain and the Town of Berlin. The Mattabassett District has issued its \$3,476,946 Project Loan Obligation, dated as of June 30, 2011, pursuant to the State of Connecticut's Clean Water Fund Program (\$3,172,714 will be outstanding pro forma as of October 4, 2012). In addition, the Mattabassett District has issued its \$83,183,533 Interim Funding Obligation, dated as of June 29, 2012 and maturing January 31, 2016, pursuant to the State of Connecticut's Clean Water Fund Program. The Mattabassett District's revenue bonds are secured by pledge of payments due to Mattabassett District by its constituent municipalities, allocated as determined by the Mattabassett District Board. The Town of Cromwell's allocable share of the Mattabassett District's Debt, as determined by the Mattabassett District charter, is currently 8.39%.

9. RISK MANAGEMENT

The District 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 natural disasters. The District purchases commercial insurance for all risks of loss. During 2015, deductibles paid by the District were not significant. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

10. PENSIONS

Volunteer Plan

A. Plan Description

The District is the administrator of a single employer defined benefit pension plan (PERS), which covers individuals who have provided volunteer services to the District. The PERS is considered to be part of the District's financial reporting entity and is included in the District's financial reports as a pension trust fund.

Management of the plan rests with the pension advisory board which has five members. Four members are elected commissioners and one appointed staff member. The staff member is appointed by the President of the Commission and ratified by the full commission vote.

At June 30, 2015, the date of the latest actuarial valuation, plan membership consisted of the following:

Active participants	95
Retirees and beneficiaries receiving benefits	18
Vested terminated	<u>4</u>
 Total	 <u><u>117</u></u>

Plan provisions are summarized below:

Normal retirement age is age 62 and completion of 5 years of credited service. For an individual to participate in the plan, they must meet the requirements for a volunteer. All participants become fully vested upon 10 years of credited service or upon reaching age 62 with 5 years of credited service. Upon retirement, eligible participants receive \$15.00 per month for each year of credited service (up to a maximum of 25 years) plus additional amounts of \$2.00-\$5.00 per month for each year, up to a maximum of a total of 5 years credit, if the participant retired as an officer.

**CROMWELL FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

PERS financial statements are prepared using the accrual basis of accounting. District contributions are recognized as revenues when due, and the District has made or has committed to provide the contributions. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments

All funds are invested in U.S. bonds, corporate bond accounts, common stock and money market pooled funds and are reported at fair value.

C. Funding Policy

The District's funding policy provides for periodic employer contributions at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. Contributions and benefits are defined and may be amended by the Board of Commissioners. Participants are not required to contribute to the plan.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and amended by the District. It is the policy of the District board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	46 %
International equity	12
Fixed income	38
Real estate	0
Cash and short-term investments	<u>4</u>
Total	<u><u>100 %</u></u>

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Net Pension Liability of the District

The components of the net pension liability of the District at June 30, 2015, were as follows:

Total pension liability	\$ 1,453,768
Plan fiduciary net position	<u>(1,337,762)</u>
 Net Pension Liability	 <u>\$ 116,006</u>
 Plan fiduciary net position as a percentage of the total pension liability	 92.02 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.0%
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>
Domestic equity	8.00 %
International equity	6.00
Fixed income	4.00
Short-term investments	1.00
Cash	0.00

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Discount Rate

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2014	\$ 1,340,539	\$ 1,269,097	\$ 71,442
Changes for the year:			
Service cost	33,262		33,262
Interest on total pension liability	87,858		87,858
Differences between expected and actual experience	(51,131)		(51,131)
Changes in assumptions	87,519		87,519
Employer contributions		53,000	(53,000)
Net investment income		69,459	(69,459)
Benefit payments, including refund to employee contributions	(44,279)	(44,279)	-
Administrative expenses		(9,515)	9,515
Net changes	113,229	68,665	44,564
Balances as of June 30, 2015	\$ 1,453,768	\$ 1,337,762	\$ 116,006

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

The following presents the net pension liability of the District, calculated using the discount rate of 6.5%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.5%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	\$ 332,117	\$ 116,006	\$ (45,525)

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of \$16,998. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 192,753
Changes of assumptions	78,854	
Net difference between projected and actual earning on pension plan investments		<u>49,156</u>
Total	<u>\$ 78,854</u>	<u>\$ 241,909</u>

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

Year Ending June 30,

2016	\$	(32,152)
2017		(32,152)
2018		(32,153)
2019		(12,559)
2020		(14,965)
Thereafter		(39,074)

Employee Plan

A. Plan Description

The District (inclusive of the Water Division) participates in the Town’s Employee Retirement System (CPP). The plan is administered by the Town of Cromwell and was established to provide pension benefits for its employees and the employees of the District.

B. Benefits Provided

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 65 or 5 years of continuous service whichever is later. Early retirement is available at age 55 plus 15 years of service. Normal retirement benefit formulas apply, subject to actuarial reduction.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

C. Contributions

Covered employees are required to contribute 2-1/2% of earnings to the plan. Each participating organization is required to contribute at an actuarially determined amount. The District's required rate for the year ended June 30, 2015 as a percentage of covered payroll was 7.50%. The contribution requirements for the plan are established and may be amended by the Town of Cromwell.

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

At June 30, 2015, the District reports a liability of \$97,709 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of July 1, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the District's proportion was 4.26 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$6,352. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$	\$ 126,113
Changes in assumptions	78,458	
Net difference between projected and actual earnings on pension plan investments	<u>35,844</u>	
Total	<u>\$ 114,302</u>	<u>\$ 126,113</u>

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

<u>Year Ending June 30</u>	
2016	\$ 1,953
2017	1,953
2018	1,953
2019	1,953
2020	1,953
Thereafter	<u>(21,576)</u>
Total	<u>\$ (11,811)</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

E. Actuarial Assumptions

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

Inflation	3.00%
Salary increase	Graded
Investment rate of return	7.10%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2014.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Blend	30%	6.25%
Mid Cap Blend	10%	7.25%
Small Cap Blend	7%	8.00%
International Equity	13%	6.75%
REIT Equity	5%	5.75%
Intermediate Taxable Fixed Income	35%	1.15%
Total	<u>100.0%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CROMWELL FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10%) or 1 percentage point higher (8.10%) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net pension liability	\$ 217,988	\$ 97,709	\$ (4,204)

Municipal Employees' Retirement System

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Non-Service Connected

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

Death Benefit

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

C. Contributions

Member

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

Employer

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

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

At June 30, 2015, the District reports a liability of \$200,197 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the District's proportion was .83 percent. The increase or decrease in proportion from June 30, 2014 is not available.

**CROMWELL FIRE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015**

For the year ended June 30, 2015, the District recognized pension expense of \$42,118. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions after the measurement date	\$ 70,993	\$
Net difference between projected and actual earnings on pension plan investments		<u>57,263</u>
Total	<u>\$ 70,993</u>	<u>\$ 57,623</u>

Amounts reported as deferred outflows of resources related to District's contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2016	\$	14,316
2017		14,316
2018		14,316
2019		14,315

E. Actuarial Assumptions

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

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	<u>100.0%</u>	

F. Discount Rate

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of the net pension liability	\$ 410,836	\$ 200,197	\$ 24,756

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

H. Plan Fiduciary Net Position

The audited amounts as presented in the State of Connecticut’s Comprehensive Annual Financial Report as of and for the year ended June 30, 2014 have been adjusted to be in accordance with the requirements of GASB No. 67 and 68. The adjustment to the contribution receivable increased the net position as previously reported from \$2,175,433,000 to \$2,262,724,000. The net pension liability at June 30, 2014 has been calculated using the adjusted amounts.

11. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance:				
Restricted for:				
Public safety	\$	\$	\$ 34,288	\$ 34,288
Committed to:				
Building and utilities			675,417	675,417
Insurance and benefits			54,492	54,492
Public safety			27,545	27,545
Capital outlay		537,501		537,501
Assigned for:				
Subsequent year’s budget	196,617			196,617
Unassigned	<u>548,561</u>			<u>548,561</u>
	<u>\$ 745,178</u>	<u>\$ 537,501</u>	<u>\$ 791,742</u>	<u>\$ 2,074,421</u>

12. WEST STREET COMPLEX - WATER DIVISION CONTRIBUTION

The West Street Complex project involved the demolition of the existing fire station at 1 West Street in Cromwell, Connecticut, and the construction, on that site, of a facility to house district offices for the Water Division, Fire Department and Fire Marshal, as well as a three-bay fire station. The appropriation for this project was \$3,400,000, funded from the issuance of bonds and an appropriation of \$1,700,000 from the Water Division Enterprise Fund.

In the statement of net position, the West Street Complex is recorded as a capital asset under the District’s governmental activities. The Water Division Enterprise Fund contribution will be amortized over the life of the bond and is currently recorded as a deferred outflow of resources under business-type activities and is offset by a deferred inflow of resources under governmental activities. The unamortized balance at June 30, 2015 was \$906,669.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

13. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27 and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68:

Net position at June 30, 2014, as previously reported	\$ 8,115,793
Adjustments:	
Eliminate net pension assets reported per GASB No. 27	(4,736)
Record net pension liability per GASB No. 68	(446,586)
Record deferred outflows of resources related to contributions made subsequent to the plan measurement date per GASB No. 71	<u>56,307</u>
Net Position at July 1, 2014, as Restated	<u>\$ 7,720,778</u>

14. LITIGATION AND CONTINGENCIES

The District's management indicates that there are no material or substantial claims against the District nor is there pending litigation.

**CROMWELL FIRE DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Property taxes current year	\$ 2,690,000	\$ 2,690,000	\$ 2,671,487	\$ (18,513)
Property taxes prior years	15,000	15,000	11,772	(3,228)
Interest on taxes	12,000	12,000	12,734	734
Liens	(1,200)	(1,200)	(1,104)	96
Total property taxes	<u>2,715,800</u>	<u>2,715,800</u>	<u>2,694,889</u>	<u>(20,911)</u>
Intergovernmental:				
State grants	<u>500</u>	<u>500</u>	<u>1,723</u>	<u>1,223</u>
Investment income	<u>1,000</u>	<u>1,000</u>	<u>1,812</u>	<u>812</u>
Local revenues:				
Miscellaneous revenue	6,000	6,000	9,483	3,483
Employee insurance contribution	35,000	35,000	41,162	6,162
EMS billing	700,000	700,000	670,405	(29,595)
Fire Marshal's office revenue	<u>1,000</u>	<u>1,000</u>	<u>890</u>	<u>(110)</u>
Total local revenues	<u>742,000</u>	<u>742,000</u>	<u>721,940</u>	<u>(20,060)</u>
Total revenues	3,459,300	3,459,300	3,420,364	(38,936)
Other financing sources:				
Transfers in from ambulance billing	<u> </u>	<u> </u>	<u>135</u>	<u>135</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	<u>\$ 3,459,300</u>	<u>\$ 3,459,300</u>	<u>\$ 3,420,499</u>	<u>\$ (38,801)</u>

**CROMWELL FIRE DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Administration and finance:				
Administrative salaries and operations	\$ 271,650	\$ 306,650	\$ 295,825	\$ 10,825
Computer operations	71,825	66,825	66,237	588
Tax Collector	50,000	46,000	45,782	218
Commission expense	10,000	10,000	9,823	177
Office of the Chief	163,000	163,000	182,839	(19,839)
Total administration and finance	<u>566,475</u>	<u>592,475</u>	<u>600,506</u>	<u>(8,031)</u>
Public safety:				
Signals and alarms	25,000	32,000	32,370	(370)
Fire Marshal	176,505	176,505	175,903	602
Communication center	326,200	326,200	330,812	(4,612)
Total public safety	<u>527,705</u>	<u>534,705</u>	<u>539,085</u>	<u>(4,380)</u>
Buildings and grounds	<u>239,670</u>	<u>246,670</u>	<u>228,655</u>	<u>18,015</u>
Training	<u>30,000</u>	<u>30,000</u>	<u>29,167</u>	<u>833</u>
Ambulance operations	<u>904,000</u>	<u>864,000</u>	<u>876,556</u>	<u>(12,556)</u>
Insurance and benefits	<u>721,000</u>	<u>721,000</u>	<u>753,723</u>	<u>(32,723)</u>
Apparatus and equipment	<u>184,300</u>	<u>184,300</u>	<u>184,278</u>	<u>22</u>
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>2,603</u>	<u>2,397</u>
Debt service	<u>348,415</u>	<u>348,415</u>	<u>348,415</u>	<u>-</u>
Total expenditures	<u>3,526,565</u>	<u>3,526,565</u>	<u>3,562,988</u>	<u>(36,423)</u>
Other financing uses:				
Transfer to Capital Projects	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	<u>\$ 3,726,565</u>	<u>\$ 3,726,565</u>	<u>\$ 3,762,988</u>	<u>\$ (36,423)</u>

**CROMWELL FIRE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER PENSION PLAN
LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 33,899	\$ 33,262
Interest	94,499	87,858
Differences between expected and actual experience	(183,820)	(51,131)
Changes of assumptions		87,519
Benefit payments, including refunds of member contributions	<u>(47,927)</u>	<u>(44,279)</u>
Net change in total pension liability	(103,349)	113,229
Total pension liability - beginning	<u>1,443,888</u>	<u>1,340,539</u>
Total pension liability - ending	<u>1,340,539</u>	<u>1,453,768</u>
Plan fiduciary net position:		
Contributions - employer	100,000	53,000
Net investment income	171,047	69,459
Benefit payments, including refunds of member contributions	(47,927)	(44,279)
Administrative expense	<u>(8,914)</u>	<u>(9,515)</u>
Net change in plan fiduciary net position	214,206	68,665
Plan fiduciary net position - beginning	<u>1,054,891</u>	<u>1,269,097</u>
Plan fiduciary net position - ending	<u>1,269,097</u>	<u>1,337,762</u>
Net Pension Liability - Ending	\$ <u>71,442</u>	\$ <u>116,006</u>
Plan fiduciary net position as a percentage of the total pension liability	94.67%	92.02%
Covered-employee payroll	\$ 866,144	\$ 731,346
Net pension liability as a percentage of covered-employee payroll	8.25%	15.86%

**CROMWELL FIRE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - VOLUNTEER PENSION PLAN
LAST TEN FISCAL YEARS**

	<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>	<u>2015</u>
Actuarially determined contribution	\$ 54,698	\$ 65,190	\$ 56,887	\$ 86,154	\$ 90,686	\$ 94,314	\$ 89,898	\$ 99,400	\$ 98,108	\$ 52,590
Contributions in relation to the actuarially determined contribution	<u>54,698</u>	<u>65,190</u>	<u>56,887</u>	<u>71,740</u>	<u>106,088</u>	<u>94,314</u>	<u>89,898</u>	<u>100,000</u>	<u>100,000</u>	<u>53,000</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,414</u>	\$ <u>(15,402)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(600)</u>	\$ <u>(1,892)</u>	\$ <u>(410)</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 820,909	\$ 866,144	731,346
Contributions as a percentage of covered-employee payroll								12.11%	11.33%	7.19%

Notes to Schedule

Valuation date: June 30, 2015

Measurement date: June 30, 2015

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Included in normal cost
Remaining amortization period	Average future working lives of participants
Asset valuation method	Market Value
Inflation	2.0%
Investment rate of return	6.50%
Retirement age	62 with 5 years participation, or current age, if later

Mortality 2015 Applicable Mortality Table from IRS Notice 2013-49

**CROMWELL FIRE DISTRICT
SCHEDULE OF INVESTMENT RETURNS - VOLUNTEER PENSION PLAN
LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	15.95%	5.53%

**CROMWELL FIRE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST FISCAL YEAR**

	<u>2015</u>
District's proportion of the net pension liability	0.83%
District's proportionate share of the net pension liability	\$ 200,197
District's covered-employee payroll	\$ 377,153
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.08%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Notes to Schedule

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

**CROMWELL FIRE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<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>	<u>2015</u>
Actuarially determined contribution	\$ 7,434	\$ 25,514	\$ 28,228	\$ 26,683	\$ 36,245	\$ 50,565	\$ 62,870	\$ 58,976	\$ 56,307	\$ 70,993
Contributions in relation to the actuarially determined contribution	<u>7,434</u>	<u>25,514</u>	<u>28,228</u>	<u>26,683</u>	<u>36,245</u>	<u>50,565</u>	<u>62,870</u>	<u>58,976</u>	<u>56,307</u>	<u>70,993</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 96,029	\$ 234,243	\$ 266,487	\$ 247,769	\$ 282,268	\$ 332,727	\$ 341,202	\$ 317,173	\$ 331,673	\$ 377,153
Contributions as a percentage of covered employee payroll	7.74%	10.89%	10.59%	10.77%	12.84%	15.20%	18.43%	18.59%	16.98%	18.82%

Notes to Schedule

Valuation date: June 30, 2014

Measurement date: June 30, 2014

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age

Amortization method

Level dollar, closed

Single equivalent amortization period

27 years

Asset valuation method

5 years smoothed market (20% write up)

Inflation

3.25%

Salary increases

4.25% - 11%, including inflation

Investment rate of return

8%, net of investment related expense

Changes in assumptions:

In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

**CROMWELL FIRE DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TOWN OF CROMWELL RETIREMENT PLAN
 LAST FISCAL YEAR**

	<u>2015</u>
District's proportion of the net pension liability	4.26%
District's proportionate share of the net pension liability	\$ 97,709
District's covered-employee payroll	\$ 746,809
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.08%
Plan fiduciary net position as a percentage of the total pension liability	90.07%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The investment rate of return (net of investment-related and administrative expenses) decrease from 7.5% to 7.10% and the rate of compensation increased using a graded rate rather than a 5% rate as in June 30, 2014
Actuarial cost method	Entry age
Amortization method	Level percentage
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market

**CROMWELL FIRE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - TOWN OF CROMWELL RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	<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>	<u>2015</u>
Actuarially determined contribution	\$ 32,789	\$ 42,198	\$ 50,999	\$ 55,935	\$ 58,993	\$ 70,812	\$ 76,116	\$ 79,192	\$ 78,257	\$ 77,886
Contributions in relation to the actuarially determined contribution	<u>32,789</u>	<u>42,198</u>	<u>50,999</u>	<u>55,935</u>	<u>58,993</u>	<u>70,812</u>	<u>76,116</u>	<u>79,192</u>	<u>78,257</u>	<u>77,886</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 405,897	\$ 983,360	\$ 1,068,943	\$ 911,783	\$ 964,179	\$ 999,204	\$ 975,846	\$ 1,034,975	\$ 1,068,982	\$ 1,159,678
Contributions as a percentage of covered-employee payroll	8.08%	4.29%	4.77%	6.13%	6.12%	7.09%	7.80%	7.65%	7.32%	6.72%

Notes to Schedule

Valuation date: July 1, 2014

Measurement date: June 30, 2015

Actuarially determined contribution rates are calculated as of July 1, 2013, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	Included in normal cost
Remaining amortization period	Average future working lives of participants
Asset valuation method	Market Value
Inflation	3.0%
Investment rate of return	7.10%
Retirement age	62 with 5 years participation, or current age, if later

Mortality RP-2014 Mortality Table with no collar adjustment projected to valuation date with Scale MP-2014

**CROMWELL FIRE DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 589,664	\$ 845,046
Property taxes receivable, net of allowance (\$3,750 for 2015 and \$9,599 for 2014)	22,787	59,746
Accounts receivable, net of allowance (\$72,083 for 2015 and \$34,699 for 2014)	282,697	376,767
Other assets	<u>5,742</u>	<u>7,028</u>
Total Assets	<u>\$ 900,890</u>	<u>\$ 1,288,587</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ <u>129,625</u>	\$ <u>104,140</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>26,087</u>	<u>96,780</u>
Fund balance:		
Assigned	196,617	267,265
Unassigned	<u>548,561</u>	<u>820,402</u>
Total fund balance	<u>745,178</u>	<u>1,087,667</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 900,890</u>	<u>\$ 1,288,587</u>

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

Grand List	Uncollected Taxes July 1, 2014	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections	Uncollected Taxes June 30, 2015
		Additions	Deductions				
2013	\$ 2,703,742	\$ 4,489	\$ 9,589	\$ 150	\$ 2,698,492	\$ 2,681,873	\$ 16,619
2012	19,796	177	2,807	108	17,058	11,262	5,796
2011	3,783	844	54	25	4,548	1,992	2,556
2010	7,108	45	52	5,286	1,815	491	1,324
2009	5,323	24	33	5,068	246	2	244
2008	4,910		33	4,851	26	24	2
2007	4,727		33	4,694	-		-
2006	4,168		22	4,146	-		-
2005	4,168		25	4,146	(3)		(3)
2004	4,199		42	4,158	(1)		(1)
2003	3,771		20	3,751	-		-
2002	3,176	5	17	3,159	5	5	-
2001	1,136			1,136	-		-
2000	1,133			1,133	-		-
1999	1,128			1,128	-		-
1998	819			819	-		-
	<u>\$ 2,773,087</u>	<u>\$ 5,584</u>	<u>\$ 12,727</u>	<u>\$ 43,758</u>	<u>\$ 2,722,186</u>	2,695,649	<u>\$ 26,537</u>
						Interest and liens	14,415
						Suspense collections	<u>863</u>
						Total collections	2,710,927
						Liens remitted to the Town of Cromwell	(1,104)
						Property taxes receivable considered available:	
						June 30, 2014	(22,884)
						June 30, 2015	<u>4,128</u>
						Total Property Tax Revenue	<u>\$ 2,691,067</u>

**CROMWELL FIRE DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015**

	Special Revenue						Nonmajor Governmental Funds
	Public Safety Tower	Ambulance Billing	Fire Department	Sick Benefits	Memorial	Student Benefits	
ASSETS							
Cash and cash equivalents	\$ 759,505	\$	\$ 27,570	\$ 54,492	\$ 32,381	\$ 1,907	\$ 875,855
Accounts receivable	900						900
Total Assets	<u>\$ 760,405</u>	<u>\$ -</u>	<u>\$ 27,570</u>	<u>\$ 54,492</u>	<u>\$ 32,381</u>	<u>\$ 1,907</u>	<u>\$ 876,755</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 80,556	\$	\$ 25	\$			\$ 80,581
Unearned revenue	4,432						4,432
Total liabilities	<u>84,988</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,013</u>
Fund Balances:							
Restricted					32,381	1,907	34,288
Committed	675,417		27,545	54,492			757,454
Total fund balances	<u>675,417</u>	<u>-</u>	<u>27,545</u>	<u>54,492</u>	<u>32,381</u>	<u>1,907</u>	<u>791,742</u>
Total Liabilities and Fund Balances	<u>\$ 760,405</u>	<u>\$ -</u>	<u>\$ 27,570</u>	<u>\$ 54,492</u>	<u>\$ 32,381</u>	<u>\$ 1,907</u>	<u>\$ 876,755</u>

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

	Special Revenue						Total Nonmajor Governmental Funds
	Public Safety Tower	Ambulance Billing	Fire Department	Sick Benefits	Memorial	Student Benefits	
Revenues:							
Charges for services	\$ 252,530	\$	\$	\$	\$	\$	\$ 252,530
Investment income			3	6			9
Other			35,049		2,875	1,700	39,624
Total revenues	<u>252,530</u>	<u>-</u>	<u>35,052</u>	<u>6</u>	<u>2,875</u>	<u>1,700</u>	<u>292,163</u>
Expenditures:							
Public safety			30,897				30,897
Building and utilities	158,185						158,185
Other					3,000	3,183	6,183
Total expenditures	<u>158,185</u>	<u>-</u>	<u>30,897</u>	<u>-</u>	<u>3,000</u>	<u>3,183</u>	<u>195,265</u>
Excess (Deficiency) of Revenues over Expenditures	94,345	-	4,155	6	(125)	(1,483)	96,898
Other Financing Uses:							
Transfers in						3,390	-
Transfers out	(6,000)	(135)	-		(3,390)	3,390	(6,135)
Net Change in Fund Balances	88,345	(135)	4,155	6	(3,515)	1,907	90,763
Fund Balances at Beginning of Year	<u>587,072</u>	<u>135</u>	<u>23,390</u>	<u>54,486</u>	<u>35,896</u>	<u>-</u>	<u>700,979</u>
Fund Balances at End of Year	<u>\$ 675,417</u>	<u>\$ -</u>	<u>\$ 27,545</u>	<u>\$ 54,492</u>	<u>\$ 32,381</u>	<u>\$ 1,907</u>	<u>\$ 791,742</u>

**CROMWELL FIRE DISTRICT
VOLUNTEER ACTIVITY - AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
Assets:				
Cash and cash equivalents	\$ <u>53,326</u>	\$ <u>63,585</u>	\$ <u>68,026</u>	\$ <u>48,885</u>
Liabilities:				
Due to volunteers	\$ <u>53,326</u>	\$ <u>63,585</u>	\$ <u>68,026</u>	\$ <u>48,885</u>



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Independent Auditors' 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*

To the Members of the Board of Commissioners
Cromwell Fire District

We have audited, in accordance with the 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, each major fund and the aggregate remaining fund information of the Cromwell Fire District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Cromwell Fire District's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cromwell Fire District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cromwell Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cromwell Fire District's internal control.

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 material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cromwell Fire District'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*.

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 Cromwell Fire District'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 Cromwell Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 14, 2015