

Town of Lisbon, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2015

Town of Lisbon, Connecticut

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Independent Auditors' Report

**The Board of Finance
Town of Lisbon, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Connecticut ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of a Matter

We draw your attention to Note 2 in the notes to financial statements which disclose the effects of the Town's adoption of the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 Management's Discussion and Analysis, budgetary comparison information, other post-employment benefit and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The combining fund financial statements and supplementary 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the Town's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

O'Connor Davies, LLP

December 11, 2015

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

Our discussion and analysis of Town of Lisbon, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Town's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- The Town has effectively managed its annual budget to again in 2014-15 maintain a budget surplus. This combined with the acquisition of needed assets resulted in an increase in the Town's net position of \$250,224.
- Total revenue was below budget projections by \$11,981. Lisbon Taxpayers continue to make timely tax payments resulting in tax revenue at 100.09% of the budgeted amount. Both the Board of Education and General Government budgets came in 1.7% under budgeted amounts with a total of \$210,286 less than budgeted.
- The Town continues to maintain excellent budgetary controls bringing final end of year results under the budgeted amounts. The Town's purchase of property adjacent to Town Hall and Lisbon Central School will allow for future expansion of Town services keeping essential Town services all together at the town center.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins with Exhibit 1. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. 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 Town's *net position* and changes in it. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town. In the Statement of Net Position and the Statement of Activities, the Town is divided into two kinds of activities:

- Governmental activities—Most of the Town's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.
- Business-type activities—The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Pollution Control Authority's operations are reported here.

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—*governmental* and *proprietary*—use different accounting approaches.

- *Governmental funds*—Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.
- *Proprietary funds*—When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. 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 Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

The Town as Trustee

The Town is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Town. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position in Exhibits 8. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's combined net position increased by \$12,426 from a year ago. Last year net position increased by \$465,575. Our analysis below focuses on the net position (Table 1).

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	5,209,547	4,962,096	210,837	214,226	5,420,384	5,176,322
Capital Assets	11,898,762	12,233,186	2,892,985	2,997,645	14,791,747	15,230,831
Total Assets	17,108,309	17,195,282	3,103,822	3,211,871	20,212,131	20,407,153
Deferred outflows of resources	48,686	45,775	-	-	48,686	45,775
Long-term debt outstanding	5,422,982	5,895,987	-	-	5,422,982	5,895,987
Other liabilities	269,483	311,317	51,063	43,477	320,546	354,794
Total liabilities	5,692,465	6,207,304	51,063	43,477	5,743,528	6,250,781
Deferred inflows of resources	64,920	-	-	-	64,920	-
Net position:						
Net investment in capital assets	8,398,941	8,201,148	2,892,985	2,997,645	11,291,926	11,198,793
Restricted						
Expendable	624,823	557,551	-	-	624,823	557,551
Nonexpendable	1,100	4,413	-	-	1,100	4,413
Unrestricted	2,374,746	2,270,641	159,774	170,749	2,534,520	2,441,390
Total net position	11,399,610	11,033,753	3,052,759	3,168,394	14,452,369	14,202,147

The Town of Lisbon has increased its net position by \$250,224. This increased net position from \$14,202,147 to 14,452,369. The net capital asset decrease of \$439,084 was from \$163,356 of assets placed in service in 2014-15 which was offset by a \$584,440 reduction for depreciation. The long-term debt decrease of \$472,005 was due to a \$475,000 payment on general obligation bonds and a \$45,000 pay down on bond anticipation notes.

Town of Lisbon, Connecticut

Management's Discussion and Analysis June 30, 2015

The changes in net position of the Town are summarized in Table 2 below. In total, the Town increased net position by \$250,224 this year compared to an increase of \$465,575 last year.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	440,411	382,969	130,115	151,337	570,526	534,306
Operating grants and contributions	5,615,270	5,595,623	-	-	5,615,270	5,595,623
Capital grants and contributions	1,812	2,193	-	-	1,812	2,193
General revenues:						
Property taxes	8,320,605	8,241,448	-	-	8,320,605	8,241,448
Grants and contributions	231,930	170,394	-	-	231,930	170,394
Interest and investment earnings	5,586	5,028	-	-	5,586	5,028
Loss on disposal of equipment	-	(7,517)	-	-	-	(7,517)
Other general revenues (losses)	3,581	3,770	-	-	3,581	3,770
Total revenues	14,619,195	14,393,908	130,115	151,337	14,749,310	14,545,245
Program expenses						
General government	1,456,966	1,280,516	-	-	1,456,966	1,280,516
Fire protection	174,311	166,684	-	-	174,311	166,684
Police protection	221,092	181,583	-	-	221,092	181,583
Highways and streets	713,032	655,161	-	-	713,032	655,161
Seniors and senior center	135,733	128,488	-	-	135,733	128,488
Recreation	83,625	74,132	-	-	83,625	74,132
Education	11,383,281	11,283,888	-	-	11,383,281	11,283,888
Interest on long-term debt	85,296	88,732	-	-	85,296	88,732
Water Pollution Control Authority	-	-	245,750	220,486	245,750	220,486
Total expenses	14,253,336	13,859,184	245,750	220,486	14,499,086	14,079,670
Increase (decrease) in net position	365,859	534,724	(115,635)	(69,149)	250,224	465,575
Beginning net position	11,033,751	10,499,027	3,168,394	3,237,543	14,202,145	13,736,570
Ending net position	11,399,610	11,033,751	3,052,759	3,168,394	14,452,369	14,202,145

- Governmental activities charges for services increased by \$57,442 partially due to a \$15,450 increase in recreation program fees and a \$15,811 increase in after school fees. The Shooting Stars fund was transferred from a fiduciary fund to a special revenue fund in 14-15. The fund has \$16,623 in revenues.
- Business-type activities charges for services decreased by \$21,222 partially due to a \$6,869 reimbursement for contracted services received in 14-15 and a \$14,353 decrease in user fees.

Town of Lisbon, Connecticut

Management's Discussion and Analysis June 30, 2015

- Operating Grants increased by \$19,647 which is due to an increase in the trooper overtime grant of \$40,728 and an increase in the state teachers' retirement contribution of \$22,979, offset by a decrease in the emergency homeland security grant in the amount of \$31,858. Other Town grants saw small reductions totaling \$14,210.
- Property Tax revenues increased \$79,157 in the current year, due to a 0.1 mill increase in the mill rate from 19.4 to 19.5.
- Other grants and contributions increased by \$61,536, mainly due to a \$55,524 LOCIP grant received in 14-15.
- Changes in expenditures are discussed below.

Governmental Activities

Table 3 presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Type Activities

Governmental Activities	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2015	2014		2015	2014	
General government	\$ 1,456,966	\$ 1,280,516	13.78%	\$ 1,290,044	\$ 1,080,523	19.39%
Fire protection	174,311	166,684	4.58%	174,311	166,684	4.58%
Police protection	221,092	181,583	21.76%	158,667	159,886	-0.76%
Highways and streets	713,032	655,161	8.83%	534,792	476,653	12.20%
Recreation	135,733	128,488	5.64%	113,092	121,791	-7.14%
Seniors and senior center	83,625	74,132	12.81%	48,479	54,436	-10.94%
Education	11,383,281	11,283,888	0.88%	5,791,162	5,729,694	1.07%
Interest on long-term debt	85,296	88,732	-3.87%	85,296	88,732	-3.87%
Totals	\$ 14,253,336	\$ 13,859,184	2.84%	\$ 8,195,843	\$ 7,878,399	4.03%

- General government total costs increased \$176,450, partially due to \$33,750 expended in 14-15 on the plan of conservation and development. General government net costs increased by 209,521 due to the increase in expenditures and the decreases in grant revenues described above, mainly the \$31,858 decrease in the emergency homeland security grant and \$14,210 decrease in other grants.
- Police protection total costs increased \$39,509 based on the State of Connecticut estimates for the cost of the resident state trooper's salary, benefits and vehicle. \$31,261 of the increase was due to trooper overtime which was offset by a grant.
- Highways and Streets total costs increased \$57,871. The increase here is mainly the result of a \$29,476 increase in Town Aid Road expenditures which was offset by a grant.
- Education total costs increased \$99,393, mainly due to an increase in the Board of Education Budget.

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

Business-type Activities

The only business-type activity in Lisbon is water and sewer running north along route 12 from Lisbon Landing and the Crossing at Lisbon to the town line then to the Jewett City Water Treatment Plant. Table 4 presents the cost of the Town's business-type programs as well as the business-type program's net cost (total cost less revenues generated by the activities).

Table 4
Business-Type Activities

Business-Type Activities	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2015	2014		2015	2014	
Water Pollution Control Authority	245,750	220,486	11.46%	115,635	69,149	67.23%
Totals	\$ 245,750	\$ 220,486	11.46%	\$ 115,635	\$ 69,149	67.23%

Total cost of services increased \$25,264 mainly due to an increase in sewer billing services of \$34,832. Net cost of services increased \$46,486 due to the increase in expenditures and a \$14,353 decrease in user fees described above.

THE TOWN'S FUNDS

The fund balance increased by \$183,731. This is lower than the change in net position due to the treatment of capital assets and debt.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting. Below is a summarized view of the final budget and actual results for the General Fund:

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

Table 5
General Fund - Budget Summary

Revenues	Final Budget	Actual	Variance
Property Taxes	\$ 7,275,878	\$ 7,282,764	\$ 6,886
Intergovernmental	4,109,204	4,078,989	(30,215)
Local Revenue	1,315,055	1,326,403	11,348
Total Revenues	12,700,137	12,688,156	(11,981)
 Expenditures			
Selectmen's expenditures	2,637,442	2,444,915	192,527
Education	9,541,378	9,523,619	17,759
Capital outlay	23,000	8,863	14,137
Debt Service	607,825	607,825	-
Transfers out	517,200	517,200	-
Total Expenditures	13,326,845	13,102,422	224,423
 Increase (Decrease) in Fund Balance	\$ (626,708)	\$ (414,266)	\$ 212,442

The Town originally budgeted for a \$185,029 decrease in fund balance. With additional appropriations of \$441,679, the final budget estimated a \$626,708 decrease in fund balance. In actuality, revenues were \$11,981 under the final budget and expenditures were \$224,423 under budget. In total \$212,442 was added back to fund balance.

Significant variances are summarized as follows:

- Intergovernmental revenues were \$30,215 under budgeted figures. The main variance in intergovernmental revenues was other grants coming \$27,833 under budget. Most of this variance is due to the budgeting of \$25,000 for DUI grants which were moved into the Misc. Town Grants Fund.
- Unexpected savings of \$52,895 in employee insurance costs along with savings in other general budget accounts brought the General budget expenses under final budget projections by \$192,527. Also contributing to this variance. Resident state trooper overtime costs were moved into the Misc. Town Grants fund during the year, leaving the line \$31,107 under budget.
- The Board of Education had savings of \$17,759 below their budget allocation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Town had \$11,898,762 invested government activity capital assets and \$2,892,985 invested in business-type capital assets. This amount represents a net decrease (including additions and deductions) of \$334,424 from last year. The decrease in capital assets resulted from depreciation expense of \$497,780 and the purchase of assets totaling \$163,356, the largest purchase being \$50,000 for the Burnham Tavern repairs and

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

\$42,000 for recreation track repairs. Further information about the Town's capital assets is presented in Note 3D to the financial statements.

Debt

At year end, the Town had \$2,470,000 in bonds outstanding. This is a decrease of \$475,000 from last year which was a payment on old debt.

The Town's general obligation bond rating continues to carry an Aa3 rating from Moody's Investors Service, Inc. More detailed information about the Town's long-term liabilities is presented in Note 3E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered many factors when setting the fiscal-year 2016 budget and tax rates.

The Town has been very conservative during this extended down turn in the economy by keeping the mill rate as low and flat as possible, only increasing budgeted expenditures where critically necessary. The Town has maintained a close watch on expenditures to bring them in consistently below budget and has conserved its fund balance. This combines with the majority of taxpayers making their tax payments on time and some large commercial development over the past couple of years.

2015-16 budgeted selectmen's expenditures are only \$63,848 above the 2014-15 budgeted amounts and the Board of Education 2015-16 budgeted amount is only \$135,000 under the 2014-15 budgeted amounts.

Although there is a budgeted increase in spending, the mill rate will remain the same at 19.5 for the 2015-16 fiscal year.

The State of Connecticut's Office of Policy and Management ("OPM") has adopted new laws that will affect the Government's budgets in subsequent years. The motor vehicle mill rate will be capped at 32 mills in fiscal-year 2017 and 29.36 mills in fiscal-year 2018 and annually thereafter. Beginning in fiscal-year 2018, a cap will be imposed on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions from the cap include debt service, special education expenditures, and expenditures related to major disaster or emergency declaration. The Minimum Budget Requirement ("MBR") for education expenditures has been relaxed effective July 1, 2015. The change allows the Government more flexibility in lowering its MBR.

Town of Lisbon, Connecticut

Management's Discussion and Analysis
June 30, 2015

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at the Town of Lisbon, Connecticut, 1 Newent Road, Lisbon, CT 06351.

Town of Lisbon, Connecticut

Basic Financial Statements
June 30, 2015

Town of Lisbon, ConnecticutStatement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equivalents	\$ 4,709,298	\$ 150,423	\$ 4,859,721
Receivables			
Taxes, net	195,738	-	195,738
Special assessments	138,408	-	138,408
Accounts, net	10,848	-	10,848
Usage, net	-	60,414	60,414
Intergovernmental	98,575	-	98,575
Interest on taxes receivable	50,034	-	50,034
Due from other funds	261	-	261
Inventories	6,385	-	6,385
Capital assets			
Nondepreciable	2,378,854	-	2,378,854
Depreciable, net of accumulated depreciation	9,519,908	2,892,985	12,412,893
Total Assets	<u>17,108,309</u>	<u>3,103,822</u>	<u>20,212,131</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions after the measurement date	48,686	-	48,686
LIABILITIES			
Accounts payable	137,801	50,802	188,603
Accrued payroll and related	62,388	-	62,388
Unearned revenues - performance	31,116	-	31,116
Due to other funds	-	261	261
Accrued interest payable	38,178	-	38,178
Non-current liabilities			
Due within one year	1,388,173	-	1,388,173
Due in more than one year	4,034,809	-	4,034,809
Total Liabilities	<u>5,692,465</u>	<u>51,063</u>	<u>5,743,528</u>
DEFERRED INFLOWS OF RESOURCES			
Net difference between projected and actual investment earnings	64,920	-	64,920
NET POSITION			
Net investment in capital assets	8,398,941	2,892,985	11,291,926
Restricted			
Expendable	624,823	-	624,823
Nonexpendable	1,100	-	1,100
Unrestricted	2,374,746	159,774	2,534,520
Total Net Position	<u>\$ 11,399,610</u>	<u>\$ 3,052,759</u>	<u>\$ 14,452,369</u>

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

Town of Lisbon, Connecticut

Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
						Total	
Governmental Activities							
General government	\$ 1,456,966	\$ 126,358	\$ 40,564	\$ -	\$ (1,290,044)		\$ (1,290,044)
Fire protection	174,311	-	-	-	(174,311)		(174,311)
Police protection	221,092	-	62,425	-	(158,667)		(158,667)
Highways and streets	713,032	-	176,428	1,812	(534,792)		(534,792)
Seniors and senior center	135,733	21,933	708	-	(113,092)		(113,092)
Recreation	83,625	35,146	-	-	(48,479)		(48,479)
Education	11,383,281	256,974	5,335,145	-	(5,791,162)		(5,791,162)
Interest on long-term debt	85,296	-	-	-	(85,296)		(85,296)
Total Governmental Activities	14,253,336	440,411	5,615,270	1,812	(8,195,843)		(8,195,843)
Business-type Activities							
Water Pollution Control Authority	245,750	130,115	-	-		(115,635)	(115,635)
Total Government	\$ 14,499,086	\$ 570,526	\$ 5,615,270	\$ 1,812		(115,635)	(8,311,478)
General Revenues							
Property taxes, payments in lieu of taxes, interest and liens				8,320,605	-		8,320,605
Grants and contributions not restricted to specific programs				231,930	-		231,930
Unrestricted interest and investment earnings				5,586	-		5,586
Other general revenues				3,581	-		3,581
Total General Revenues				8,561,702			8,561,702
Change in Net Position							
Net Position - Beginning of Year, as restated				365,859	(115,635)		250,224
Net Position - End of Year				\$ 11,399,610	\$ 3,052,759		\$ 14,452,369

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

Town of Lisbon, Connecticut

Balance Sheet
 Governmental Funds
 June 30, 2015

	General	Capital Nonrecurrin g Fund	Town Aid Roads	Special Educational Grants	Other Governmenta l Funds	Total Governmenta l Funds
ASSETS						
Cash and equivalents	\$2,300,661	\$1,725,202	\$587,092	\$ 61,977	\$ 34,366	\$ 4,709,298
Taxes receivable, net of allowance for uncollectible amounts	195,738	-	-	-	-	195,738
Other receivables						
Special assessments	138,408	-	-	-	-	138,408
Accounts	-	-	-	990	9,858	10,848
Intergovernmental	55,523	-	-	-	43,052	98,575
Interest on taxes receivable	50,034	-	-	-	-	50,034
Due from other funds	127,867	115,676	91	-	-	243,634
Inventories	-	-	-	-	6,385	6,385
Total Assets	\$2,868,231	\$1,840,878	\$587,183	\$ 62,967	\$ 93,661	\$ 5,452,920
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 115,383	\$ -	\$ -	\$ 11,957	\$ 10,461	\$ 137,801
Accrued payroll and related	62,112	-	-	-	276	62,388
Unearned revenues - performance	-	-	-	30,449	667	31,116
Due to other funds	115,767	56,945	14,417	23,275	32,969	243,373
Total Liabilities	293,262	56,945	14,417	65,681	44,373	474,678
Deferred inflows of resources						
Deferred revenues - not available	394,001	-	-	-	33,918	427,919
Fund Balances						
Nonspendable	-	-	-	-	7,485	7,485
Restricted	44,723	-	572,766	-	7,334	624,823
Committed	-	600,292	-	-	-	600,292
Assigned	328,179	1,183,641	-	-	34,469	1,546,289
Unassigned	1,808,066	-	-	(2,714)	(33,918)	1,771,434
Total Fund Balances	2,180,968	1,783,933	572,766	(2,714)	15,370	4,550,323
Total Liabilities , Deferred Inflows of Resources, and Fund Balances	\$2,868,231	\$1,840,878	\$587,183	\$ 62,967	\$ 93,661	\$ 5,452,920

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

Town of Lisbon, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position - Governmental Activities
June 30, 2015

Fund Balances - Total Governmental Funds (Exhibit 3)	\$ <u>4,550,323</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>11,898,762</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>427,919</u>
Deferred outflows - contributions after the measurement date	<u>48,686</u>
Deferred inflows - Net difference between projected and actual investment earnings	<u>(64,920)</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds and bond anticipation notes	<u>(3,325,000)</u>
Compensated absences	<u>(260,813)</u>
Other post employment benefits	<u>(1,067,231)</u>
Pension	<u>(595,117)</u>
Bond and lease premiums	<u>(174,821)</u>
Accrued interest	<u>(38,178)</u>
	<u>(5,461,160)</u>
Net Position of Governmental Activities (Exhibit 1)	<u>\$ 11,399,610</u>

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

Town of Lisbon, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2015

	General	Capital Nonrecurring Fund	Town Aid Roads	Special Educational Grants	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes, interest and lien fees	\$ 7,282,764	\$ -	\$ -	\$ -	\$ -	\$ 7,282,764
Intergovernmental revenues	4,945,024	-	176,428	406,646	104,447	5,632,545
Local revenues	1,326,403	8,719	-	772	263,780	1,599,674
Total Revenues	13,554,191	8,719	176,428	407,418	368,227	14,514,983
EXPENDITURES						
Current						
General government	1,451,185	-	-	-	5,898	1,457,083
Fire protection	157,228	-	-	-	-	157,228
Police protection	158,667	-	-	-	62,425	221,092
Highway and streets	506,622	-	115,932	-	-	622,554
Seniors and senior center	116,280	-	-	-	17,680	133,960
Recreation	61,673	-	-	-	-	61,673
Education	10,201,601	-	-	403,332	327,954	10,932,887
Debt service						
Principal	1,375,000	-	-	-	-	1,375,000
Interest	87,825	-	-	-	-	87,825
Capital outlay	8,863	131,668	-	-	-	140,531
Total Expenditures	14,124,944	131,668	115,932	403,332	413,957	15,189,833
Excess (Deficiency) of Revenues Over Expenditures	(570,753)	(122,949)	60,496	4,086	(45,730)	(674,850)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	517,200	-	-	-	517,200
Transfers out	(517,200)	-	-	-	-	(517,200)
Issuance of long-term debt	855,000	-	-	-	-	855,000
Premium on financing	3,581	-	-	-	-	3,581
Total Other Financing Sources	341,381	517,200	-	-	-	858,581
Net Change in Fund Balances	(229,372)	394,251	60,496	4,086	(45,730)	183,731
Fund Balances (Deficit) - Beginning of Year	2,410,340	1,389,682	512,270	(6,800)	61,100	4,366,592
Fund Balances (Deficit) - End of Year	\$ 2,180,968	\$ 1,783,933	\$ 572,766	\$ (2,714)	\$ 15,370	\$ 4,550,323

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

Town of Lisbon, Connecticut

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds (Exhibit 4)	<u>\$ 183,731</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay expenditures	163,356
Depreciation expense	<u>(497,780)</u>
	<u>(334,424)</u>

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

Real property taxes and other revenues in the General Fund	69,109
Grant revenues in the Misc. Town Grants Fund	<u>33,918</u>
	<u>103,027</u>

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of long-term debt - general obligation bonds	(855,000)
Principal payments on long-term debt	1,375,000
Amortization of loss on refunding bonds and issuance premium	<u>12,217</u>
	<u>532,217</u>

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

Accrued interest	2,529
Compensated absences	566
Change in pension and other post employment benefits asset/liability	<u>(121,787)</u>
	<u>(118,692)</u>

Change in Net Position of Governmental Activities (Exhibit 2)	<u>\$ 365,859</u>
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The notes to financial statements are an integral part of this statement.

Town of Lisbon, Connecticut

Statement of Net Position

Proprietary Fund

June 30, 2015

	Water Pollution Control Authority
ASSETS	
Current Assets	
Cash and equivalents	\$ 150,423
Receivables	
Usage	<u>60,414</u>
Total Current Assets	<u>210,837</u>
Noncurrent Assets	
Buildings and improvements	4,186,405
Less accumulated depreciation	<u>(1,293,420)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,892,985</u>
Total Assets	<u>3,103,822</u>
LIABILITIES	
Current Liabilities	
Accounts payable	50,802
Due to other funds	<u>261</u>
Total Current Liabilities	<u>51,063</u>
NET POSITION	
Net investment in capital assets	2,892,985
Unrestricted	<u>159,774</u>
Total Net Position	<u>\$ 3,052,759</u>

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

Town of Lisbon, Connecticut**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2015**

	Water Pollution Control Authority
Operating Revenues	
Charges for services	<u>\$ 130,115</u>
Operating Expenses	
Contractual services	139,002
Other supplies and expenses	2,088
Depreciation	<u>104,660</u>
Total Operating Expenses	<u>245,750</u>
Loss from Operations	(115,635)
Net Position - Beginning of Year	<u>3,168,394</u>
Net Position - End of Year	<u>\$ 3,052,759</u>

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

Town of Lisbon, Connecticut

Statement of Cash Flows

Proprietary Fund

Year Ended June 30, 2015

	Water Pollution Control Authority
Cash Flows From Operating Activities	
Cash received from customers and users	\$ 121,187
Cash payments to suppliers	<u>(133,504)</u>
Net Decrease in Cash and Equivalents	(12,317)
Cash and Equivalents - Beginning of Year	<u>162,740</u>
Cash and Equivalents - End of Year	<u>\$ 150,423</u>
Reconciliation of Loss from Operations to Net Cash from Operating Activities	
Loss from operations	\$ (115,635)
Adjustments to reconcile loss from operations to net cash from operating activities	
Depreciation	104,660
Changes in operating assets and liabilities	
Accounts receivable	(8,928)
Accounts payable	<u>7,586</u>
Net Cash from Operating Activities	<u>\$ (12,317)</u>

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

Town of Lisbon, Connecticut

Statement of Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds
ASSETS	
Cash	<u>\$ 119,809</u>
LIABILITIES	
Due to others	<u>\$ 119,809</u>

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

Town of Lisbon, Connecticut

Notes to Financial Statements

June 30, 2015

1. Summary of Significant Accounting Policies

The Town of Lisbon, Connecticut (The “Town”) is a municipal corporation governed by a selectmen–town meeting form of government. Under this form of government the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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 and enterprise funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise funds and the Internal Service funds are charges to customers for services. Operating expenses for the Enterprise funds and the Internal Service funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Capital Nonrecurring Fund - The Capital Nonrecurring Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Town Aid Road Fund - This is used to account for the expenditures against the state grant of the same name. This grant can only be used for expenditures for the Town's roads.

Special Educational Grants Fund - The Special Educational Grants Fund is used to account for State, Federal and Local grants for the Board of Education.

The Town also reports the following non-major governmental funds:

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Dog Fund - The revenues from the animal control officer is used to pay for the related expenditures.

Misc. Town Grants Fund - These fees are used to support the Farmers Market and Senior Center sandwich program. Grant revenues and expenditures for the CT Department of Transportation and Town Clerk preservation grants are reported in this fund.

Cafeteria Fund - The school cafeteria's expenditures, the related state and federal grants and revenue from sales are handled in this fund.

After School Child Care Fund - The fees from the school's child care programs are used to offset the related expenditures.

Shooting Stars - The fees from the funds are used to support the Senior Center.

Preschool Fund - The fees from the school's preschool fund are used to offset the related expenditures.

Permanent Funds - The Town also has two permanent funds. Individuals have donated funds to support the care and maintenance of their cemetery plots. The principal balance must remain intact, but the interest can be spent for this purpose.

- b. Proprietary Funds - Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The Town's major proprietary fund is:

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Water Pollution Control Authority's Fund accounts for connection and usage fees and expenditures for the sewer system which is available to certain residents and businesses.

- c. Fiduciary Funds (Not included in government-wide financial statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. 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.

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months.

The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund.

Investments are stated at fair value, based on quoted market prices.

The Short-Term Investment Fund ("STIF"), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is rated AAAm by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Taxes Receivable - Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2015, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Inventories - Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Intangible assets lack physical substance, are nonfinancial in nature and have useful lives that extend beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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.

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town are depreciated or amortized using the straight line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	\$5,000
Buildings and systems		
Land improvements	20-40	\$5,000
Buildings and improvements	20-40	\$5,000
Machinery and equipment		
Furniture and equipment	5-20	\$5,000
Vehicles	8	\$5,000
Infrastructure	20-50	\$25,000
Intangible assets	Varies, if any	\$25,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

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, and debt payments, are reported as debt service expenditures.

Compensated Absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Net Pension Liability in the Municipal Employee Retirement System (MERS)

The net pension liability represents the Town's proportionate share of the net pension liability of the Connecticut Municipal Employees Retirement System (MERS). The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net Position - Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).
- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority. A motion at a Town Meeting is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment.
- Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Finance for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

1. Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 11, 2015.

2. Stewardship, Compliance and Accountability

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

- **Cash Basis Payroll** - Payroll for the Town employees is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.
- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as revenue.

B. Budget Calendar

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

D. Expenditures in Excess of Budget

During the year \$441,679 of additional appropriations were made. This included \$114,479 which was added to the General Fund expenditures and \$327,200 which was added to operating transfers out to other funds.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

2. Stewardship, Compliance and Accountability (Continued)

E. Application of Accounting Standards

For the year ended June 30, 2015, the Town implemented:

- GASB Statement 68 - *Accounting and Financial Reporting for Pensions* - This statement, and GASB Statement 67 applicable to pension plans, improves information provided by state and local government employers for better decision making, accountability, interperiod equity, and creating additional transparency.
- GASB Statement 69 - *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations.
- GASB Statement 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date* - This statement is an amendment of GASB Statement 68 and should be applied simultaneously with the provisions of Statement 68.

F. Cumulative Effect of Change in Accounting Principle

For the year ended June 30, 2015, the Town implemented GASB Statement Nos. 68 *Accounting and Financial Reporting for Pensions* and 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actual present value and attribute that present value to periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$237,796.

G. Fund Deficits

The Special Education Grants and Misc. Town Grants funds have unassigned deficits of \$2,714 and \$33,918 as of June 30, 2015 as a result of revenue which was not yet recognized under the modified accrual basis of accounting.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2015:

Statement of Net Position - Govermental Funds	
Cash and equivalents	\$ 4,709,298
Statement of Net Position - Proprietary Fund	
Cash and equivalents	150,423
Fiduciary Funds	
Cash and equivalents	119,809
Total Cash and Investments	<u>\$ 4,979,530</u>

Cash and Cash Equivalents - As of June 30, 2015 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 1,445,820
Plus external investment pools	3,533,710
	<u>\$ 4,979,530</u>

The bank balance of the deposits with financial institutions was \$1,754,639 and was exposed to custodial credit risk as follows:

Covered by federal depository insurance	\$ 456,020
Uninsured and uncollateralized	1,298,619
	<u>\$ 1,754,639</u>

B. Receivables, Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end:

	General Fund	Governmental Funds
Property taxes	255,593	-
Special assessments	138,408	-
Intergovernmental revenue	-	33,918
	<u>\$ 394,001</u>	<u>\$ 33,918</u>

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2015.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)

3. Detailed Notes on All Funds (Continued)

	Special Educational Grants	Other Governmental Funds
Advances on grants	\$ 30,449	\$ -
Fees collected in advance	-	667
	\$ 30,449	\$ 667

C. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2015 these were summarized as follows

Receivable fund	Payable Fund	Amount
General fund	Capital nonrecurring fund	\$ 56,945
General fund	Town aid road fund	14,417
General fund	Special educational grants	23,275
General fund	Other governmental funds	32,969
General fund	Water pollution control authority fund	261
Capital nonrecurring fund	General fund	115,676
Town aid road fund	General fund	91
		\$ 243,634

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2015 were as follows

Transfers out of:	Transfers into:
General fund	Capital Nonrecurring Fund
	\$ 517,200

D. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows:

	Beginning Balance	Increases	Ending Balance
Capital assets not being depreciated			
Land	\$ 2,378,854	\$ -	\$ 2,378,854
Capital assets being depreciated			
Buildings and systems	14,044,814	134,177	14,178,991
Machinery and equipment	3,097,006	29,179	3,126,185
Infrastructure	1,732,844	-	1,732,844
Less accumulated depreciation	(9,020,332)	(497,780)	(9,518,112)
	9,854,332	(334,424)	9,519,908
	\$ 12,233,186	\$ (334,424)	\$ 11,898,762

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

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

General government	13,871
Fire protection	2,283
Highways and streets	112,455
Recreation	30,178
Seniors and senior center	1,773
Education	<u>337,220</u>
	<u>\$ 497,780</u>

Changes in the Town's capital assets used in the business-type activities are as follows:

	Beginning Balance	Increases	Ending Balance
Capital assets being depreciated			
Buildings and systems	\$ 4,186,405	\$ -	4,186,405
Less Accumulated Depreciation	(1,188,760)	(104,660)	(1,293,420)
	<u>\$ 2,997,645</u>	<u>\$ (104,660)</u>	<u>\$ 2,892,985</u>

Depreciation and amortization of \$104,660 was charged to functions/programs of the business-type activities.

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,945,000	\$ -	\$ (475,000)	2,470,000	475,000
Bond anticipation notes	900,000	855,000	(900,000)	855,000	855,000
Compensated absences	261,379	-	(566)	260,813	21,178
Pension obligations	601,209	-	(6,092)	595,117	6,571
OPEB obligations	920,548	164,613	(17,930)	1,067,231	-
Less: Issue discounts	187,038	-	(12,217)	174,821	30,424
	<u>\$ 5,815,174</u>	<u>\$ 1,019,613</u>	<u>\$ (1,411,805)</u>	<u>\$ 5,422,982</u>	<u>\$ 1,388,173</u>

Each governmental fund liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2015 consisted of the following:

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Water/Schools refunding	2012	\$ 3,560,000	7/15/2022	2-3%	\$ 2,470,000
Land Purchase	2015	\$ 855,000	8/13/2015	1.00%	855,000
					\$ 3,325,000

Payments to maturity on the general obligation bonds are as follows

Year End	Governmental Activities		Year End	Governmental Activities		
	General Obligation Bonds			General Obligation Bonds		
	Principal	Interest		Principal	Interest	
2016	1,330,000	66,975	2021	220,000	16,050	
2017	465,000	52,875	2022	215,000	9,525	
2018	335,000	40,875	2023	210,000	3,150	
2019	330,000	30,900		\$ 3,325,000	\$ 243,000	
2020	220,000	22,650				

Interest paid and expensed on general obligation bonds for the year ended June 30, 2015 totaled \$87,825 and \$85,296 respectively.

The Bonds due on August 13, 2015 were refinanced with \$810,000 of new debt with an interest rate of 1.25% per year. The new debt is due in August 2016.

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

Pension Obligations

On April 1, 2008 the Town joined the Connecticut Municipal Employees' Retirement System (MERS) for certain general government employees. The Town is responsible for the unfunded accrued liability as of that date. The Town has elected to pay this over 30 years in annual payments of \$37,376. This payment includes the unfunded accrued liability plus interest at a rate of 7.85% per year. The future payments on this obligation will be paid out of the General Fund as follows:

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

3. Detailed Notes on All Funds (Continued)

Year End	Principal	Interest	Year End	Principal	Interest
2016	6,571	30,806	2028	16,275	21,102
2017	7,086	30,290	2029	17,552	19,824
2018	7,643	29,733	2030	18,931	18,446
2019	8,243	29,133	2031	20,417	16,959
2020	8,890	28,486	2032	22,020	15,356
2021	9,588	27,788	2033	23,749	13,627
2022	10,341	27,035	2034	25,613	11,763
2023	11,153	26,223	2035	27,624	9,752
2024	12,028	25,348	2036	29,793	7,583
2025	12,973	24,403	2037	32,132	5,244
2026	13,991	23,385	2038	34,656	2,721
2027	15,090	22,286		<u>\$ 392,359</u>	<u>\$ 467,293</u>

Interest incurred and expensed on the MERS buy-in for the year ended June 30, 2015 totaled \$31,284. This liability is specific to the Town of Lisbon and is in addition to the net pension liability discussed in note 4.

Prior Year Defeasance of Debt

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2015, \$2,260,000 of bonds outstanding are considered defeased.

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town are as follows:

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

3. Detailed Notes on All Funds (Continued)

Total tax collections (including interest and lien fees) for the year - primary government						\$ 7,282,764
Reimbursement for revenue loss on tax relief for the elderly (C.G.S. 12-129d)						20,725
Debt limitation base						<u>\$ 7,303,489</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt limitation						
2 1/4 times base	\$ 16,432,850	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	32,865,701	-	-	-	-
3 3/4 times base	-	-	27,388,084	-	-	-
3 1/4 times base	-	-	-	23,736,339	-	-
3 times base	-	-	-	-	21,910,467	
Total debt limitation	<u>16,432,850</u>	<u>32,865,701</u>	<u>27,388,084</u>	<u>23,736,339</u>	<u>21,910,467</u>	
Indebtedness						
Bonds payable	855,000	839,800	1,630,200	-	-	-
Debt limitation in excess of debt outstanding and authorized	<u>\$ 15,577,850</u>	<u>\$ 32,025,901</u>	<u>\$ 25,757,884</u>	<u>\$ 23,736,339</u>	<u>\$ 21,910,467</u>	
In no case shall total indebtedness exceed seven times the annual receipts from taxation						<u>\$ 51,124,423</u>

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$1,100 of trust principal.

Restricted Net Position – Expendable - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of:

General Government	\$ 48,396
Education	1,891
Public works	<u>574,536</u>
	<u>\$ 624,823</u>

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)

June 30, 2015

3. Detailed Notes on All Funds (Continued)

G. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	Capital Nonrecurring Fund	Town Aid Roads	Other Governmental Funds
Nonspendable				
Not in spendable form				
Inventories	\$ -	\$ -	\$ -	\$ 6,385
Required to be maintained				
Trust principal	-	-	-	1,100
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,485</u>
Restricted				
General Government	44,723	-	-	3,673
Education	-	-	-	1,891
Public works	-	-	572,766	1,770
Culture and recreation	-	-	-	-
	<u>\$ 44,723</u>	<u>\$ -</u>	<u>\$ 572,766</u>	<u>\$ 7,334</u>
Committed				
Capital Projects	-	600,292	-	-
	<u>\$ -</u>	<u>\$ 600,292</u>	<u>\$ -</u>	<u>\$ -</u>
Assigned				
General government	-	-	-	5,117
Education	273,179	-	-	29,352
Capital projects	-	1,183,641	-	-
To balance next year's budget	55,000	-	-	-
	<u>\$ 328,179</u>	<u>\$ 1,183,641</u>	<u>\$ -</u>	<u>\$ 34,469</u>

4. Pension and Other Post Retirement Plans

A. Teachers' Retirement System

Plan Description

Teachers and certain other certified personnel in the Town are eligible to participate in the Connecticut State Teachers' Retirement System ("TRS"), a cost-sharing multiple employer public employee retirement system described in the Connecticut General Statutes, Chapter 167a. The TRS has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. The TRS is administered by the Teachers' Retirement Board ("TRB").

Plan Membership – All teachers, principals, superintendents or supervisors engaged in service of public schools are eligible for participation.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. TRS provides retirement benefits, as well as death and disability benefits. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary. A minimum monthly benefit of \$1,200 is provided for teachers who retire under the normal retirement provisions and who have completed at least twenty-five years of full time Connecticut service.

A member is eligible to receive an early retirement benefit who (1) has attained any age and has accumulated twenty-five years of credited service, at least twenty years of which are service in the public schools of Connecticut or (2) has reached the age of fifty-five and has accumulated twenty years of credited service, at least fifteen years of which are service in the public schools of Connecticut.

The early retirement benefit is reduced six percent per year for the first five years preceding normal retirement age and four percent per year for the next five years preceding normal retirement age. Effective July 1, 1999, the reductions for individuals with 30 or more years of service is three percent per year by which retirement precedes normal retirement date.

Benefits are fully vested after ten years of service. Benefits are payable at age sixty and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age sixty.

Funding Policy – Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut is amended and certified by the TRB and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earning, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. The Town is not required to make contributions to the plan. Members are required to contribute six percent of their annual salary for the pension benefit.

The Town's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2014 financial statements (Reporting Date):

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Experience study dates	July 1, 2005 - June 30, 2010
Inflation	3.00%
Salary increases	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of investment related expense, including inflation
Discount rate	8.50%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the difference between the actuarially determined rate and the member rate.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.00% to 6.00%
Post-retirement mortality	RP-2000 Combined Mortality Table projected 19 years

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

Target Asset Allocation and Rates of Return - The long-term expected rate of return on plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equities	21.00%	7.30%
Developed Non-U.S. Equities	18.00%	7.50%
Emerging Markets (Non-U.S.)	9.00%	8.60%
Core Fixed Income	7.00%	1.70%
Inflation Linked Bond Fund	3.00%	1.30%
Emerging Market Bond	5.00%	4.80%
High Yield Bonds	5.00%	3.70%
Real Estate	7.00%	5.90%
Private Equity	11.00%	10.90%
Alternative Investments	8.00%	0.70%
Liquidity Fund	6.00%	0.40%

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Town's Proportionate Share of the Collective Net Pension Liability

Employer Net Pension Liability	\$	-
Nonemployer Contributing Entity Net Pension Liability		7,872,936
Net Pension Liability	\$	<u>7,872,936</u>
Net Pension Liability percentage of the total		0.077631%
Deferred outflows of resources		
Contributions subsequent to the Measurement Date	\$	-
Deferred inflows of resources		
Net difference projected and actual earnings on investments	\$	646,938
Pension expense	\$	590,695
Proportion Basis		Employee contributions
Change in proportion since prior measurement date		None for 2015
Other amounts reported at deferred inflows of resources will be recognized in pension expense by the State as follows:		
2015	\$	161,734
2016		161,734
2017		161,734
2018		<u>161,736</u>
	\$	<u>646,938</u>

Sensitivity Analysis – The following presents the net pension liability (asset) of the Town of Lisbon, Connecticut's proportionate share of the plan, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 7.50%	Current Discount Rate 8.50%	1% Increase 9.50%
Net Pension Liability (Asset)	\$ 10,046,947	\$ 7,872,936	\$ 6,024,918

Support Provided by Nonemployer Contributing Entities – The Town has recognized \$793,193 as revenue in support provided by the State of Connecticut's contributions to the plan on behalf of the Town's employees.

Obtaining a Report of the Plan – TRS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports include information on the plan's assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. The stand-alone financial report may be obtained through the TRB at www.ct.gov/trb.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

B. Connecticut Municipal Employees' Retirement System

Plan Description

The Town participates in the Municipal Employees' Retirement System ("MERS"). This is a cost sharing multiple employer public employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. The plan was established in 1947 and is governed by Connecticut General Statutes Title 7, Chapter 113.

Plan Membership – Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible.

Plan Benefits – Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are paid to disabled members and non-disabled retirement benefits and vary based on member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3.0% and 5.0% are paid to those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are paid to those who have not yet reached age 65.

For members that retired after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of the three highest paid years of service times years of service.
- If covered by Social Security: 1.5% of the average of the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2014 is \$69,200.

Funding Policy – Covered employees are required by State Statute to contribute 2.25% of earnings upon which social security tax is paid plus 5% of earnings on which no social security tax is paid. Employees not covered by Social Security are required to contribute 5% of all earnings. Each participating municipality is required by State Statute to contribute the amounts necessary to finance the remaining costs of the plan. The annual contribution consists 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 the MERS not met by member contributions.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Each covered municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by Social Security versus those not covered by Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors. The required employer contribution rates for the year ended June 30, 2015 were:

General employees	
With social security	11.98%
Without social security	13.00%
Police and fire	
With social security	16.96%
Without social security	16.01%

The total amount contributed for the fiscal year ended June 30, 2015 was \$48,686.

Obtaining a Report of the Plan – MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The reports include information on the plan's assets, deferred outflows of resource, liabilities, deferred inflows of resources, and fiduciary net position. More information can be obtained by contacting the Municipal Employees' Retirement System – Fund B, Office of the State Comptroller or on their website (<http://www.osc.ct.gov/rbsd/cmers/plandoc/index.html>).

The Town of Lisbon, Connecticut's proportionate share has been determined on the same basis as that used by the plan as has the basis of accounting, including policies with respect to benefit payments (including refunds of employee contributions) and the valuation of plan investments.

Actuarial Methods and Significant Assumptions – The following assumptions were used in the pension valuations, prepared as of June 30, 2014 (the Valuation Date and Measurement Date) for use in the June 30, 2015 financial statements (Reporting Date):

Actuarial cost method	Entry Age Normal Cost method
Experience study dates	July 1, 2005 - June 30, 2010
Asset valuation method	Market value
Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense, including inflation
Discount rate	8.00%, the projection of cash flows assumed that plan member contributions will be made at the current contribution rate and employer contributions will be made at the actuarially determined rates in future years.
Cost of living adjustment	Annually compounded increases vary based on member age and date of retirement and range from 2.50% to 3.25%
Post-retirement mortality	the RP2000 Mortality Table for Annuitant and non-Annuitants

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

Target Asset Allocation and Rates of Return - The table below shows the target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are to be provided by the Fiduciary of the Plan:

Asset Class	Index	Target Allocation	Long-term Expected Real Rate of Return
Mutual Equity Fund	Russell 3000 Index	16%	5.80%
Developed Internat'l Stock Fund	Morgan Stanley MSCI EAFE IMI	14%	6.60%
Emerging Internat'l Stock Fund	Morgan Stanley MSCI EM IMI	7%	8.30%
Core Fixed Income Fund	Barclay US Aggregate Bond Indx	8%	1.30%
Inflation Linked Bond Fund	Barclay World Inflatin Linked Indx	5%	1.00%
Emerging Market Debt Fund	JP Morgan Index-bond/govt bond	8%	3.70%
High Yield Bond Fund	Citigroup US High Yield Capped	14%	3.90%
Real Estate Fund	NCREIF Property	7%	5.10%
Private Equity	Standards & Poors 500	10%	7.60%
Alternative Investements	90 Day Treasury Bill	8%	4.10%
Liquidity Fund	1 mo. LIBOR Rate	3%	0.40%

Sensitivity Analysis - The following presents the net pension liability (asset) of the Town of Lisbon, Connecticut's proportionate share of the plan, calculated using the current discount rate, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

Net Pension Liability (Asset)	1% Decrease	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
	\$ 411,740	\$ 202,758	\$ 25,836

Town of Lisbon, Connecticut's Proportionate Share

Net Pension Liability	\$ 202,758
Net Pension Liability percentage of the total	0.085151%
Deferred outflows of resources	
Contributions subsequent to the Measurement Date	\$ 48,686
Deferred inflows of resources	
Net difference projected and actual earnings on investments	\$ 64,920
Pension expense	\$ 36,617
Proportion Basis	Reported Payroll
Change in proportion since prior measurement date	None for 2015

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

The contributions subsequent to the measurement date, shown as a deferred inflow of resources, will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported at deferred inflows of resources will be recognized in pension expense as follows:

2015	\$ 16,230
2016	16,230
2017	16,230
2018	16,230
	<hr/>
	\$ 64,920

C. Other Post-Employment Benefits

Plan Description - The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town. The Connecticut General Statutes and the various collective bargaining agreements stipulate the employees covered and the benefits provided. The plan does not issue a separate financial statement.

Funding Policy - Retired teachers and their spouses must be allowed to continue their health insurance benefits, in the same health insurance plan offered to active teachers, through their last employing Town. The Town does not contribute to the retirees' health insurance. The retirees pay 100% of the premiums in accordance with the Connecticut General Statutes and the various collective bargaining agreements.

Annual OPEB Cost ("AOC") and Net OPEB Obligation ("NOO")

Amortization Component:

Actuarial Accrued Liability as of July 1, 2012	\$ 1,906,637
Assets at Market Value	<hr/>
Unfunded Actuarial Accrued Liability ("UAAL")	\$ 1,906,637
Funded Ratio	<hr/> <hr/> 0.00%
Covered Payroll (Active plan members)	\$ 3,405,206
UAAL as a Percentage of Covered Payroll	<hr/> <hr/> 55.99%
Annual required contribution	\$ 177,274
Interest on net OPEB obligation	41,425
Adjustment to annual required contribution	(54,086)
Annual OPEB Cost	<hr/> <hr/> 164,613
Contributions made	<hr/> <hr/> (17,930)
Increase in net OPEB obligation	146,683
Net OPEB Obligation - Beginning of the year	920,548
	<hr/> <hr/> \$ 1,067,231

Three year trend information is as follows:

Year Ended June 30,	Annual OPEB Cost (AOC)	Actual Contributions Made	Percentage of AOC Contributed	Net OPEB Obligation (NOO)
2015	\$ 164,613	\$ 17,930	11%	\$ 1,067,231
2014	163,809	33,821	21%	920,548
2013	225,921	32,110	14%	790,560

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Actuarial Methods and Significant Assumptions - The Town's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB. GASB establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities is using a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Town is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

Other actuarial methods and significant assumptions are summarized as follows:

Latest Actuarial Date	July 1, 2012
Actuarial Cost Method	Projected Unit Credit
Discount Rate	4.50%
Medical Inflation	Initial rate of 10% in 2012 grading down 1% per year to an ultimate inflation rate of 5% for 2017 and later.
Amortization Method	30 years, level dollar, open
Healthy Mortality	PF-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA
Disability	No disability assumed.
Future Retiree Coverage	Teachers and Administrators – 100% are assumed to elect coverage at retirement with 20% continuing after Medicare
Future Dependent Coverage	Male 50%; Female 30% with female spouses assumed to be 3 years younger than males.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

4. Pension and Other Post Retirement Plans (Continued)

Schedule of Funding Progress

As of the last valuation date, July 1, 2012, the actuarial valuation of the plan assets was \$0. The actuarial accrued liability was \$1,906,637. The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded.

5. Other Information

A. Litigation

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

B. Contingencies

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State.

For projects with a cost of two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

C. Risk Management

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

H. Jointly Governed Organizations

The Towns of Lisbon, Bozrah, Franklin, Lebanon and Sprague entered into an agreement effective July 1, 2010 to operate a regional animal control service. The Animal Control Service's Board of Directors has oversight responsibility over the entity. The board is composed of the First Selectman of each of the five towns. The animal control services net costs are funded on a per capita basis. The Town of Sprague maintains the financial records and financial reports are prepared and presented by the Town of Sprague at the regular meetings of their Board of Directors.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

5. Other Information (Continued)

I. Contractual Payments

The Town has a contract as the host community for a waste to electricity generating facility. The contract allows Lisbon to impose a quarterly contract fee of \$250,000 in lieu of property taxes, unless property taxes are greater than the contract fee. These contractual payments started with the fiscal year ended June 30, 1994 and are due to end in the fiscal year ending June 30, 2016.

J. Motor Vehicle Tax Cap

Beginning in fiscal year 2017, the State of Connecticut Office of Policy and Management ("OPM") capped the mill rate for motor vehicle taxes. The motor vehicle mill rate cap for fiscal year 2017 will be 32 mills. The rate cap in fiscal year 2018 and thereafter will be 29.36 mills.

K. Municipal Spending Cap

Beginning in fiscal year 2018, OPM will impose a cap on municipal spending to limit general budget expenditures to 2.5 percent above the previous year or the rate of inflation, whichever is greater. Exemptions to the cap include debt service, special education expenditures, expenditures for implementing court orders, arbitration awards, expenditures related to major disaster or emergency declaration, and MRSA grant distributed to a special taxing district under certain circumstances.

Effective July 1, 2015, the Minimum Budget Requirement ("MBR") for education expenditures imposed by OPM will become more flexible. The new law gives the Town a greater ability to lower their MBR by allowing for larger reductions for declining enrollment, raising the cap on how much a town can reduce its MBR, and removing the limit on how many ways a town can qualify for MBR flexibility.

L. GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 72 – *Fair Value Measurement and Application* – This statement, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement is effective for fiscal years beginning after June 15, 2015.
- GASB Statement 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68* – This Statement establishes requirements for defined benefit and contribution pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. This is effective for fiscal years beginning after June 15, 2016.

Town of Lisbon, Connecticut

Notes to Financial Statements (Continued)
June 30, 2015

5. Other Information (Continued)

- GASB Statement 74 – *Financial Reporting for Postemployment Benefit Plans Other than Pensions* – This Statement establishes new accounting and financial reporting requirements for governments whose employees are provided with Other Post-Employment Benefits (OPEB), as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This is effective for fiscal years beginning after June 15, 2016.
- GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits (OPEB) Other than Pensions* – This Statement establishes standards of accounting and financial reporting for defined benefit OPEB and defined contribution OPEB that are provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) and applies to all governments whose employees are provided with OPEB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2017.
- GASB Statement 76 – *The Hierarchy of Generally Accepted Accounting Principles (GAAP) for State and Local Governments* – This statement identifies the current hierarchy of GAAP. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015.
- GASB Statement 77 – *Tax Abatement Disclosures* – This Statement requires governments to disclose information about their tax abatements and agreements and is effective for periods beginning after December 15, 2015.

Town of Lisbon, Connecticut

Required Supplementary Information
June 30, 2015

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General F
Year Ended June 30, 2015

	Budgeted Amounts					Variance with Final Budget	
	Original	Additional Appropriations and Transfers		Actual Budgetary Basis			
			Final				
REVENUES							
Property Tax Revenues							
Property taxes	\$7,253,878	\$	-	\$7,253,878	\$7,261,350	\$ 7,472	
Benefit assessment - WPCA	14,000	-	14,000	13,861	(139)		
Sewer assessment	8,000	-	8,000	7,553	(447)		
	<u>7,275,878</u>		<u>-</u>	<u>7,275,878</u>	<u>7,282,764</u>	<u>6,886</u>	
Intergovernmental Revenues							
Education							
Education cost sharing	3,927,193	-	3,927,193	3,921,291	(5,902)		
Transportation of school children	56,574	-	56,574	53,861	(2,713)		
Magnet school transportation	-	-	-	15,600	15,600		
	<u>3,983,767</u>		<u>-</u>	<u>3,983,767</u>	<u>3,990,752</u>	<u>6,985</u>	
Other							
Pequot funds	25,764	-	25,764	29,329	3,565		
Document preservation grant	5,000	-	5,000	-	(5,000)		
Other grants	54,421	-	54,421	26,588	(27,833)		
Boat grant	-	-	-	280	280		
Emergency homeland security	-	-	-	872	872		
	<u>85,185</u>		<u>-</u>	<u>85,185</u>	<u>57,069</u>	<u>(28,116)</u>	
Tax Relief							
Elderly and totally disabled	30,000	-	30,000	20,725	(9,275)		
Veterans	3,500	-	3,500	2,334	(1,166)		
Totally disabled	500	-	500	532	32		
Payment in lieu of taxes - state property	6,252	-	6,252	7,577	1,325		
	<u>40,252</u>		<u>-</u>	<u>40,252</u>	<u>31,168</u>	<u>(9,084)</u>	
	<u>4,109,204</u>		<u>-</u>	<u>4,109,204</u>	<u>4,078,989</u>	<u>(30,215)</u>	
Local Revenues							
Fees							
Land fees	17,000	-	17,000	15,480	(1,520)		
Preservation fees	5,000	-	5,000	656	(4,344)		
Planning and zoning fees	12,000	-	12,000	3,251	(8,749)		
Miscellaneous fees	500	-	500	13,691	13,191		
Local capital improvement fees	2,000	-	2,000	1,812	(188)		
Sport license fees	75	-	75	118	43		
Dog license fees	250	-	250	377	127		
	<u>36,825</u>		<u>-</u>	<u>36,825</u>	<u>35,385</u>	<u>(1,440)</u>	
Permits							
Building permits	62,000	-	62,000	56,655	(5,345)		
Pistol permits	600	-	600	1,820	1,220		
	<u>62,600</u>		<u>-</u>	<u>62,600</u>	<u>58,475</u>	<u>(4,125)</u>	
Charges for Services							
Conveyance tax	16,000	-	16,000	24,115	8,115		
Copies	6,000	-	6,000	7,482	1,482		
	<u>22,000</u>		<u>-</u>	<u>22,000</u>	<u>31,597</u>	<u>9,597</u>	
Interest on Investments	5,000	-	5,000	3,340	(1,660)		

(Continued)

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General F
Year Ended June 30, 2015

	Budgeted Amounts				
	Original	Additional Appropriations and Transfers		Actual Budgetary Basis	Variance with Final Budget
			Final		
Wheelabator					
Contract fee	\$1,000,000	\$ -	\$1,000,000	\$ 981,569	\$ (18,431)
Host community royalties	145,000	-	145,000	147,077	2,077
	1,145,000	-	1,145,000	1,128,646	(16,354)
Other					
Telecommunications property	11,000	-	11,000	11,237	237
Recreation committee program fees	31,830	-	31,830	35,146	3,316
Senior van donation box	800	-	800	660	(140)
Tuition - regular education	-	-	-	15,884	15,884
Town Clerk	-	-	-	455	455
Refunds	-	-	-	5,578	5,578
	43,630	-	43,630	68,960	25,330
	1,315,055	-	1,315,055	1,326,403	11,348
TOTAL REVENUES	12,700,137	-	12,700,137	12,688,156	(11,981)
SELECTMEN'S EXPENDITURES					
Selectmen's Office					
First selectman's salary	45,075	-	45,075	44,959	116
Second selectman's salary	4,853	-	4,853	4,849	4
Third selectman's salary	4,853	374	5,227	4,849	378
Bookkeeper's salary	27,035	(374)	26,661	23,872	2,789
Secretary/clerk's salary	44,492	-	44,492	44,089	403
Selectmens' supplies	3,000	-	3,000	2,066	934
Supplies and expense	3,000	-	3,000	1,912	1,088
	132,308	-	132,308	126,596	5,712
Town Clerk's Office					
Town clerk's salary	44,421	-	44,421	44,388	33
Asst. town clerk's salary	17,379	62	17,441	17,366	75
Records management service	12,500	-	12,500	10,931	1,569
Supplies and expense	5,500	-	5,500	5,438	62
Vital statistics	450	-	450	450	-
Document preservation grant	-	188	188	188	-
	80,250	250	80,500	78,761	1,739
Tax Collector's Office					
Tax collector's salary	37,750	-	37,750	37,721	29
Tax clerk's wages	6,891	-	6,891	6,502	389
Contracted service	2,725	-	2,725	2,586	139
Computer management/support	5,175	-	5,175	5,075	100
On-line bill pay	1,200	-	1,200	1,200	-
Tax refunds	4,000	-	4,000	3,452	548
Supplies and expense	4,000	-	4,000	3,201	799
Delinquent motor vehicle tax fee	1,042	-	1,042	1,041	1
	62,783	-	62,783	60,778	2,005

(Continued)

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General F
Year Ended June 30, 2015

	Budgeted Amounts					Actual Budgetary Basis	Variance with Final Budget		
	Original	Additional Appropriations and Transfers		Final					
Assessor's Office									
Assessor's salary	\$ 37,316	\$ 798	\$ 38,114	\$ 37,106	\$ 1,008				
Assessor's clerk salary	9,480	-	9,480	9,464	16				
Tax mapping	1,500	-	1,500	-	1,500				
Computer maintenance/support	12,442	-	12,442	9,000	3,442				
Supplies and expense	2,920	-	2,920	1,888	1,032				
	63,658	798	64,456	57,458	6,998				
Treasurer's Office									
Treasurer's salary	18,200	-	18,200	18,186	14				
Deputy treasurer's salary	1,000	8	1,008	919	89				
Bank charges	250	2,036	2,286	2,286	-				
Supplies and expense	700	-	700	262	438				
	20,150	2,044	22,194	21,653	541				
Board of Finance									
Auditor	14,000	1,645	15,645	15,645	-				
Supplies and expense	1,500	-	1,500	1,123	377				
	15,500	1,645	17,145	16,768	377				
Planning and Zoning									
Purchased services	65,000	-	65,000	51,472	13,528				
Supplies and expense	4,000	-	4,000	1,631	2,369				
	69,000	-	69,000	53,103	15,897				
Zoning Board of Appeals									
Supplies and expense	500	1,500	2,000	1,513	487				
Board of Tax Review									
Salaries	808	-	808	808	-				
Supplies and expense	225	-	225	122	103				
	1,033	-	1,033	930	103				
Conservation Commission									
Enforcement officer	8,000	-	8,000	7,997	3				
Supplies and expense	900	76	976	976	-				
	8,900	76	8,976	8,973	3				
Historic District Study Commission									
Historic district study	1	-	1	-	1				
Recycling Committee									
Purchased services	54,106	(129)	53,977	53,977	-				
Supplies	50	1,000	1,050	959	91				
	54,156	871	55,027	54,936	91				
Registrars of Voters									
Democratic registrar's salary	7,737	-	7,737	7,724	13				
Republican registrar's salary	7,737	-	7,737	7,724	13				
Purchased services	1,500	-	1,500	-	1,500				
Supplies and expense	37,000	-	37,000	32,501	4,499				
Democratic deputy registrar	300	-	300	300	-				
Republican deputy registrar	300	-	300	300	-				
	54,574	-	54,574	48,549	6,025				

(Continued)

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General F
Year Ended June 30, 2015

	Budgeted Amounts					Variance with Final Budget	
	Original	Additional Appropriations and Transfers		Final	Actual Budgetary Basis		
Clerk to the Boards							
Clerk to the boards	\$ 10,000	\$ 3,000	\$ 13,000	\$ 12,146	\$ 854		
Supplies and expenses	400	353	753	753	-		
	10,400	3,353	13,753	12,899	854		
Non-Allocated Expenditures							
Employee insurance	250,000	(19,148)	230,852	177,957	52,895		
Social security and medicare	51,500	2,265	53,765	53,765	-		
Municipal education	4,000	-	4,000	3,779	221		
Unemployment compensation	4,000	7,300	11,300	9,052	2,248		
Union related contingency	5,600	-	5,600	5,150	450		
Pension	1,000	-	1,000	459	541		
Town share retirement compensation	45,000	5,235	50,235	48,678	1,557		
Employee retirement unfunded accrued lia	36,000	1,560	37,560	37,400	160		
Town counsel	45,000	15,266	60,266	59,771	495		
Town engineer	30,000	29,500	59,500	58,500	1,000		
Insurance and bonding	145,000	14,000	159,000	158,889	111		
Payroll service	6,621	-	6,621	4,575	2,046		
Consulting fees/contracted services	40,001	14,050	54,051	53,049	1,002		
Town hall utilities	30,000	(6,850)	23,150	20,741	2,409		
Town hall maintenance	10,000	742	10,742	10,741	1		
Town hall equipment maintenance	1,000	-	1,000	694	306		
Town hall computer	5,000	-	5,000	5,000	-		
Town hall copier maintenance	2,850	-	2,850	1,699	1,151		
Town hall postage	11,000	2,264	13,264	8,844	4,420		
Town hall supplies and expense	3,500	-	3,500	2,782	718		
Advertising and communications	5,000	-	5,000	4,996	4		
Walking weekend	150	-	150	150	-		
Donations	1,650	-	1,650	100	1,550		
	733,872	66,184	800,056	726,771	73,285		
Town Memberships							
Town memberships	68,384	-	68,384	66,578	1,806		
Fire Protection							
Lisbon volunteer fire dept.	107,700	-	107,700	107,700	-		
LVFD SCBA's	5,000	-	5,000	5,000	-		
Hydrant rental	30,000	285	30,285	30,285	-		
Recruitment/retention	15,000	-	15,000	15,000	-		
	157,700	285	157,985	157,985	-		
Police Protection							
Resident state trooper contract	117,393	9,326	126,719	126,719	-		
Trooper's supplies and expenses	3,000	3,995	6,995	5,871	1,124		
Resident state trooper overtime	51,500	5,684	57,184	26,077	31,107		
	171,893	19,005	190,898	158,667	32,231		

(Continued)

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General F
Year Ended June 30, 2015

	Budgeted Amounts					Variance with Final Budget	
	Original	Additional Appropriations and Transfers		Final	Actual Budgetary Basis		
Other Protection and Prevention							
Building inspector wages	\$ 27,500	\$ (250)	\$ 27,250	\$ 26,076	\$ 1,174		
Fire marshal's salary	7,726	-	7,726	5,008	2,718		
Dept. emergency mgmt. director's stipend	1,750	-	1,750	1,750	-		
Animal control officer's salary	15,973	-	15,973	15,973	-		
Tree warden stipend	200	-	200	200	-		
Burning official	200	-	200	200	-		
Zoning enforcement wages	10,000	-	10,000	10,000	-		
Building inspector supplies and expense	600	2,203	2,803	2,556	247		
Fire marshal supplies and expense	3,500	300	3,800	3,789	11		
Dept. of emergency management expense	3,250	47	3,297	3,296	1		
Dog damages	50	-	50	-	50		
ZEO supplies and expense	500	-	500	500	-		
	71,249	2,300	73,549	69,348	4,201		
Highways and Streets							
Highway department salaries	218,880	(2,800)	216,080	207,979	8,101		
Street lighting	26,300	2,935	29,235	29,235	-		
Contracted services	45,000	(135)	44,865	42,546	2,319		
Town garage utilities	18,500	10,000	28,500	24,634	3,866		
Town equipment and trucks	78,500	10,000	88,500	85,681	2,819		
Highway dept. supplies	5,000	3,000	8,000	7,838	162		
Road repair and maintenance	65,000	-	65,000	65,000	-		
General road repair	25,000	(14,000)	11,000	11,000	-		
Town garage maintenance	7,000	16,000	23,000	15,892	7,108		
Sanitation	25,000	(8,832)	16,168	16,168	-		
	514,180	16,168	530,348	505,973	24,375		
Health and Welfare							
Public health nursing	6,000	-	6,000	3,850	2,150		
Health department	28,221	-	28,221	28,220	1		
Sewer line fees	7,500	-	7,500	6,869	631		
	41,721	-	41,721	38,939	2,782		
Seniors and Senior Center							
Senior coordinator's salary	41,699	500	42,199	42,185	14		
Van driver's salary	23,699	-	23,699	23,638	61		
Senior meal site wages	16,214	225	16,439	16,331	108		
Senior center coverage wages	5,088	-	5,088	4,688	400		
Senior citizen's services	4,000	(1,075)	2,925	2,045	880		
Senior center utilities	15,000	(1,300)	13,700	12,559	1,141		
Senior center maintenance	11,000	1,600	12,600	11,869	731		
Senior van maintenance	1,500	-	1,500	906	594		
Senior coordinator supplies	1,000	50	1,050	1,025	25		
Senior center supplies	900	-	900	818	82		
Senior center copier expense	1	-	1	-	1		
	120,101	-	120,101	116,064	4,037		

(Continued)

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis) - General F
Year Ended June 30, 2015

	Budgeted Amounts					Variance with Final Budget	
	Original	Additional Appropriations and Transfers		Final	Actual Budgetary Basis		
Recreation							
Special events	\$ 38,350	\$ -	\$ 38,350	\$ 36,777	\$ 1,573		
Recreation purchased services	7,000	-	7,000	1,986	5,014		
Recreation supplies	300	-	300	200	100		
Recreation mnt of municipal rec fields	10,000	-	10,000	9,203	797		
Lisbon meadows park	15,000	-	15,000	13,507	1,493		
	70,650	-	70,650	61,673	8,977		
TOTAL SELECTMEN'S EXPENDITURES	2,522,963	114,479	2,637,442	2,444,915	192,527		
BOARD OF EDUCATION	9,541,378	-	9,541,378	9,523,619	17,759		
CAPITAL OUTLAY							
Capital improvements	20,000	-	20,000	8,286	11,714		
Equipment, furniture, fixtures	3,000	-	3,000	577	2,423		
	23,000	-	23,000	8,863	14,137		
DEBT SERVICE							
Principal, general obligation bond	475,000	-	475,000	475,000	-		
Principal, general obligation bond	45,000	-	45,000	45,000	-		
Interest, Hoydilla Property	8,975	-	8,975	8,975	-		
Interest, general obligation bond	78,850	-	78,850	78,850	-		
	607,825	-	607,825	607,825	-		
TOTAL EXPENDITURES	12,695,166	114,479	12,809,645	12,585,222	224,423		
Excess (Deficiency) of Revenues Over Expenditures	\$ 4,971	\$ (114,479)	\$ (109,508)	\$ 102,934	\$ 212,442		
OTHER FINANCING SOURCES AND (USES)							
Operating transfers out	(190,000)	(327,200)	(517,200)	(517,200)	-		
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	\$ (185,029)	\$ (441,679)	\$ (626,708)	\$ (414,266)	\$ 212,442		
Adjustments to Generally Accepted Accounting Principles (GAAP)							
On behalf revenues from teacher's retirement netted in budget				793,193			
On behalf expenditures from teacher's retirement netted in budget				(793,193)			
Revenue from the excess cost sharing grant - student based				72,842			
Expenditures netted for the excess cost sharing grant				(72,842)			
Change in encumbrances				188,053			
Change in accrued payroll				(6,740)			
Proceeds from long-term debt netted in budget				855,000			
Premium on financing				3,581			
Debt service expenditures netted with proceeds				(855,000)			
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis				\$ (229,372)			

(Continued)

Town of Lisbon, Connecticut

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis)-General Fund
Year Ended June 30, 2015

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf; 2. The Town recognizes encumbrances payable as an expenditure in the year they were committed; 3. Revenues and expenditures from refunding or renewing long-term debt or lease proceeds is included in the budget as the net revenue or expenditure expected; 4. The General Government budgets payroll on a cash basis; 5. the Excess Cost Grant from the State of Connecticut is net against the expenditures in accordance with State Statutes.

Town of Lisbon, Connecticut

Required Supplementary Information
 Other Post Employment Benefits
 Year Ended June 30, 2015

Schedule of Funding Progress

Since Inception

Valuation Date	Value of Assets	Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	AAL/UAAL as a Percentage of Covered Payroll
7/1/2012	\$ -	\$ 1,906,637	\$ 1,906,637	0.00%	\$ 3,405,206	55.99%
7/1/2009	\$ -	\$ 2,407,897	\$ 2,407,897	0.00%	\$ 3,372,618	71.40%

Schedule of Employer Contributions

Last Six Fiscal Years

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2015	\$ 177,274	\$ 17,930	10.11%
6/30/2014	\$ 174,572	\$ 25,767	14.76%
6/30/2013	\$ 233,967	\$ 28,368	12.12%
6/30/2012	\$ 230,121	\$ 27,502	11.95%
6/30/2011	\$ 226,440	\$ 26,407	11.66%
6/30/2010	\$ 222,917	\$ 32,667	14.65%

Required Supplementary Information
 Connecticut Municipal Employees' Retirement System
 June 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
 Last 10 Fiscal Years or Since Inception of GASB 68**

	<u>2015</u>
Town's percentage of collective net pension liability (general employees with social security)	<u>0.197105%</u>
Town's portion net pension liability	<u>\$ 202,758</u>
Town's covered payroll	<u>\$ 437,388</u>
Town's proportionate share of the collective net pension liability as a % of covered payroll	<u>46.36%</u>
Plan Fiduciary net position as a % of total pension liability	<u>90.48%</u>

**Schedule of Employer Contributions
 Since Inception of GASB 68**

Town's contractually required contribution	\$ 48,686
Town's contributions in relation to the contractually required contribution	<u>48,686</u>
Town's contribution deficiency (excess)	<u>\$ _____ -</u>
Town's covered employee payroll	<u>\$ 437,388</u>
Town's contributions as a percentage of covered employee payroll	<u>11.13%</u>

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	None
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5 year smoothed market
Investment rate of return	8.0% net of investment expense, including inflation

Town of Lisbon, Connecticut

Required Supplementary Information
 Connecticut Teachers Retirement System
 June 30, 2015

**Schedule of Changes in Net Pension Liability and Related Ratios
 Last 10 Fiscal Years or Since Inception of GASB 68**

2015

Town's percentage of collective net pension liability	<u>0.077631%</u>
Town's proportionate share of the collective net pension liability	\$ -
State's proportionate share of the collective net pension liability associated with the employer	<u>\$ 7,872,936</u>
Total proportionate share of the collective net pension liability	<u>\$ 7,872,936</u>
Town's covered payroll	<u>\$ 3,106,607</u>
Town's proportionate share of the collective net pension liability as a % of covered payroll	<u>0.00%</u>
Plan fiduciary net position as a % of total pension liability	<u>61.51%</u>

**Schedule of Employer Contributions
 Last 10 Fiscal Years or Since Inception of GASB 68**

Contractually required Town contribution	<u>\$ -</u>
--	-------------

The Town is not required to contribute to the plan. The State contributes on behalf of the Town.

Notes to Schedule

Changes in benefit term	None
Changes in assumptions	In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted as recommended by the Experience Study for the System.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.5% net of investment expense, including inflation

Town of Lisbon, Connecticut

Combining Fund Financial Statements
June 30, 2015

Town of Lisbon, Connecticut

Combining Balance Sheet
 Other Governmental Funds
 June 30, 2015

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
ASSETS			
Cash and equivalents	\$ 29,593	\$ 4,773	\$ 34,366
Other receivables			
Accounts	9,858	-	9,858
Intergovernmental	43,052	-	43,052
Inventories	6,385	-	6,385
Total Assets	\$ 88,888	\$ 4,773	\$ 93,661
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 10,461	\$ -	\$ 10,461
Accrued payroll and related	276	-	276
Unearned revenues - performance	667	-	667
Due to other funds	32,969	-	32,969
Total Liabilities	44,373	-	44,373
Deferred inflows of resources			
Deferred revenues - not available	33,918	-	33,918
Fund balances			
Nonspendable	6,385	1,100	7,485
Restricted	3,661	3,673	7,334
Assigned	34,469	-	34,469
Unassigned	(33,918)	-	(33,918)
Total Fund Balances	10,597	4,773	15,370
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 88,888	\$ 4,773	\$ 93,661

See Independent Auditors' Report

Town of Lisbon, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2015

	Special Revenue Funds	Permanent Funds	Total Other Governmental Funds
REVENUES			
Intergovernmental revenues	\$ 104,447	\$ -	\$ 104,447
Local revenues	<u>263,778</u>	<u>2</u>	<u>263,780</u>
Total Revenues	<u>368,225</u>	<u>2</u>	<u>368,227</u>
EXPENDITURES			
Current expenditures			
General government	5,898	-	5,898
Police protection	62,425	-	62,425
Seniors and senior center	17,680	-	17,680
Education	<u>327,954</u>	<u>-</u>	<u>327,954</u>
Total Expenditures	<u>413,957</u>	<u>-</u>	<u>413,957</u>
Net Change in Fund Balances	(45,732)	2	(45,730)
Fund Balances - Beginning of Year	<u>56,329</u>	<u>4,771</u>	<u>61,100</u>
Fund Balances - End of Year	<u>\$ 10,597</u>	<u>\$ 4,773</u>	<u>\$ 15,370</u>

See Independent Auditors' Report

Town of Lisbon, Connecticut

Combining Balance Sheet
 Special Revenue Funds
 June 30, 2015

	Miscellaneous Town Grants Fund	Cafeteria Fund	After School Child Care Fund	Shooting Stars	Preschool Fund	Total Special Revenue Funds
ASSETS						
Cash and equivalents	\$ 11,818	\$ 2,222	\$ 10,371	\$ 5,117	\$ 65	\$ 29,593
Other receivables						
Accounts	-	-	8,568	-	1,290	9,858
Intergovernmental	33,918	9,134	-	-	-	43,052
Inventories	-	5,969	416	-	-	6,385
Total Assets	\$ 45,736	\$ 17,325	\$ 19,355	\$ 5,117	\$ 1,355	\$ 88,888
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ 10,373	\$ -	\$ -	\$ -	\$ 88	\$ 10,461
Accrued payroll and related	-	276	-	-	-	276
Unearned revenues	-	667	-	-	-	667
Due to other funds	32,530	-	-	-	439	32,969
Total Liabilities	42,903	943	-	-	527	44,373
Deferred inflows of resources						
Deferred revenues - not available	33,918	-	-	-	-	33,918
Fund balances (deficits)						
Nonspendable	-	5,969	416	-	-	6,385
Restricted	2,833	-	-	-	828	3,661
Assigned	-	10,413	18,939	5,117	-	34,469
Unassigned	(33,918)	-	-	-	-	(33,918)
Total Fund Balances (Deficits)	(31,085)	16,382	19,355	5,117	828	10,597
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 45,736	\$ 17,325	\$ 19,355	\$ 5,117	\$ 1,355	\$ 88,888

See Independent Auditors' Report

Town of Lisbon, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Special Revenue Funds

Year Ended June 30, 2015

	Dog Fund	Miscellaneous Town Grants Fund	Cafeteria Fund	After School Child Care Fund	Shooting Stars	Preschool Fund	Total Special Revenue Funds
REVENUES							
Intergovernmental revenues	\$ -	\$ 33,507	\$ 70,940	\$ -	\$ -	\$ -	\$ 104,447
Local revenues	20	6,039	121,212	93,775	16,623	26,109	263,778
Total Revenues	20	39,546	192,152	93,775	16,623	26,109	368,225
EXPENDITURES							
Current							
General government	-	5,898	-	-	-	-	5,898
Police protection	-	62,425	-	-	-	-	62,425
Seniors and senior center	-	6,174	-	-	11,506	-	17,680
Education	-	-	196,947	104,703	-	26,304	327,954
Total Expenditures	-	74,497	196,947	104,703	11,506	26,304	413,957
Net Change in Fund Balances	20	(34,951)	(4,795)	(10,928)	5,117	(195)	(45,732)
Fund Balances (Deficit) - Beginning of Year	(20)	3,866	21,177	30,283	-	1,023	56,329
Fund Balances (Deficit) - End of Year	\$ -	\$ (31,085)	\$ 16,382	\$ 19,355	\$ 5,117	\$ 828	\$ 10,597

See Independent Auditors' Report

Town of Lisbon, Connecticut

Combining Balance Sheet

Permanent Funds

June 30, 2015

	Palmer Fund	Preston Learned Fund	Total Permanent Funds
ASSETS			
Cash and equivalents	\$ 692	\$ 4,081	\$ 4,773
FUND BALANCES			
Nonspendable	\$ 100	\$ 1,000	\$ 1,100
Restricted	592	3,081	3,673
Total Fund Balances	<u>\$ 692</u>	<u>\$ 4,081</u>	<u>\$ 4,773</u>

See Independent Auditors' Report

Town of Lisbon, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Permanent Funds

Year Ended June 30, 2015

	Palmer Fund	Preston Learned Fund	Total Permanent Funds
REVENUES			
Local revenues	\$ -	\$ 2	\$ 2
Fund Balances - Beginning of Year	<u>692</u>	<u>4,079</u>	<u>4,771</u>
Fund Balances - End of Year	<u>\$ 692</u>	<u>\$ 4,081</u>	<u>\$ 4,773</u>

See Independent Auditors' Report

Town of Lisbon, Connecticut

Combining Statement of Net Position
 Agency Funds
 Year Ended June 30, 2015

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Ending</u>
Student Activity Fund				
Assets				
Cash	\$ 30,611	\$ 58,656	\$ (58,100)	\$ 31,167
Liabilities				
Due to others	\$ 30,611	\$ 58,656	\$ (58,100)	\$ 31,167
Surety Bonds				
Assets				
Cash	\$ 93,522	\$ 1,500	\$ (6,380)	\$ 88,642
Liabilities				
Due to others	\$ 93,522	\$ 1,500	\$ (6,380)	\$ 88,642
Shooting Stars				
Assets				
Cash	\$ 8,982	\$ -	\$ (8,982)	\$ -
Liabilities				
Due to others	\$ 8,982	\$ -	\$ (8,982)	\$ -
Combined Total				
Assets				
Cash	\$ 133,115	\$ 60,156	\$ (73,462)	\$ 119,809
Liabilities				
Due to others	\$ 133,115	\$ 60,156	\$ (73,462)	\$ 119,809

See Independent Auditors' Report

Town of Lisbon, Connecticut

Supplementary Schedules
June 30, 2015

Town of Lisbon, Connecticut

Report of the Property Tax Collector
Year Ended June 30, 2015

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year				Transfer to Suspense	Net Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Liens	Total		
2013	\$ -	\$ 7,230,744	\$ 14,551	\$ (16,703)	\$ 7,228,592	\$ 7,093,532	\$ 20,621	\$ 84	\$ 7,114,237	\$ -	\$ 135,060
2012	110,653	-	383	(2,792)	108,244	48,977	12,083	404	61,464	-	\$ 59,267
2011	46,223	-	166	(184)	46,205	15,806	6,228	120	22,154	11,738	18,661
2010	20,086	-	-	-	20,086	13,895	7,935	72	21,902	-	6,191
2009	5,539	-	-	-	5,539	5,539	3,948	96	9,583	-	-
2008	1,304	-	-	-	1,304	1,304	180	48	1,532	-	-
	<u>\$ 183,805</u>	<u>\$ 7,230,744</u>	<u>\$ 15,100</u>	<u>(\$19,679)</u>	<u>\$ 7,409,970</u>	<u>\$ 7,179,053</u>	<u>\$ 50,995</u>	<u>\$ 824</u>	<u>\$ 7,230,872</u>	<u>\$ 11,738</u>	<u>\$ 219,179</u>
										Allowance for doubtful accounts	(23,441)
										Taxes receivable, net	<u>\$ 195,738</u>

See Independent Auditors' Report

Town of Lisbon, Connecticut**Statement of Changes in Fund Balance by Project - Capital Nonrecurring Fund**

Year Ended June 30, 2015

	Fund Balance Beginning	Appropriations	Internal Transfers	Revenue	Current Year Expenditures	Fund Balance Ending
Committed Fund Balance:						
Expenditures approved						
Open space fees	\$ 27,900	\$ -	\$ -	\$ 6,500	\$ -	\$ 34,400
Salt shed construction	80,000	-	-	-	-	80,000
Lisbon meadow park improvements	15,498	-	-	-	-	15,498
Plan of conservation and development	29,213	-	45,000	-	(33,750)	40,463
Public and safety vehicles	110,750	55,000	-	-	-	165,750
Town hall access improvements	834	-	-	-	-	834
Senior center boiler	11,684	-	-	-	-	11,684
School water tank	1,100	-	-	-	-	1,100
School security system	21,280	-	-	-	(21,280)	-
Lisbon community track repair	-	42,000	-	-	(33,774)	8,226
Burnham Tavern	-	50,000	-	-	(21,750)	28,250
School window project	-	235,200	-	-	(21,113)	214,087
	<u>298,259</u>	<u>382,200</u>	<u>45,000</u>	<u>6,500</u>	<u>(131,667)</u>	<u>600,292</u>
Assigned Fund Balance:						
Assigned for unspecified projects	76,685	-	-	2,219	-	78,904
Capital projects	247,659	75,000	-	-	-	322,659
Revaluation	125,100	10,000	-	-	-	135,100
Voting machine replacement	10,000	-	-	-	-	10,000
GIS assessor mapping	60,000	-	-	-	-	60,000
Public and safety vehicles	59,858	-	-	-	-	59,858
Land purchases	247,120	10,000	-	-	-	257,120
Salt shed construction	180,000	15,000	-	-	-	195,000
Plan of conservation and development	85,000	25,000	(45,000)	-	-	65,000
	<u>1,091,422</u>	<u>135,000</u>	<u>(45,000)</u>	<u>2,219</u>	<u>-</u>	<u>1,183,641</u>
Total of All Projects	<u>\$ 1,389,682</u>	<u>\$ 517,200</u>	<u>\$ -</u>	<u>\$ 8,719</u>	<u>\$ (131,668)</u>	<u>\$ 1,783,933</u>

See Independent Auditors' Report

Town of Lisbon, Connecticut

Statement of Changes in Fund Balance by Grant - Miscellaneous Town Grants Fund
Year Ended June 30, 2015

	Fund Balance Beginning	Revenue	Current Year Expenditures	Fund Balance Ending	GASB 54 Adjust- ments	Reporting Fund Balance
Restricted Fund Balance:						
Farmers market	\$ 1,770	\$ 681	\$ (898)	\$ 1,553	\$ -	\$ 1,553
Senior program	2,096	5,358	(6,174)	1,280	-	1,280
CT Department of Transportation - DUI	-	28,507	(62,425)	(33,918)	33,918	-
Town Clerk preservation grant	-	5,000	(5,000)	-	-	-
	<u>3,866</u>	<u>39,546</u>	<u>(74,497)</u>	<u>(31,085)</u>	<u>33,918</u>	<u>2,833</u>
Unassigned Fund Balance	-	-	-	-	(33,918)	(33,918)
Total of All Projects	<u>\$ 3,866</u>	<u>\$ 39,546</u>	<u>\$ (74,497)</u>	<u>\$ (31,085)</u>	<u>\$ -</u>	<u>\$ (31,085)</u>

See Independent Auditors' Report

Town of Lisbon, Connecticut

Internal Control and Compliance Reports
June 30, 2015

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

Independent Auditors' Report

**The Board of Finance
Town of Lisbon, Connecticut**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lisbon, Connecticut ("Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 11, 2015.

Internal Control over Financial Reporting

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

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 a 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 Town's financial statements are free of 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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

O'Connor Davies, LLP

December 11, 2015

Town of Lisbon, Connecticut

State Single Audit
June 30, 2015

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

Independent Auditors' Report

**The Board of Finance
Town of Lisbon, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of Lisbon, Connecticut's ("Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2015. The Town's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 11, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'Connor Davies, LLP

December 11, 2015

Town of Lisbon, Connecticut

Schedule of Expenditures of State Financial Assistance

Year Ended June 30, 2015

State Grantor Pass-Through

Grantor Program Title

		State Grant Program Core-CT Number	Expenditures
Connecticut State Library			
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 5,000	
Department of Transportation			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	115,932	
Department of Emergency Services and Public Protection			
School Security Infrastructure	12052-DPS32183-43546	32,770	
Department of Economic and Community Development			
Historic Preservation Grant and Activities	12060-ECD46840-90455	188	
Department of Justice			
Non-Budgeted Operating Appropriation	34001-JUD95162-40001	2,735	
Office of Policy and Management			
Reimbursement to Towns - Tax Loss on State Owned Property	11000-OPM20600-17004	7,577	
Reimburse Property Tax - Disability Exemption	11000-OPM20600-17011	532	
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	20,725	
Property Tax Relief for Veterans	11000-OPM20600-17024	2,334	
Municipal Purposes & Projects	12052-OPM20600-43587	3,464	
Office of Early Childhood			
School Readiness and Child Care	11000-OEC64845-12113	111,150	
School Readiness Quality Enhancement	11000-OEC64845-17097	3,788	
Department of Education			
Child Nutrition State Match	11000-SDE64370-16211	1,896	
Health Foods Initiative	11000-SDE64370-16212	3,891	
Adult Education	11000-SDE64370-17030	11,474	
School Breakfast Program	11000-SDE64370-17046	3,056	
Magnet Schools	11000-SDE64370-17057	15,600	
Total State Financial Assistance before Exempt Programs			342,112
EXEMPT PROGRAMS			
Department of Education			
Education Equalization Grants	11000-SED64370-17041	3,921,291	
Transport of School Children	11000-SDE64370-17027	53,861	
Excess Cost - Student Based	11000-SDE64370-17047	72,842	
Office of Policy and Management			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	29,329	
Total exempt programs			4,077,323
Total State Financial Assistance		\$	4,419,435

The accompanying notes are an integral part of this schedule.

Town of Lisbon, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2015

1. Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Lisbon, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

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

Basis of Accounting

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

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

Town of Lisbon, Connecticut

Schedule of Findings and Questioned Costs Year Ended June 30, 2015

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	unmodified		
Internal control over financial reporting			
• Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> none reported
• Noncompliance material to financial statements noted	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> no

State Financial Assistance

Internal control over major programs			
• Material weakness(es) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	<input type="checkbox"/>	yes	<input checked="" type="checkbox"/> none reported

Type of report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? yes no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	\$115,932
Office of Early Childhood		
School Readiness and Child Care	11000-OEC64845-12113	\$111,150
Department of Emergency Services and Public Protection		
School Security Infrastructure	12052-DPS32183-43546	\$32,770

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

Section II - Financial Statement Findings

No matters were reported.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to State financial assistance programs.