

TOWN OF PUTNAM, CONNECTICUT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015

Contents

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis – Unaudited	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Governmental Fund Financial Statements:	
Balance Sheet	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	23
Proprietary Fund Financial Statements:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to the Financial Statements	29
Required Supplementary Information – Unaudited:	
Schedule of Changes in the Net Pension Asset and Related Ratios – Pension	60
Schedule of Contributions and Investment Returns – Pension	61
Schedule of Town's Proportionate Share of Net Pension Liability – Connecticut State Teachers' Retirement System	62
Schedules of Funding Progress – Other Post-Employment Benefits	63

Contents *(Continued)*

	Page
Combining and Individual Fund Statements and Schedules:	
Governmental Funds:	
General Fund:	
Schedule of Revenues and Other Financing Sources – Budget and Actual – Budgetary Basis	64
Schedule of Expenditures – Budget and Actual – Budgetary Basis	65
Schedule of Property Taxes Levied, Collected and Outstanding	67
Schedule of Debt Limitation	68
Nonmajor Governmental Funds:	
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds – By Fund Type	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – By Fund Type	70
Special Revenue Funds:	
Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
Capital Projects Funds:	
Combining Balance Sheet	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80
Fiduciary Funds:	
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities	81
Combining Statement of Changes in Fiduciary Assets and Liabilities	82

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance of the
Town of Putnam, 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 Putnam, Connecticut (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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As disclosed in Note 1 to the financial statements, the Town implemented new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 and the supplementary information on pages 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules on pages 64 through 82 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2016, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut

March 17, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED**

The management of the Town of Putnam, Connecticut (the "Town"), offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50, *Pension Disclosures*. GASB 68 required the Town to recognize a net pension asset or liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced disclosures and required supplementary information. The Town has recognized a cumulative effect adjustment from implementing this statement, which resulted in an increase in the Town's net position of \$2,334,715.
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$66.8 million (net position). Of this amount, \$18.4 million represents the Town's portion of net position that is unrestricted. This amount consists of \$11.3 million that is attributable to the Town's governmental activities and \$7.1 million that is attributable to the Town's water and sewer activities (business-type activities).
- The Town's changes in net position for the year ended June 30, 2015 amounted to \$10.2 million, which consisted of a increase of \$8.6 million relating to the Town's governmental activities and an increase of \$1.6 million relating to the Town's business-type activities.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8.7 million, a decrease of \$2.1 million in comparison with the prior year.
- At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$4,389,723, while total fund balance was \$5,433,447. Unassigned fund balance for the General Fund represents approximately 18.5% of total General Fund expenditures. Expressed another way, unassigned fund balance was sufficient to cover approximately 2.2 months of General Fund expenditures.
- The Town's total long-term bonded debt decreased by \$311 thousand during the current fiscal year due to scheduled principal repayments. The Town's total short-term bonded debt increased by \$8.4 million due to issuance of additional bond anticipation notes to finance various capital projects.

TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the Town's assets, deferred outflows/inflows of resources, and liabilities, with the difference in these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, culture and recreation, sanitation, community and social services, economic development, and education. The business-type activities of the Town include sewer and water activities.

Fund Financial Statements

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

Governmental Funds

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

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

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

The Town maintains a number of individual governmental funds for reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Ash Landfill Fund, the Educational Grants Fund, and the High School Renovation & Expansion Fund, all of which are all considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water operations. The Town maintains two individual enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund financial statements for the Sewer Fund and the Water Fund, both of which are considered to be major funds.

Fiduciary Funds

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules.

TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position (governmental and business-type activities combined) of the Town totaled \$66,836,605 and \$56,654,463 (as adjusted) as of June 30, 2015 and 2014, respectively, and are summarized as follows:

Net Position			
June 30, 2015			
	Governmental	Business-type	
	Activities	Activities	Total
Current and other assets	\$ 24,270,103	\$ 14,808,021	\$ 39,078,124
Capital assets	37,581,272	31,919,483	69,500,755
Total assets	<u>61,851,375</u>	<u>46,727,504</u>	<u>108,578,879</u>
Deferred outflows of resources	479,864	84,817	564,681
Other liabilities	13,303,122	11,162,326	24,465,448
Long-term liabilities	4,690,334	13,032,132	17,722,466
Total liabilities	<u>17,993,456</u>	<u>24,194,458</u>	<u>42,187,914</u>
Deferred inflows of resources	101,161	17,880	119,041
Net position:			
Net investment in capital assets	32,035,281	15,205,016	47,240,297
Restricted	946,282	300,000	1,246,282
Unrestricted	11,255,059	7,094,967	18,350,026
Total net position	<u>\$ 44,236,622</u>	<u>\$ 22,599,983</u>	<u>\$ 66,836,605</u>

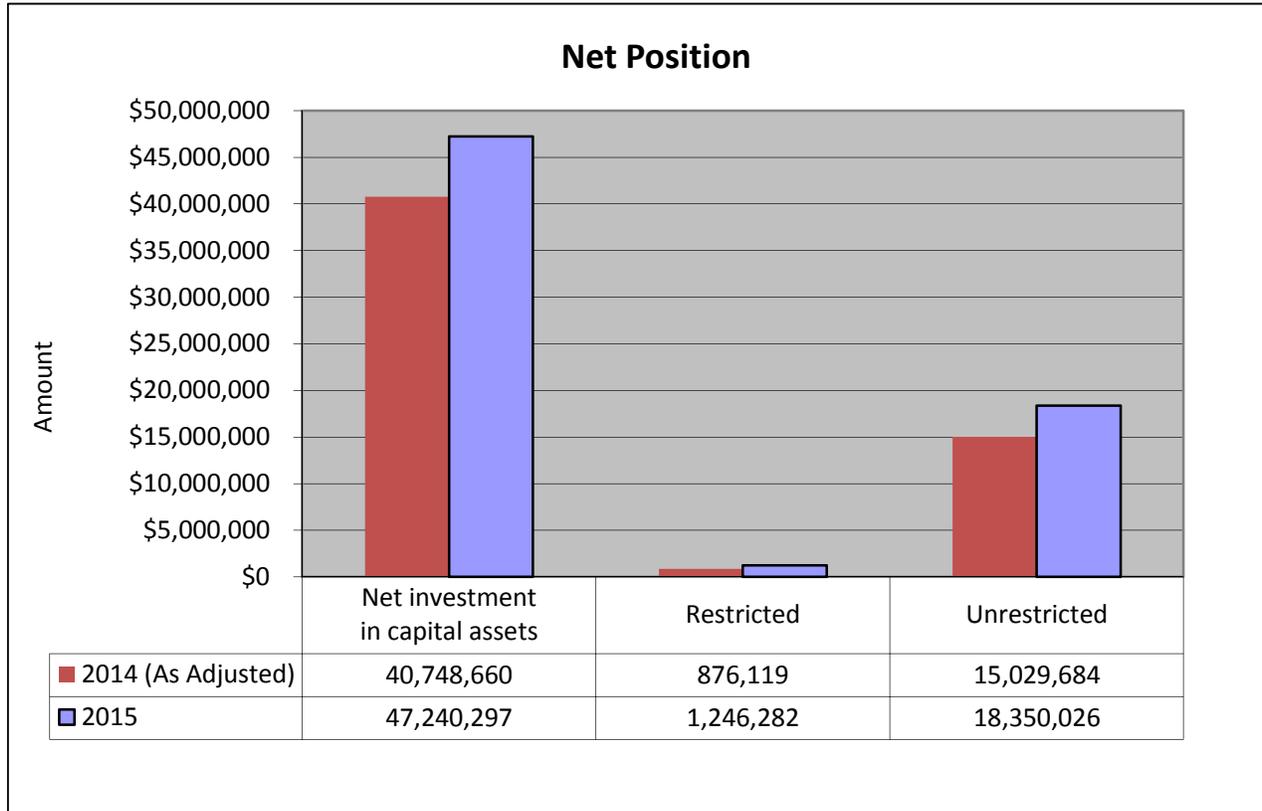
Net Position			
June 30, 2014 (As Adjusted)			
	Governmental	Business-type	
	Activities	Activities	Total
Current and other assets	\$ 17,267,480	\$ 10,255,084	\$ 27,522,564
Capital assets	26,199,769	30,317,132	56,516,901
Total assets	<u>43,467,249</u>	<u>40,572,216</u>	<u>84,039,465</u>
Deferred outflows of resources	588,432	104,006	692,438
Other liabilities	4,100,883	6,292,172	10,393,055
Long-term liabilities	4,200,997	13,343,090	17,544,087
Total liabilities	<u>8,301,880</u>	<u>19,635,262</u>	<u>27,937,142</u>
Deferred inflows of resources	119,225	21,073	140,298
Net position:			
Net investment in capital assets	25,136,266	15,612,394	40,748,660
Restricted	876,119	-	876,119
Unrestricted	9,622,191	5,407,493	15,029,684
Total net position	<u>\$ 35,634,576</u>	<u>\$ 21,019,887</u>	<u>\$ 56,654,463</u>

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

The net position as of June 30, 2014 reported in the table above has been adjusted for the implementation of GASB Statement No. 68. In addition, the net position as of June 30, 2014 has been restated for the correction of an error.



As of June 30, 2015, 70.7% of the Town’s net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

1.9% of the Town’s net position is subject to external restrictions on how they may be used.

The remainder of the Town’s net position is considered unrestricted and may be used to meet the Town’s ongoing obligations to citizens and creditors.

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

Changes in net position for the years ended June 30, 2015 and 2014 are as follows. The amounts reported for fiscal year 2014 have not been adjusted for the implementation of GASB Statement No. 68 or for the effects of certain restatements, as the impact of the adjustments on the changes in net position were not readily determinable.

**Changes in Net Position
For The Year Ended June 30, 2015**

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 1,442,162	\$ 5,168,500	\$ 6,610,662
Operating grants and contributions	15,214,131	-	15,214,131
Capital grants and contributions	7,750,852	261,072	8,011,924
General revenues:			
Property taxes	9,914,782	-	9,914,782
Grants and contributions not restricted	500,587	-	500,587
Unrestricted investment earnings	45,251	23,356	68,607
Contract revenue	4,533,643	-	4,533,643
Total revenues	<u>39,401,408</u>	<u>5,452,928</u>	<u>44,854,336</u>
Expenses			
General government	1,674,352	-	1,674,352
Public safety	124,810	-	124,810
Public works	1,444,213	-	1,444,213
Culture and recreation	1,517,942	-	1,517,942
Sanitation	718,002	-	718,002
Community and social services	477,044	-	477,044
Economic development	329,467	-	329,467
Education	24,490,660	-	24,490,660
Interest expense	22,872	-	22,872
Water	-	1,868,726	1,868,726
Sewer	-	2,004,106	2,004,106
Total expenses	<u>30,799,362</u>	<u>3,872,832</u>	<u>34,672,194</u>
Change in net position	<u>\$ 8,602,046</u>	<u>\$ 1,580,096</u>	<u>\$ 10,182,142</u>

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

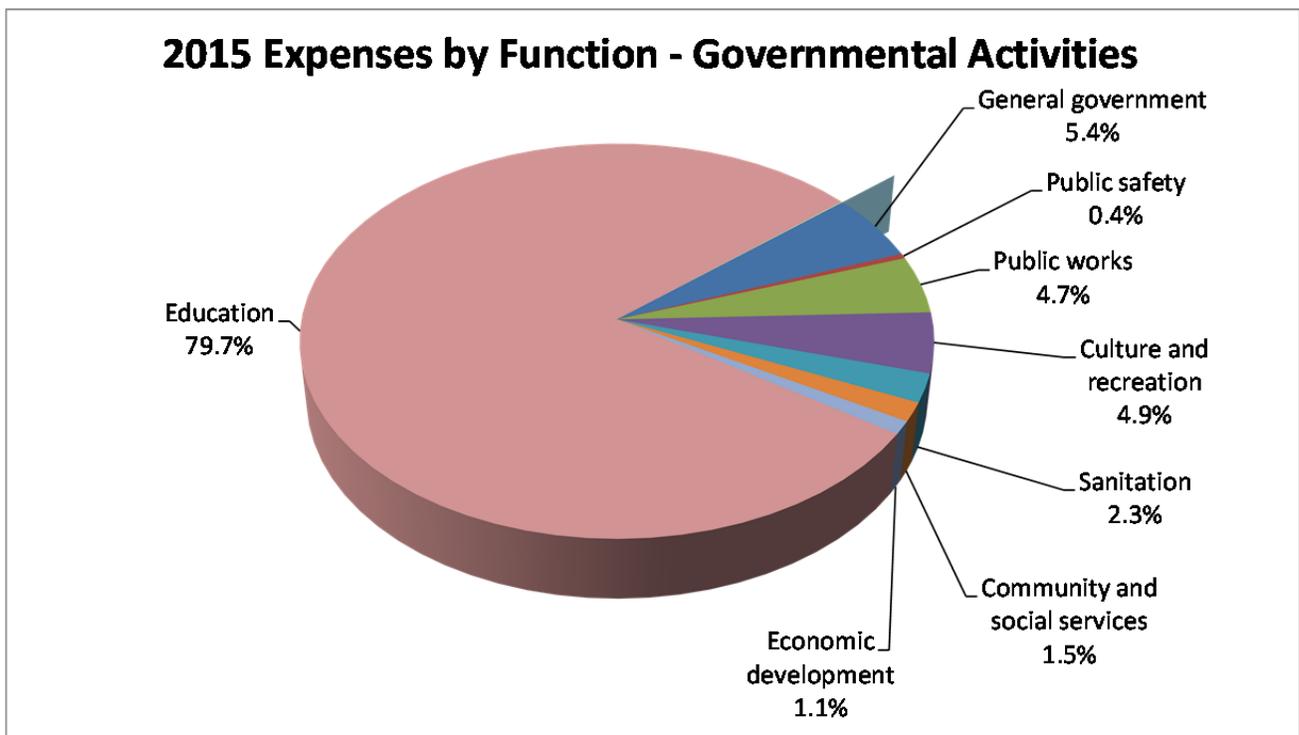
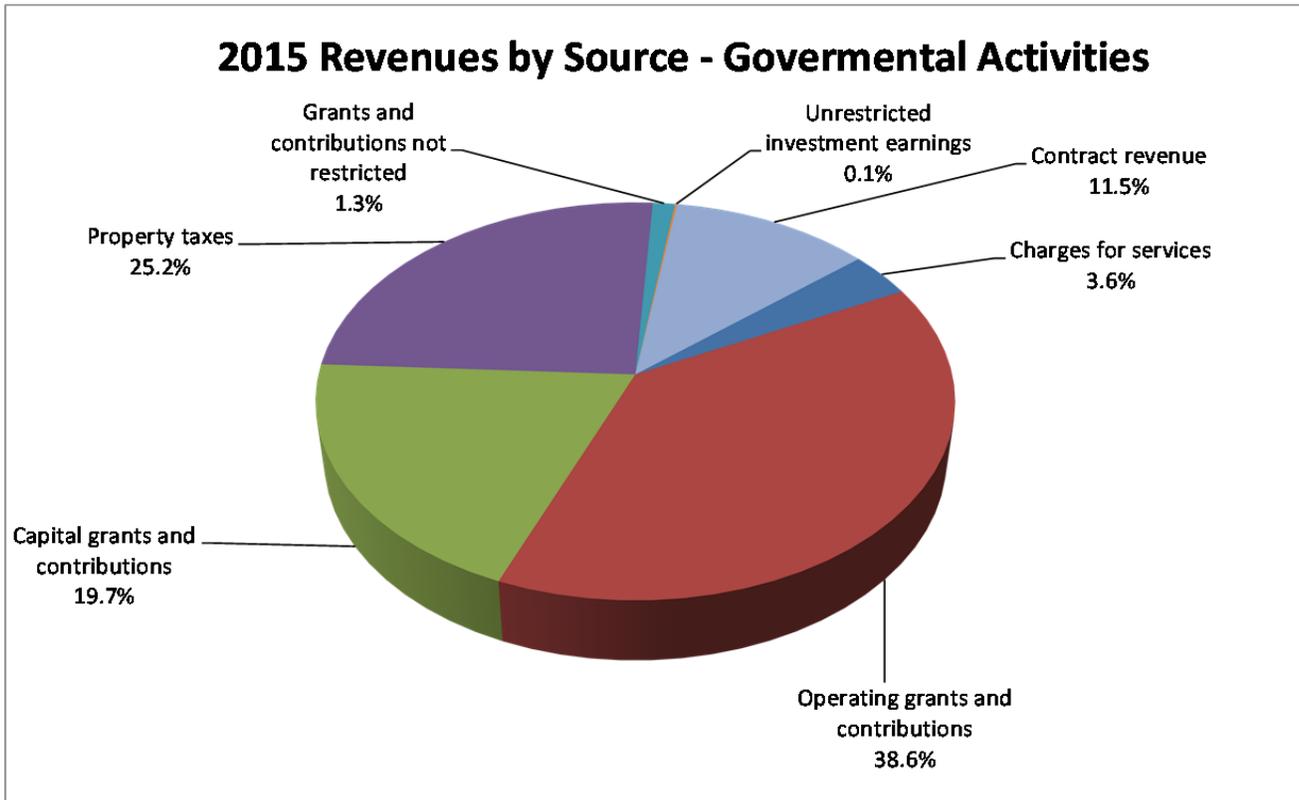
**Changes in Net Position
For The Year Ended June 30, 2014**

	Governmental Activities	Business-type Activities	Total
Revenues			
Program revenues:			
Charges for services	\$ 1,371,170	\$ 5,044,747	\$ 6,415,917
Operating grants and contributions	15,370,341	-	15,370,341
Capital grants and contributions	411,555	902,928	1,314,483
General revenues:			
Property taxes	9,674,546	-	9,674,546
Grants and contributions not restricted	454,591	-	454,591
Unrestricted investment earnings	43,009	37,923	80,932
Contract revenue	3,603,945	-	3,603,945
Sale of assets	205,369	-	205,369
Total revenues	<u>31,134,526</u>	<u>5,985,598</u>	<u>37,120,124</u>
Expenses			
General government	1,546,026	-	1,546,026
Public safety	78,397	-	78,397
Public works	1,711,673	-	1,711,673
Culture and recreation	1,184,061	-	1,184,061
Sanitation	534,333	-	534,333
Community and social services	415,452	-	415,452
Economic development	593,303	-	593,303
Education	24,141,381	-	24,141,381
Water	-	1,731,038	1,731,038
Sewer	-	2,338,038	2,338,038
Total expenses	<u>30,204,626</u>	<u>4,069,076</u>	<u>34,273,702</u>
Change in net position	<u>\$ 929,900</u>	<u>\$ 1,916,522</u>	<u>\$ 2,846,422</u>

TOWN OF PUTNAM, CONNECTICUT
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

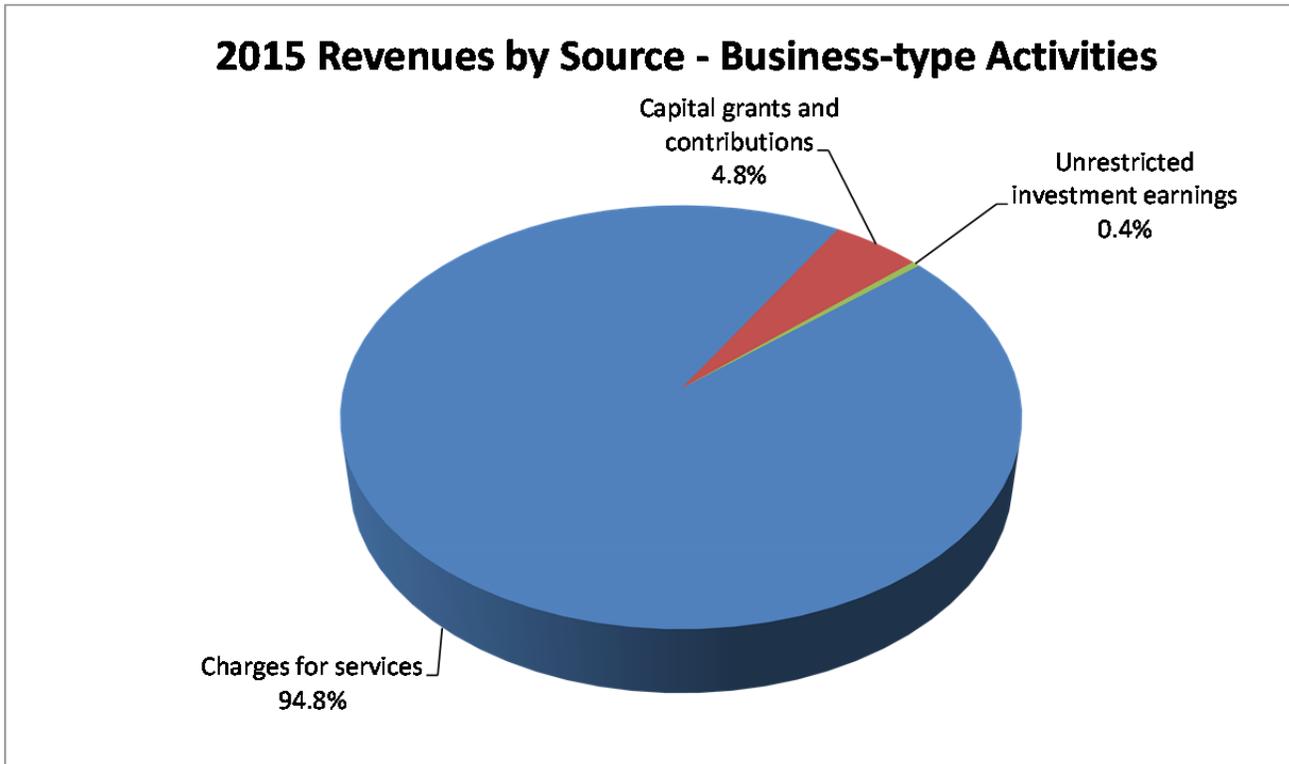
Changes in Net Position (Continued)



TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



Governmental Activities

Governmental activities increased the Town's net position by \$8,602,046 during fiscal year 2015 compared to a prior year increase of \$929,900. Overall revenues increased by \$8,266,882 or 26.6% over the prior fiscal year. This increase was primarily due to:

- an increase in capital grants and contributions in the amount of \$7,339,297 associated with the expansion and renovations of the Town's High School in addition to the reconstruction of certain bridges within the Town, and
- an increase of \$929,698 in revenues generated pursuant to the Town's contract with a third-party contractor for the use of Town land for the operation of an ash residue facility.

Overall expenses increased by \$594,736 or 2.0% over the prior fiscal year.

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

Business-type Activities

Business-type activities increased the Town's net position by \$1,580,096 during fiscal year compared to the prior year increase of \$1,916,522. Revenues decreased by \$532,670 or 8.9% over the prior fiscal year primarily due to a decrease in capital grants recognized in the current year based on the completion of the upgrades to the Town's Water Pollution Control Facility. Expenses decreased \$196,244 or 4.8% over the prior fiscal year primarily due to a decrease in depreciation expense within the Sewer Fund.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,708,509. \$2,000,963 of the ending fund balances is considered nonspendable as these amounts cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact. \$1,075,636 of the ending fund balances is considered restricted for either capital purposes (unspent debt proceeds) or for use in the Town's federal economic and community development loan programs. \$8,002,611 of the ending fund balances has been committed by the Town for specified future purposes or programs. The remaining balance reflects a deficit in the unassigned ending fund balances, which represents a temporary deficit derived from the use of short-term financing to fund ongoing capital projects of the Town.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the close of the current fiscal year, unassigned fund balance for the General Fund was \$4,389,723, while total fund balance was \$5,433,447. Unassigned fund balance for the General Fund represents approximately 18.5% of total General Fund expenditures. Expressed another way, unassigned fund balance was sufficient to cover approximately 2.2 months of General Fund expenditures.

Ash Landfill Fund

The Ash Landfill Fund is utilized by the Town to account for the accumulation of host fee revenue, derived from the Town's ash landfill that is in excess of the annual amount budgeted for spending in the Town's General Fund. At the end of the current fiscal year, fund balance of the Ash Landfill Fund was \$6,781,172, an increase of \$1,641,473 over the prior year. \$584,758 of fund balance is considered nonspendable as this amount has been advanced to the 5 Year Capital Non-recurring Fund as an internal financing mechanism for funding capital improvements.

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

Educational Grants Fund

The Educational Grants Fund has no fund balance because the fund primarily records activity related to cost reimbursement grants and contracts. Consequently, grant and contract revenues typically equal expenditures.

High School Renovation & Expansion Fund

This capital project fund was established by Town resolution to account for the renovation and expansion of the Town's high school, central office facilities and the medical pathway facility. The Town has appropriated \$36,610,000 for the renovation and expansion of these facilities. Project expenditures will be financed in the short-term through the issuance of bond anticipation notes. As of June 30, 2015, the Fund is presenting an unassigned deficit of \$5,500,000, which reflects the use of short-term financing to fund project expenditures. The Town intends to permanently fund these expenditures through a combination of grant reimbursements from the State of Connecticut Department of Education and proceeds from the issuance of long-term debt. The net cost to the Town is expected to be \$9,810,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's original and final budget planned for the use of fund balance in the amount of \$60,000. The actual change in fund balance was an increase of \$274,618. Actual revenues were \$249,951 higher than budgeted, primarily due to higher than expected revenues received pursuant to the Town's lease with a third-party contractor for the use of Town land for the operation of an ash residue facility, offset by a shortfall in intergovernmental revenues. Actual expenditures were \$84,667 less than budgeted due to overall cost savings.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2015 totaled \$69,500,755 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure and improvements. The net increase in the Town's investment in capital assets for the current fiscal year was \$12,983,854 or 23%. The majority of the increase relates to capital costs incurred in connection with the High School project (approximately \$9.90 million), bridge reconstruction (\$2.26 million) and improvements to the Town's drinking water system (\$1.58 million), offset by depreciation expense.

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

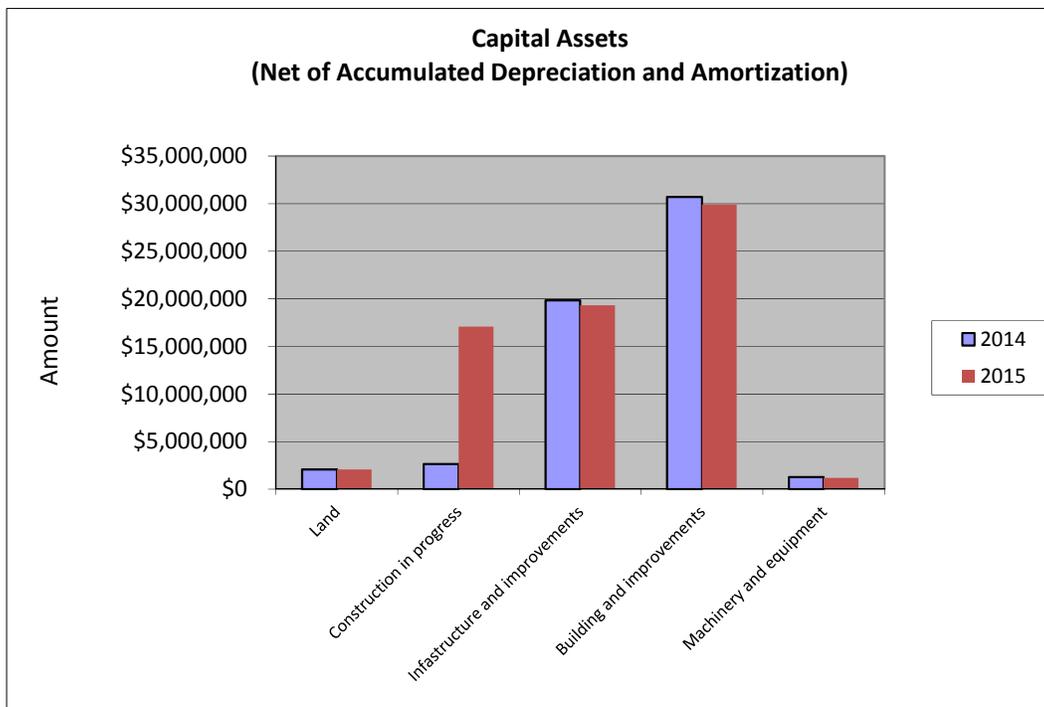
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

Capital Assets, Net June 30, 2015			
	Governmental Activities	Business-type Activities	Total
Land	\$ 2,055,563	\$ -	\$ 2,055,563
Construction in progress	13,947,705	3,127,740	17,075,445
Infrastructure and improvements	10,631,111	8,674,175	19,305,286
Building and improvements	9,905,107	19,986,701	29,891,808
Machinery and equipment	1,041,786	130,867	1,172,653
Totals	<u>\$ 37,581,272</u>	<u>\$ 31,919,483</u>	<u>\$ 69,500,755</u>

Capital Assets, Net June 30, 2014			
	Governmental Activities	Business-type Activities	Total
Land	\$ 2,055,563	\$ -	\$ 2,055,563
Construction in progress	1,552,235	1,080,974	2,633,209
Infrastructure and improvements	10,887,806	8,947,044	19,834,850
Building and improvements	10,526,793	20,187,945	30,714,738
Machinery and equipment	1,177,372	101,169	1,278,541
Totals	<u>\$ 26,199,769</u>	<u>\$ 30,317,132</u>	<u>\$ 56,516,901</u>



Additional information on the Town's capital assets can be found in the notes to the financial statements.

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt

At the end of the current fiscal year, the Town had total long-term debt outstanding of \$13,032,132. In addition, the Town had total short-term debt of \$16,190,000 that is expected to be retired through the issuance of long-term debt. This entire amount is comprised of debt backed by the full faith and credit of the Town.

State statutes limit the amount of general obligation debt the Town may issue to approximately seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following table is a two year comparison of long-term and short-term debt including notes payable presented for both governmental and business-type activities:

**Short-term and Long-term Debt
June 30, 2015**

	Governmental Activities	Business-type Activities	Total
Loans payable - long-term	\$ -	\$ 13,032,132	\$ 13,032,132
Notes payable - short-term	6,100,000	10,090,000	16,190,000
Totals	\$ 6,100,000	\$ 23,122,132	\$ 29,222,132

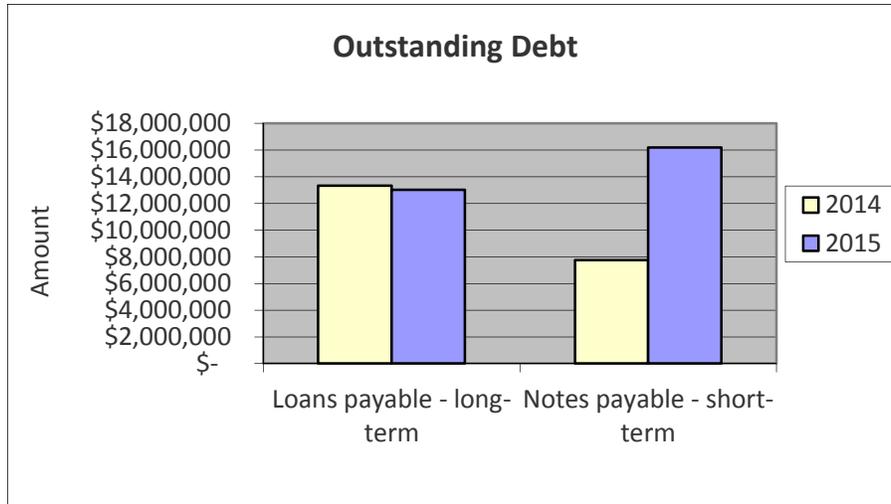
**Short-term and Long-term Debt
June 30, 2014**

	Governmental Activities	Business-type Activities	Total
Loans payable - long-term	\$ -	\$ 13,343,090	\$ 13,343,090
Notes payable - short-term	2,000,000	5,750,000	7,750,000
Totals	\$ 2,000,000	\$ 19,093,090	\$ 21,093,090

**TOWN OF PUTNAM, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (Continued)**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt (Continued)



Additional information on the Town's debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in fiscal year 2016 and thereafter.
- Inflationary trends in the region approximate the national indices.
- As a whole, the Town continues to aggressively pursue economic development activities to help spread the tax burden among commercial and residential tax payers.

All of these factors were considered in preparing the Town's budget for fiscal year 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Department of Finance, 126 Church Street, Putnam, Connecticut 06260.

BASIC FINANCIAL STATEMENTS

TOWN OF PUTNAM, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 26,204,289	\$ 4,842,076	\$ 31,046,365
Investments	381,351	560,306	941,657
Receivables:			
Property taxes and interest, net	1,060,830	-	1,060,830
Grants and contracts	857,110	-	857,110
User charges, net	-	1,653,682	1,653,682
Other	240,277	-	240,277
Loans	91,722	-	91,722
Internal balances	(7,400,244)	7,400,244	-
Other assets	1,221,115	125,345	1,346,460
Loans receivable, net - long-term	332,933	-	332,933
Net pension asset	1,280,720	226,368	1,507,088
Capital assets:			
Non-depreciable	16,003,268	3,127,740	19,131,008
Depreciable, net	21,578,004	28,791,743	50,369,747
Total assets	<u>61,851,375</u>	<u>46,727,504</u>	<u>108,578,879</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>479,864</u>	<u>84,817</u>	<u>564,681</u>
Deferred pension expense			
LIABILITIES			
Accounts payable	4,588,848	827,442	5,416,290
Accrued liabilities	457,518	244,884	702,402
Notes payable	6,100,000	10,090,000	16,190,000
Unearned revenue	2,156,756	-	2,156,756
Noncurrent liabilities:			
Due within one year	235,000	304,520	539,520
Due in more than one year	4,455,334	12,727,612	17,182,946
Total liabilities	<u>17,993,456</u>	<u>24,194,458</u>	<u>42,187,914</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension benefit	<u>101,161</u>	<u>17,880</u>	<u>119,041</u>
NET POSITION			
Net investment in capital assets	32,035,281	15,205,016	47,240,297
Restricted	946,282	300,000	1,246,282
Unrestricted	11,255,059	7,094,967	18,350,026
Total net position	<u>\$ 44,236,622</u>	<u>\$ 22,599,983</u>	<u>\$ 66,836,605</u>

The accompanying notes are an integral part of these financial statements.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position - Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 1,674,352	\$ 597,545	\$ 30,559	\$ -	\$ (1,046,248)	\$ -	\$ (1,046,248)
Public safety	124,810	6,844	-	-	(117,966)	-	(117,966)
Public works	1,444,213	83,172	122,873	2,182,961	944,793	-	944,793
Culture and recreation	1,517,942	35,077	11,455	-	(1,471,410)	-	(1,471,410)
Sanitation	718,002	164,133	-	-	(553,869)	-	(553,869)
Community and social services	477,044	7,018	118,023	-	(352,003)	-	(352,003)
Economic development	329,467	42,190	267,143	-	(20,134)	-	(20,134)
Education	24,490,660	506,183	14,664,078	5,567,891	(3,752,508)	-	(3,752,508)
Interest expense	22,872	-	-	-	(22,872)	-	(22,872)
Total governmental activities	<u>30,799,362</u>	<u>1,442,162</u>	<u>15,214,131</u>	<u>7,750,852</u>	<u>(6,392,217)</u>	<u>-</u>	<u>(6,392,217)</u>
Business-type activities:							
Water	1,868,726	2,953,698	-	-	-	1,084,972	1,084,972
Sewer	2,004,106	2,214,802	-	261,072	-	471,768	471,768
Total business-type activities	<u>3,872,832</u>	<u>5,168,500</u>	<u>-</u>	<u>261,072</u>	<u>-</u>	<u>1,556,740</u>	<u>1,556,740</u>
Total primary government	<u>\$ 34,672,194</u>	<u>\$ 6,610,662</u>	<u>\$ 15,214,131</u>	<u>\$ 8,011,924</u>	<u>(6,392,217)</u>	<u>1,556,740</u>	<u>(4,835,477)</u>
General revenues:							
Property taxes, levied for general purposes					9,914,782	-	9,914,782
Grants and contributions not restricted to specific programs					500,587	-	500,587
Unrestricted investment earnings					45,251	23,356	68,607
Contract revenue - ash landfill					4,533,643	-	4,533,643
Total general revenues					<u>14,994,263</u>	<u>23,356</u>	<u>15,017,619</u>
Change in net position					8,602,046	1,580,096	10,182,142
Net position - beginning, as originally reported					32,953,834	20,669,207	53,623,041
Adjustments (see Note 1)					<u>2,680,742</u>	<u>350,680</u>	<u>3,031,422</u>
Net position - beginning, as adjusted					<u>35,634,576</u>	<u>21,019,887</u>	<u>56,654,463</u>
Net position - ending					<u>\$ 44,236,622</u>	<u>\$ 22,599,983</u>	<u>\$ 66,836,605</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PUTNAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Ash Landfill Fund	Educational Grants Fund	High School Renovation & Expansion Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 21,624,957	\$ -	\$ 3,296,516	\$ -	\$ 1,282,816	\$ 26,204,289
Investments	-	-	-	-	381,351	381,351
Receivables:						
Property taxes, net	621,534	-	-	-	-	621,534
Interest on property taxes, net	439,296	-	-	-	-	439,296
Grants and contracts	68,668	-	-	-	788,442	857,110
Loans, net	-	-	-	-	424,655	424,655
Other	188,524	-	-	-	51,753	240,277
Due from other funds	3,853,203	6,196,414	5,000	2,807,719	3,942,430	16,804,766
Health insurance escrow	1,204,442	-	-	-	-	1,204,442
Other assets	6,152	-	-	-	10,521	16,673
Advance to other fund	-	584,758	-	-	-	584,758
Total assets	<u>\$ 28,006,776</u>	<u>\$ 6,781,172</u>	<u>\$ 3,301,516</u>	<u>\$ 2,807,719</u>	<u>\$ 6,881,968</u>	<u>\$ 47,779,151</u>
LIABILITIES						
Accounts payable	\$ 642,691	\$ -	\$ 70,954	\$ 2,695,994	\$ 1,052,585	\$ 4,462,224
Accrued liabilities	423,300	-	-	-	-	423,300
Notes payable	-	-	-	5,500,000	600,000	6,100,000
Due to other funds	20,473,191	-	3,185,678	-	672,765	24,331,634
Unearned revenue	22,177	-	44,884	-	2,089,695	2,156,756
Advance from other fund	-	-	-	-	584,758	584,758
Total liabilities	<u>21,561,359</u>	<u>-</u>	<u>3,301,516</u>	<u>8,195,994</u>	<u>4,999,803</u>	<u>38,058,672</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,011,970	-	-	-	-	1,011,970
FUND BALANCES						
Nonspendable:						
Advances/loans receivable	-	584,758	-	-	424,655	1,009,413
Other	6,152	-	-	-	20,536	26,688
Health insurance escrow, net	964,862	-	-	-	-	964,862
Restricted for:						
Capital purposes	-	-	-	111,725	442,284	554,009
Rehabilitation programs	-	-	-	-	521,627	521,627
Committed to:						
Capital purposes	-	-	-	-	389,301	389,301
Landfill post-closure care	-	6,196,414	-	-	-	6,196,414
Other purposes	72,710	-	-	-	1,344,186	1,416,896
Unassigned	4,389,723	-	-	(5,500,000)	(1,260,424)	(2,370,701)
Total fund balances	<u>5,433,447</u>	<u>6,781,172</u>	<u>-</u>	<u>(5,388,275)</u>	<u>1,882,165</u>	<u>8,708,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,006,776</u>	<u>\$ 6,781,172</u>	<u>\$ 3,301,516</u>	<u>\$ 2,807,719</u>	<u>\$ 6,881,968</u>	<u>\$ 47,779,151</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PUTNAM, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances for governmental funds	\$	8,708,509
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		37,581,272
Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		1,011,970
The net pension asset is not recognized in the governmental funds. The net pension asset results from the difference between the pension plan's fiduciary net position and the portion of the present value of projected benefit payments to be provided through the pension plan.		1,280,720
Deferred inflows and outflows of resources resulting from changes in the components of the net pension asset are reported in the statement of net position.		378,703
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable	\$	(34,218)
Other long-term liabilities:		
Compensated absences		(382,371)
Landfill post-closure liability		(1,324,000)
Net OPEB obligation		(2,983,963)
Total long-term liabilities		<u>(4,724,552)</u>
Net position of governmental activities	\$	<u>44,236,622</u>

The accompanying notes are an integral part of these financial statements.

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

	General Fund	Ash Landfill Fund	Educational Grants Fund	High School Renovation & Expansion Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 9,768,262	\$ -	\$ -	\$ -	\$ -	\$ 9,768,262
Intergovernmental	11,351,549	-	3,078,218	5,567,891	3,324,807	23,322,465
Charges for services	3,615,749	1,631,141	-	-	727,772	5,974,662
Investment income	27,277	5,595	-	-	12,379	45,251
Other	-	-	-	-	144,248	144,248
Total revenues	<u>24,762,837</u>	<u>1,636,736</u>	<u>3,078,218</u>	<u>5,567,891</u>	<u>4,209,206</u>	<u>39,254,888</u>
EXPENDITURES						
Current:						
General government	1,297,612	-	-	-	29,399	1,327,011
Public safety	72,847	-	-	-	1,978	74,825
Public works	988,672	-	-	-	102,324	1,090,996
Culture and recreation	891,745	-	-	-	30,976	922,721
Sanitation	410,472	-	-	-	151,841	562,313
Community and social services	256,717	-	-	-	130,103	386,820
Economic development	120,721	-	-	-	613,231	733,952
Employee and fringe benefits	433,026	-	-	-	-	433,026
Risk management	135,674	-	-	-	-	135,674
Education	18,932,080	-	3,078,218	-	1,127,430	23,137,728
Capital outlays	137,072	-	-	9,908,860	2,943,047	12,988,979
Total expenditures	<u>23,676,638</u>	<u>-</u>	<u>3,078,218</u>	<u>9,908,860</u>	<u>5,130,329</u>	<u>41,794,045</u>
Excess (deficiency) of revenues over expenditures	1,086,199	1,636,736	-	(4,340,969)	(921,123)	(2,539,157)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of assets	-	-	-	-	450,000	450,000
Premium from issuance of notes	-	-	-	10,230	1,116	11,346
Transfers in	13,825	4,737	-	-	337,505	356,067
Transfers out	(315,281)	-	-	-	(40,786)	(356,067)
Total other financing sources (uses)	<u>(301,456)</u>	<u>4,737</u>	<u>-</u>	<u>10,230</u>	<u>747,835</u>	<u>461,346</u>
Net change in fund balances	784,743	1,641,473	-	(4,330,739)	(173,288)	(2,077,811)
Fund balances - beginning, as originally reported	3,951,997	5,139,699	-	(1,057,536)	2,055,453	10,089,613
Adjustments (see Note 1)	696,707	-	-	-	-	696,707
Fund balances - beginning, as adjusted	<u>4,648,704</u>	<u>5,139,699</u>	<u>-</u>	<u>(1,057,536)</u>	<u>2,055,453</u>	<u>10,786,320</u>
Fund balances - ending	<u>\$ 5,433,447</u>	<u>\$ 6,781,172</u>	<u>\$ -</u>	<u>\$ (5,388,275)</u>	<u>\$ 1,882,165</u>	<u>\$ 8,708,509</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PUTNAM, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net change in fund balances - total governmental funds \$ (2,077,811)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation and amortization in the current period is as follows:

Expenditures for capital assets	\$ 12,913,831	
Depreciation and amortization expense	<u>(1,532,328)</u>	
Net adjustment		11,381,503

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflow of resources in governmental funds. This amount represents the change in deferred inflow of resources.

146,521

Deferred inflows and outflows of resources resulting from changes in the components of the net pension asset are amortized as a component of pension expense in the statement of activities.

(90,504)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	\$ (34,218)	
Compensated absences	(1,388)	
Landfill post-closure liability	35,000	
Net pension asset	(234,108)	
Net OPEB obligation	<u>(522,949)</u>	
		<u>(757,663)</u>

Change in net position of governmental activities \$ 8,602,046

The accompanying notes are an integral part of these financial statements.

TOWN OF PUTNAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes, liens and interest	\$ 9,636,512	\$ 9,636,512	\$ 9,768,262	\$ 131,750
Intergovernmental	9,228,342	9,228,342	8,732,341	(496,001)
Charges for services	2,984,740	2,984,740	3,571,804	587,064
Investment income	-	-	27,138	27,138
Total revenues	<u>21,849,594</u>	<u>21,849,594</u>	<u>22,099,545</u>	<u>249,951</u>
EXPENDITURES				
Current:				
General government	1,246,241	1,241,166	1,239,691	(1,475)
Public safety	77,525	77,525	72,847	(4,678)
Public works	973,278	973,278	988,672	15,394
Culture and recreation	898,288	898,288	877,920	(20,368)
Sanitation	396,260	396,260	410,472	14,212
Community and social services	252,432	252,432	256,717	4,285
Economic development	130,329	130,329	117,067	(13,262)
Employee and fringe benefits	470,974	470,974	473,190	2,216
Risk management	143,832	143,832	135,674	(8,158)
Information technology	113,263	109,478	57,921	(51,557)
Redevelopment	8,700	8,700	3,654	(5,046)
Education	16,861,291	16,861,291	16,845,978	(15,313)
Debt service	230,281	230,281	230,281	-
Capital outlays	106,900	115,760	114,843	(917)
Total expenditures	<u>21,909,594</u>	<u>21,909,594</u>	<u>21,824,927</u>	<u>(84,667)</u>
Excess (deficiency) of revenues over expenditures	(60,000)	(60,000)	274,618	334,618
OTHER FINANCING SOURCES				
Appropriation of fund balance	60,000	60,000	-	(60,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	274,618	<u>\$ 274,618</u>
Fund balance - beginning, as originally reported			3,868,804	
Adjustment (see Note 1)			<u>252,453</u>	
Fund balance - beginning, as adjusted			<u>4,121,257</u>	
Fund balance - ending			<u>\$ 4,395,875</u>	

The accompanying notes are an integral part of these financial statements.

TOWN OF PUTNAM, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,292,871	\$ 549,205	\$ 4,842,076
Investments	560,306	-	560,306
User charges receivable, net	686,806	966,876	1,653,682
Inventories	97,924	26,683	124,607
Due from other funds	5,242,258	3,985,262	9,227,520
Other	651	87	738
Total current assets	<u>10,880,816</u>	<u>5,528,113</u>	<u>16,408,929</u>
Noncurrent assets:			
Net pension asset	111,517	114,851	226,368
Capital assets:			
Non-depreciable	2,539,976	587,764	3,127,740
Depreciable, net	8,991,866	19,799,877	28,791,743
Total noncurrent assets	<u>11,643,359</u>	<u>20,502,492</u>	<u>32,145,851</u>
Total assets	<u>22,524,175</u>	<u>26,030,605</u>	<u>48,554,780</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension expense	<u>41,784</u>	<u>43,033</u>	<u>84,817</u>
LIABILITIES			
Current liabilities:			
Accounts payable	631,556	195,886	827,442
Due to other funds	1,827,276	-	1,827,276
Accrued liabilities:			
Interest	50,351	95,144	145,495
Salaries and benefits payable	56,337	43,052	99,389
Notes payable	7,225,000	2,865,000	10,090,000
Loans payable - current	83,967	220,553	304,520
Total current liabilities	<u>9,874,487</u>	<u>3,419,635</u>	<u>13,294,122</u>
Noncurrent liabilities:			
Loans payable	<u>1,922,798</u>	<u>10,804,814</u>	<u>12,727,612</u>
Total liabilities	<u>11,797,285</u>	<u>14,224,449</u>	<u>26,021,734</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension benefit	<u>8,808</u>	<u>9,072</u>	<u>17,880</u>
NET POSITION			
Net investment in capital assets	6,980,679	8,224,337	15,205,016
Restricted for debt service	-	300,000	300,000
Unrestricted	3,779,187	3,315,780	7,094,967
Total net position	<u>\$ 10,759,866</u>	<u>\$ 11,840,117</u>	<u>\$ 22,599,983</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF PUTNAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 2,946,606	\$ 2,203,815	\$ 5,150,421
Other	7,092	10,987	18,079
Total operating revenues	<u>2,953,698</u>	<u>2,214,802</u>	<u>5,168,500</u>
OPERATING EXPENSES			
Personnel services	282,809	415,995	698,804
Contractual services	424,951	188,143	613,094
Administrative	177,267	255,648	432,915
Rent and utilities	212,252	113,034	325,286
Repairs and maintenance	231,178	47,198	278,376
Other supplies and expenses	103,957	23,640	127,597
Depreciation	342,013	469,831	811,844
Total operating expenses	<u>1,774,427</u>	<u>1,513,489</u>	<u>3,287,916</u>
Operating income	1,179,271	701,313	1,880,584
NON-OPERATING REVENUES (EXPENSES)			
Interest income	18,027	5,329	23,356
Interest expense	(94,299)	(490,617)	(584,916)
Total non-operating expenses, net	<u>(76,272)</u>	<u>(485,288)</u>	<u>(561,560)</u>
Income before capital contributions	1,102,999	216,025	1,319,024
Capital contributions	-	261,072	261,072
Change in net position	1,102,999	477,097	1,580,096
Net position - beginning, as originally reported	9,484,109	11,185,098	20,669,207
Adjustment <i>(see Note 1)</i>	172,758	177,922	350,680
Net position - beginning, as adjusted	<u>9,656,867</u>	<u>11,363,020</u>	<u>21,019,887</u>
Net position - ending	<u>\$ 10,759,866</u>	<u>\$ 11,840,117</u>	<u>\$ 22,599,983</u>

The accompanying notes are an integral part of these financial statements.

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

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for the following:			
Charges for services	\$ 3,034,761	\$ 2,221,217	\$ 5,255,978
Cash paid for the following:			
Operating activities	(1,336,095)	(1,053,585)	(2,389,680)
Net cash provided by operating activities	<u>1,698,666</u>	<u>1,167,632</u>	<u>2,866,298</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers	(1,272,639)	(1,438,029)	(2,710,668)
Net cash used in noncapital financing activities	<u>(1,272,639)</u>	<u>(1,438,029)</u>	<u>(2,710,668)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(1,051,982)	(832,507)	(1,884,489)
Proceeds from capital contributions	-	261,072	261,072
Proceeds from issuance of capital debt	2,813,439	1,545,329	4,358,768
Principal paid on capital debt	(93,446)	(217,512)	(310,958)
Interest paid on capital debt	(83,144)	(485,383)	(568,527)
Net cash provided by capital and related financing activities	<u>1,584,867</u>	<u>270,999</u>	<u>1,855,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest (reinvested) received	(5,077)	-	(5,077)
Net cash used in investing activities	<u>(5,077)</u>	<u>-</u>	<u>(5,077)</u>
Net increase in cash and cash equivalents	2,005,817	602	2,006,419
Cash and cash equivalents, beginning of year	<u>2,287,054</u>	<u>548,603</u>	<u>2,835,657</u>
Cash and cash equivalents, end of year	<u>\$ 4,292,871</u>	<u>\$ 549,205</u>	<u>\$ 4,842,076</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,179,271	\$ 701,313	\$ 1,880,584
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	342,013	469,831	811,844
Decrease in:			
Accounts receivable	81,063	6,415	87,478
Inventories and other assets	35,085	9,873	44,958
Deferred outflows	9,454	9,736	19,190
Net pension asset	40,770	41,988	82,758
Increase (decrease) in:			
Accounts payable and accrued liabilities	12,583	(69,904)	(57,321)
Deferred inflows	(1,573)	(1,620)	(3,193)
Net cash provided by operating activities	<u>\$ 1,698,666</u>	<u>\$ 1,167,632</u>	<u>\$ 2,866,298</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF PUTNAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	Pension Trust Fund	Private- Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$ 293,429	\$ 460,703	\$ 100,542
Investments, at fair value:			
Group annuity contracts	-	39,058	-
U.S. Treasury securities	-	226,890	-
Mutual funds	11,522,099	-	-
Other receivables	-	2,004	-
Due from other funds	-	126,824	-
Total assets	<u>11,815,528</u>	<u>855,479</u>	<u>\$ 100,542</u>
LIABILITIES			
Due to others	-	-	\$ 100,542
Due to other funds	-	200	-
Total liabilities	<u>-</u>	<u>200</u>	<u>\$ 100,542</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 11,815,528</u>	<u>\$ 855,279</u>	

The accompanying notes are an integral part of these financial statements .

**TOWN OF PUTNAM, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Pension Trust Fund	Private- Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer	\$ 199,837	\$ -
Plan members	133,870	-
Contributions and donations	-	10,050
Total contributions	<u>333,707</u>	<u>10,050</u>
Investment earnings:		
Interest and dividends	641,532	11,203
Net (decrease) increase in the fair value of investments, net of fees	<u>(312,143)</u>	<u>1,405</u>
Total investment earnings	<u>329,389</u>	<u>12,608</u>
Total additions	<u>663,096</u>	<u>22,658</u>
DEDUCTIONS		
Benefit payments	277,766	35,450
Administrative expenses	30,191	-
Total deductions	<u>307,957</u>	<u>35,450</u>
Change in net position	355,139	(12,792)
Net position - beginning	<u>11,460,389</u>	<u>868,071</u>
Net position - ending	<u>\$ 11,815,528</u>	<u>\$ 855,279</u>

The accompanying notes are an integral part of these financial statements .

**TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Putnam, Connecticut (the “Town”) conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

The Town of Putnam, Connecticut, (the “Town”) was incorporated in 1855. The Town operates under a Selectmen/Board of Finance form of government. The Mayor is the chief executive officer of the Town and is responsible for the day-to-day operation of the Town. The Town provides the following services by charter: general government, public safety (canine control and fire marshal), public works, culture and recreation, sanitation, community and social services, economic development and education.

Accounting principles generally accepted in the United States of America require that the reporting entity include, the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The Town has determined that there are no agencies or entities, which should be presented within the Town’s financial statements based on these criteria.

Related Organizations

The Town is responsible for appointing members of the Board of the Town of Putnam Housing Authority. The Town’s accountability for the Housing Authority does not extend beyond making the appointments.

The Putnam Special Services District (the “District”) is responsible for the operations of the police department, fire department, emergency dispatch center, and street lights within the boundaries of the District, which is located within Town. The governing board of the District is elected by the citizens of the District.

The Town is a member of the Northeastern Connecticut Transit District, which provides public transportation to its member towns. In addition, the Town is a member of the Northeastern Connecticut Council of Governments, which provides its member towns with access to transportation planning, engineering services, land use planning and regulation development services, economic development services, animal services, transit administration, property revaluation services, emergency preparedness, geographic information services and paramedic intercept services. The Mayor of the Town serves on the Board of Directors for each of these organizations.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column. All remaining governmental funds and enterprise funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

General Fund – This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Ash Landfill Fund – This special revenue fund was established by ordinance to account for the accumulation of host fee revenue, derived from the Town's ash landfill, that is in excess of the annual amount budgeted for spending in the Town's General Fund. The purpose of the fund is to pay for the Town's portion of the post-closure care costs of the ash landfill.

Educational Grants Fund – This special revenue fund was established to account for cost-reimbursement grants provided by the federal and State Departments of Education.

High School Renovation & Expansion Fund – This capital project fund was established by Town resolution to account for the renovation and expansion of the Town's high school, central office facilities and the medical pathway facility. The Town has appropriated \$36,610,000 for the renovation and expansion of these facilities. Project expenditures will be financed in the short-term through the issuance of bond anticipation notes. The Town intends to permanently fund a portion of the project expenditures through grant reimbursements from the State of Connecticut Department of Education, with the remaining project expenditures expected to be funded through proceeds from the issuance of long-term debt.

The Town reports the following major enterprise funds:

Water Fund – This fund is used to account for revenues and expenses associated with the processing and distribution of water to residents of the Town.

Sewer Fund – This fund is used to account for revenues and expenses associated with the processing, treatment, and disposal of sewage within the Town.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

In addition, the Town reports the following fund types:

Pension Trust Fund – This fund is used to account for resources held in trust for the members and beneficiaries of the Town’s defined benefit pension plan.

Private Purpose Trust Funds – These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds – These funds are used to account for resources held by the Town in a purely custodial capacity. The Town primarily utilizes agency funds to account for assets of the student activities funds. The student activities funds account for monies generated by student activities in the Town’s school system.

Measurement Focus and Basis of Accounting

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 or economic resources. 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. 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.

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

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s enterprise fund consist of charges to customers for services relating to sewer and water usage. Operating expenses of the Town’s enterprise fund include the cost of operations and maintenance, administrative expenses, and depreciation of capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Implementation of New Accounting Standards and Adjustments to Previously Issued Financial Statements

Effective July 1, 2014, the Town implemented the provisions of Governmental Accounting Standards Board GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The implementation of these statements did not have a material effect on the Town’s financial statements.

Effective July 1, 2014, the Town implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaced the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. GASB Statement No. 68 required the Town to recognize either a net pension asset or liability relating to its long-term obligations for pension benefits in the government-wide financial statements. In addition, the implementation of GASB Statement No. 68 resulted in enhanced note disclosures and required supplementary information. The Town has reported the cumulative effect of applying GASB Statement No. 68 as an adjustment of beginning net position as of July 1, 2014.

In addition, the Town has restated the beginning net position of the government-wide financial statements and the beginning fund balance of the governmental funds financial statements for the correction of an error. The effects of the adjustments on the changes in net position and fund balances for the prior year have not been determined.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Funds</u>
Net position/fund balance - beginning, as originally reported	\$ 32,953,834	\$ 20,669,207	\$ 3,951,997
Adjustment to record net pension asset and related deferred outflows and inflows of resources under GASB Statement No. 68	1,984,035	350,680	-
Adjustment to correct overstatement of accounts payable in the prior year	252,453	-	252,453
Adjustment to record health insurance escrow, net of claims payable not recognized in the prior year	<u>444,254</u>	<u>-</u>	<u>444,254</u>
Net position/fund balance - beginning, as adjusted	<u>\$ 35,634,576</u>	<u>\$ 21,019,887</u>	<u>\$ 4,648,704</u>

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash Equivalents

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

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office. STIF operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF is subject to regulatory oversight even though it is not registered by the SEC.

Donor-restricted Endowments

The Town allocates investment income on endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Property Taxes

The Town's property tax is levied each July, on the assessed value listed on the prior October 1 Grand List, for all taxable property located in the Town. Real estate taxes are due in two equal installments on July 1 and January 1 following the levy date and personal property taxes are due in one installment on July 1 following the levy date, although a 30 day grace period is provided. Motor vehicle taxes are due and payable July 1 and motor vehicle supplement taxes are due and payable January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on balances that are delinquent for one year. The Town establishes an allowance for uncollectible taxes based on historical collection experience and other factors. The Town has recorded an allowance for property taxes in the amount of \$133,968 and an allowance for related interest in the amount of \$25,000 as of June 30, 2015.

Property tax revenues are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected within 60 days of the end of the current period. Property taxes receivable that are not expected to be collected during the available period are reflected as deferred inflows of resources.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows/Inflows of Resources, Liabilities and Fund Equity/Net Position (Continued)

Sewer and Water Charges

Sewer and water user charges are billed periodically throughout the year. User charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full. The Town establishes an allowance for uncollectible charges based on historical collection experience and other factors. The Town has recorded an allowance for sewer charges in the amount of \$50,641 and an allowance for water charges in the amount \$126,299 as of June 30, 2015.

Loans Receivable

The Town provides low interest loans in connection with the Town's small business and residential housing rehabilitation loan programs. Certain loans included terms of forgiveness at a rate of 20% annually based on the original principal balance of the loans. During the year ended June 30, 2015, the Town forgave the remaining principal in the amount of \$41,858. Small business rehabilitation loans, totaling \$49,127 as of June 30, 2015, contain varying interest rates and are payable monthly. In addition, certain loans made by the Town under the program bear an interest rate of 0.0% and repayment of the loans are deferred. Repayment of the deferred loans become due and payable only upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. Deferred loans totaled approximately \$917,000 as of June 30, 2015. The Town has recorded an allowance for loans receivable of approximately \$541,000 as of June 30, 2015.

Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method, except for donated commodities, which are valued at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$25,000 for infrastructure assets and \$5,000 for all other assets. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Infrastructure and improvements	20 - 50
Machinery and equipment	5 - 50

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources, Liabilities and Fund Equity/Net Position (Continued)

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Compensated Absences

Employees are granted vacation and sick leave based upon length of employment. For Town employees, unused vacation can be accumulated from year to year up to certain limits. Sick days can also be accumulated up to certain limits. For Board of Education employees, vacation days accumulate, while sick days generally do not accumulate.

All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds 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.

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources until that time. Deferred outflows and inflows of resources consists of deferred pension expenses reported in the government-wide statement of net position. These amounts are being amortized as a component of pension expense on a systematic and rational basis. Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis and is reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position and Fund Balance

The government-wide statement of net position presents the Town's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets – This category of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources, Liabilities and Fund Equity/Net Position (Continued)

Net Position and Fund Balance (Continued)

Restricted – This category of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This category of net position consists of amounts which do not meet the definition of the two preceding categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned – Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by the Town Charter.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of net position or fund balance. The Town uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Inflows of Resources, Liabilities and Fund Equity/Net Position (Continued)

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

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 and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 – BUDGETARY INFORMATION AND DEFICIT FUND BALANCES

Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data for the General Fund.

- On or before the fourth Wednesday in March and after input from each agency and department of the Town, except for the Board of Education (BOE), the Mayor submits to the Board of Selectmen (BOS) and the Board of Finance (BOF) a proposed operating budget for the Town. In addition, the Mayor also submits a program concerning capital improvement projects for the next five fiscal years and a method of financing them for the fiscal year commencing the following July 1.
- On or before the second Wednesday in April, the BOS presents recommendations on the Mayor's budget to the BOF and the Board of Education (BOE) submits a proposed operating budget to the BOF.
- Copies of the budgets are made available to taxpayers five (5) days before the public hearings and five (5) days before the annual Town budget meeting. A Town meeting is held on the first Tuesday of May. Should the recommended budgets fail at referendum, they are returned to the BOF for adjustments. The budgets are legally enacted no later than ten (10) days after the taxpayers approve them by vote.
- Management cannot amend the budgets without approval of the BOF. Only the BOF is authorized to transfer budgeted amounts.
- The BOF must approve any additional appropriation and a Town Meeting must be held to approve any additional appropriation over \$10,000.
- Formal budgetary integration is employed as a management control device during the year.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 2 – BUDGETARY INFORMATION AND DEFICIT FUND BALANCES (Continued)

Budgetary Information (Continued)

- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the budgetary department line item level (i.e. Finance Department, Board of Selectmen within the General Government function) for the General Fund, except for the BOE where department control is implemented.
- The budget is prepared on the modified accrual basis of accounting. “On-behalf” payments made by the State of Connecticut into the State Teacher’s Retirement System are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). The differences include additional revenues and expenditures pertaining to certain Town funds that are not budgeted for by the Town due to perspective differences. A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2015:

	Total	Total	Other	Net Change	Fund
	Revenues	Expenditures	Financing	In Fund	Balance
	Sources	(Uses)	Balance	Balance	Balance
Budgetary basis	\$ 22,099,545	\$ 21,824,927	\$ -	\$ 274,618	\$ 4,395,875
"On-behalf" payments -					
State Teachers Retirement					
Fund	2,197,765	2,197,765	-	-	-
Intergovernmental grants					
netted with expenditures	465,388	465,388	-	-	-
Reclassification of amounts recorded					
as expenditures for budgetary purposes	-	(301,456)	(301,456)	-	-
Revenues and expenditures pertaining to other					
Town funds not recognized for budgetary					
purposes due to perspective differences:					
Reserve for Insurance Claims Fund	-	-	-	-	4,620
Reserve for Teachers Retirement Fund	139	10,622	-	(10,483)	48,090
Reserve for Compensated Absences Fund	-	-	-	-	20,000
Reserve for Health Insurance Fund	-	(520,608)	-	520,608	964,862
GAAP basis	<u>\$ 24,762,837</u>	<u>\$ 23,676,638</u>	<u>\$ (301,456)</u>	<u>\$ 784,743</u>	<u>\$ 5,433,447</u>

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 2 – BUDGETARY INFORMATION AND DEFICIT FUND BALANCES (Continued)

Deficit Fund Balances

The following funds have unassigned deficit fund balances as of June 30, 2015, none of which constitutes a violation of statutory provisions:

Fund	Amount
High School Renovation & Expansion Fund	\$ (5,500,000)
Preservation of Open Space Grant Fund	(438)
ADA Curbcuts Fund	(1,200)
5 Year Capital Non-Recurring Fund	(658,786)
Capital Projects Fund	(600,000)

The Town plans to fund the deficits through one of the following sources; 1) future program revenues, 2) future transfers from the General Fund, or 3) through the issuance of long-term debt.

Expenditures Which Exceed Appropriations

As discussed above, the legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2015, expenditures exceeded appropriations in the following amounts:

Department	Amount
Public Works	\$ 15,394
Sanitation	14,212
Community and social services	4,285
Employee and fringe	2,216

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Cash Deposits

The carrying value of the Town's cash deposits totaled \$27,622,280 as of June 30, 2015. A reconciliation of the Town's cash deposits as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 31,046,365
Statement of fiduciary net position:	
Cash and cash equivalents	854,674
	31,901,039
Less: cash equivalents considered investments for purpose of disclosure	(5,139,430)
Add: investments considered cash deposits for purposes of disclosure	860,671
	\$ 27,622,280

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 3 – CASH DEPOSITS AND INVESTMENT (Continued)

Cash Deposits (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$11,111,169 of the Town's bank balance of \$12,036,631 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,000,052
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,111,117</u>
	<u><u>\$ 11,111,169</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments

A reconciliation of the Town's investments as of June 30, 2015 is as follows:

Government-wide statement of net position:	
Investments	\$ 941,657
Statement of fiduciary net position:	
Investments	<u>11,788,047</u>
	12,729,704
Add: cash equivalents considered investments for purposes of disclosure	5,139,430
Less: investments considered cash deposits for purposes of disclosure	<u>(860,671)</u>
	<u><u>\$ 17,008,463</u></u>

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 3 – CASH DEPOSITS AND INVESTMENT (Continued)

Investments (Continued)

As of June 30, 2015, the Town's investments consist of the following:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>(In Years)</u>	
		<u>Less Than 1</u>	<u>6 to 10</u>
Debt Securities:			
Connecticut Short-Term Investment Fund	\$ 2,819,620	\$ 2,819,620	\$ -
Money market mutual funds	2,319,810	2,319,810	-
U.S. Treasury securities	226,890	-	226,890
	<u>5,366,320</u>	<u>\$ 5,139,430</u>	<u>\$ 226,890</u>
Other investments:			
Equity securities	80,986		
Group annuity contracts	39,058		
Mutual funds	11,522,099		
Total	<u>\$ 17,008,463</u>		

Investment maturities of the Town's investments in STIF and money market mutual funds were based on the weighted average maturities of those investments.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides for the Town to invest primarily in shorter-term securities unless it is anticipated that long-term securities can be held to maturity without jeopardizing liquidity requirements.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in 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; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, the investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Town's investment in money market mutual funds were unrated as of June 30, 2015. The Town's investments in STIF were rated AAA by Standard & Poor's as of June 30, 2015. Credit risk disclosures are not required for investments in U.S. Treasury Securities.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 3 – CASH DEPOSITS AND INVESTMENT (Continued)

Investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2015.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5% of the Town's investments are in STIF, certain mutual funds and collective investment trust funds. These investments are not subject to concentration of credit risk disclosure as they are considered to be diversified investments by their nature.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2015 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,055,563	\$ -	\$ -	\$ 2,055,563
Construction in progress	1,552,235	12,395,470	-	13,947,705
Total capital assets, not being depreciated	<u>3,607,798</u>	<u>12,395,470</u>	<u>-</u>	<u>16,003,268</u>
Capital assets, being depreciated:				
Infrastructure and improvements	19,123,450	381,289	-	19,504,739
Building and improvements	25,948,056	-	-	25,948,056
Machinery and equipment	6,259,705	137,072	-	6,396,777
Total capital assets, being depreciated	<u>51,331,211</u>	<u>518,361</u>	<u>-</u>	<u>51,849,572</u>
Less accumulated depreciation and amortization for:				
Infrastructure and improvements	8,235,644	637,984	-	8,873,628
Building and improvements	15,421,263	621,686	-	16,042,949
Machinery and equipment	5,082,333	272,658	-	5,354,991
Total accumulated depreciation and amortization	<u>28,739,240</u>	<u>1,532,328</u>	<u>-</u>	<u>30,271,568</u>
Total capital assets, being depreciated, net	<u>22,591,971</u>	<u>(1,013,967)</u>	<u>-</u>	<u>21,578,004</u>
Governmental activities capital assets, net	<u>\$ 26,199,769</u>	<u>\$ 11,381,503</u>	<u>\$ -</u>	<u>\$ 37,581,272</u>

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 28,320
Public safety	3,946
Public works	464,989
Culture and recreation	176,683
Economic development	3,978
Education	<u>854,412</u>
Total depreciation and amortization expense - governmental activities	<u><u>\$ 1,532,328</u></u>

Capital asset activity for business-type activities for the year ended June 30, 2015 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,080,974	\$ 2,046,766	\$ -	\$ 3,127,740
Total capital assets, not being depreciated	<u>1,080,974</u>	<u>2,046,766</u>	<u>-</u>	<u>3,127,740</u>
Capital assets, being depreciated:				
Infrastructure and improvements	15,475,227	119	-	15,475,346
Building and improvements	24,164,179	308,574	-	24,472,753
Machinery and equipment	308,849	58,736	-	367,585
Total capital assets, being depreciated	<u>39,948,255</u>	<u>367,429</u>	<u>-</u>	<u>40,315,684</u>
Less accumulated depreciation and amortization for:				
Infrastructure and improvements	6,528,183	272,988	-	6,801,171
Building and improvements	3,976,234	509,818	-	4,486,052
Machinery and equipment	207,680	29,038	-	236,718
Total accumulated depreciation and amortization	<u>10,712,097</u>	<u>811,844</u>	<u>-</u>	<u>11,523,941</u>
Total capital assets, being depreciated, net	<u>29,236,158</u>	<u>(444,415)</u>	<u>-</u>	<u>28,791,743</u>
Business-type activities capital assets, net	<u><u>\$ 30,317,132</u></u>	<u><u>\$ 1,602,351</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,919,483</u></u>

Depreciation and amortization expense was charged to functions as follows:

Business-type Activities:	
Water	\$ 342,013
Sewer	<u>469,831</u>
Total depreciation and amortization expense - business-type activities	<u><u>\$ 811,844</u></u>

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds:		
General Fund	Educational Grants Fund	\$ 3,185,678
	Other Governmental Funds	667,325
	Private Purpose Trust Funds	200
		<u>3,853,203</u>
Ash Landfill Fund	General Fund	6,196,414
	Other Governmental Funds	584,758
		<u>6,781,172</u>
Educational Grants Fund	Other Governmental Funds	5,000
High School Renovation & Expansion Fund	General Fund	2,807,719
Other Governmental Funds	General Fund	3,941,990
	Other Governmental Funds	440
		<u>3,942,430</u>
		<u>\$ 17,389,524</u>
Proprietary Funds:		
Water Fund	General Fund	\$ 5,242,258
Sewer Fund	General Fund	2,157,986
	Water Fund	1,827,276
		<u>3,985,262</u>
		<u>\$ 9,227,520</u>
Fiduciary Funds:		
Private Purpose Trust Funds	General Fund	\$ 126,824

The above balances resulted 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.

The Ash Landfill Fund advanced funds to the Town's 5 Year Capital Non-recurring Fund for the purpose of internally financing capital outlays in accordance with the Town's five year capital plan. The Town intends to liquidate amounts advanced by the Ash Landfill Fund through future annual budgetary appropriations in the General Fund. Such amounts are not expected to be repaid within one year and, therefore, the balance of \$584,758 due from the 5 Year Capital Non-recurring Fund has been presented as an advance in the accompanying governmental balance sheet as of June 30, 2015.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
Ash Landfill Fund	General Fund	\$ 4,737
General Fund	Other Governmental Funds	13,825
Other Governmental Funds	General Fund	310,544
	Other Governmental Funds	26,961
		<u>337,505</u>
		<u>\$ 356,067</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – SHORT-TERM DEBT

During November 2014, the Town issued \$16,190,000 in tax-exempt bond anticipation notes. The notes bear an interest rate of 0.75% and matured in July 2015 (see Note 15). The proceeds from the issuance were used to retire the \$7,750,000 of previously outstanding bond anticipation notes and to provide additional short-term financing for the following purposes:

- improvements to the Town’s water pollution control facility (\$300,000),
- improvements to the Town’s water distribution system (\$5,800,000),
- improvements to the Town’s wastewater pump stations (\$2,565,000),
- the design and construction of a manganese treatment facility (\$1,425,000),
- renovations to and expansion of to the Town’s High School and certain related facilities (\$5,500,000), and for
- improvements to the Quinebaug Regional Technical Park for facilitating the development of the property as a regional business park (\$600,000).

The following is a summary of changes in short-term debt for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Bond anticipation notes payable	\$ 2,000,000	\$ (2,000,000)	\$ 6,100,000	\$ 6,100,000
Business-type Activities				
Bond anticipation notes payable	\$ 5,750,000	\$ (5,750,000)	\$ 10,090,000	\$ 10,090,000

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Other liabilities:					
Compensated absences	\$ 380,983	\$ 1,388	\$ -	\$ 382,371	\$ 147,000
Landfill post-closure liability	1,359,000	-	(35,000)	1,324,000	88,000
Net OPEB obligation	2,461,014	522,949	-	2,983,963	-
	<u>\$ 4,200,997</u>	<u>\$ 524,337</u>	<u>\$ (35,000)</u>	<u>\$ 4,690,334</u>	<u>\$ 235,000</u>
Business-type Activities					
Other liabilities:					
Loans payable	\$ 13,343,090	\$ -	\$ (310,958)	\$ 13,032,132	\$ 304,520
	<u>\$ 13,343,090</u>	<u>\$ -</u>	<u>\$ (310,958)</u>	<u>\$ 13,032,132</u>	<u>\$ 304,520</u>

The loans payable recorded in the business-type activities are secured by the full faith and credit of the Town, but are substantially liquidated by water and sewer user charges. The remaining liabilities above typically have been liquidated in the General Fund and other governmental funds.

Loans Payable

A summary of loans payable outstanding at June 30, 2015 is as follows:

	<u>Original Amount</u>	<u>Year Issued</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Business-type Activities					
Loans Payable					
Wastewater loan payable	\$ 300,000	FY 1994	FY 2024	4.50%	\$ 90,000
Wastewater loan payable	6,800,000	FY 2012	FY 2052	2.75%	6,505,636
Drinking Water loan payable	1,075,271	FY 2012	FY 2031	2.06%	833,334
Wastewater loan payable	711,000	FY 2013	FY 2053	2.50%	689,632
Drinking Water loan payable	1,208,113	FY 2014	FY 2054	2.75%	1,173,430
Wastewater loan payable	3,836,000	FY 2014	FY 2054	3.50%	3,740,100
					<u>\$ 13,032,132</u>

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Loans Payable (Continued)

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

Annual debt service requirements to maturity on loans payable are as follows as of June 30, 2015:

<u>Year ending June 30:</u>	<u>Business-type Activities</u>	
	<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 304,520	\$ 380,151
2017	307,645	370,347
2018	310,855	362,326
2019	314,154	352,191
2020	317,542	344,151
2021-2025	1,631,855	1,581,027
2026-2030	1,691,546	1,344,133
2031-2035	1,585,961	1,086,314
2036-2040	1,678,483	862,043
2041-2045	1,815,224	620,681
2046-2050	1,971,829	359,233
2051-2054	1,102,518	79,203
	<u>\$ 13,032,132</u>	<u>\$ 7,741,800</u>

Authorized, Unissued Bonds

As of June 30, 2015, the Town had authorized but unissued bonds totaling \$43,572,109. Of this amount, \$7,135,000 is for general purposes, \$24,942,109 is for educational purposes, \$1,135,000 is for sewer purposes, and \$10,360,000 is for water purposes.

Landfill Post-Closure Liability

The Town is an owner of a municipal solid waste landfill, which was certified as closed by the Town during fiscal year 1997 and certified closed by the State of Connecticut Department of Environmental Protection during the Town's fiscal year 2001. State and federal laws and regulations establish landfill post-closure care requirements for thirty years after closure. On November 15, 1993, the Town entered into a ground lease agreement (the "Agreement") with a third-party contractor, the former operator of the landfill (see Note 9). Pursuant to the Agreement, the contractor is responsible for the performance of sampling and analytic activities associated with monitoring of ground waters and surface waters affected by the landfill and the Town is responsible for all other post-closure care costs. The Town has estimated total post-closure care costs for the remaining 14.5 years to be \$1,639,000, which includes an estimated \$315,000 in costs to be reimbursed by the contractor. Accordingly, the Town has reflected a liability for post-closure care costs in the amount of \$1,324,000 as of June 30, 2015. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. The estimated liability is not recorded in the fund financial statements since the liability will be funded from future financial resources, not from expendable available financial resources.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 9 – SIGNIFICANT AGREEMENT

The Town entered into a ground lease agreement (the “Agreement”) with a third-party contractor dated November 15, 1993. The agreement provides the contractor use of Town land for the operation of an ash residue facility. The initial term of the lease is twenty (20) years after commencement of operations and may be extended by the contractor for an additional ten (10) years. Base rent per year is \$250,000, with additional rent determined based on a portion of the revenues generated by the ash residue facility. Rental income received by the Town in connection with the agreement totaled \$4,533,643. In accordance with the Agreement, the contractor is responsible for all closure and post-closure care costs of the ash landfill required by State and federal laws and regulations.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

Defined Benefit Plan

Plan Description

Plan administration - The Town maintains a single employer, contributory, defined benefit pension plan (the “Plan”). The Plan covers substantially all full time employees, except professional personnel at the Board of Education who are covered by the State of Connecticut’s Teacher’s Retirement System. The Plan does not issue stand-alone financial statements and is considered to be part of the Town’s financial reporting entity. As such, the Plan is accounted for in the fiduciary fund financial statements as a Pension Trust Fund.

Plan membership - Membership of the Plan consisted of the following as of July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	46
Terminated plan members entitled to but not yet receiving benefits	58
Active plan members	111
	215
	215

Benefits and Eligibility - Employees of the Putnam Special Services District, other than police personnel, are eligible to participate in the Town’s Plan. Included in Plan membership above are three active plan members employees by the Putnam Special Services District and four terminated employees of the Putnam Special Services District entitled to benefits, but not yet receiving them.

Benefit Provisions - Employees who work more than 30 hours per week are eligible to participate in the Plan. Benefits fully vest after 5 years of service. Normal retirement date is the later of the participant’s 65th birthday or the 5th anniversary of joining the Plan.

Pension benefits for normal retirement under the Plan are based on the average monthly compensation during the five consecutive years of service, at which the participants’ earnings were at their highest level. The participant’s monthly benefit shall be equal to 1.3% of the average monthly compensation multiplied by the total number of years of employment with the Town (limited to 40 years). The Plan permits early retirement for participants at age 55 with 15 years of service. Benefits for early retirement shall be equal to the present value of the participants’ accrued benefit. Participants are required to contribute 3% of their annual earnings.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Plan Description (Continued)

Other Plan Provisions - The Plan does not provide for disability benefits. If an employee becomes disabled and must cease employment, he will be entitled to the same benefits as a participant who has terminated employment. In the event of death, a beneficiary shall receive benefits payable upon death, which are subject to certain limitations imposed by law. Death benefits will be equal to the present value of the accrued benefits.

Benefit provisions of the Plan are established and can be amended by the Town Meeting.

Summary of Significant Accounting Policies

The Plan is accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at cost, which approximates fair value. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Town, with the assistance of a valuation service. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Investment policy - The Town policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen. The Town pursues an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes, discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Concentrations - The Plan's investments were not subject to concentration risk as of June 30, 2015 as none of the amounts invested with one issuer represented more than 5.0% of the total assets for each Plan. The Plan's investments in mutual funds and collective investment trusts are excluded from the concentration of credit risk disclosure requirements.

Rate of return - For the year ended June 30, 2015, the annual money-weighted rate of return on the Plan's investments, net of investment expenses, was 2.86%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Administrative costs - Administrative costs of the Plans are funded by the Town.

Funding policy - The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs for the Plan were determined using the Aggregate Actuarial Cost Method.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Net Pension Asset

The components of the Town's net pension asset for the Plan as of June 30, 2015 are as follows:

Town's total pension liability	\$ 10,308,440
Plan fiduciary net position	<u>11,815,528</u>
Town's net pension asset	<u>\$ (1,507,088)</u>
Plan fiduciary net position as a percentage of the total pension liability	114.62%

The components of the changes in the net pension asset for the Plan for the year ended June 30, 2015, was as follows:

	Liability (a)	Net Position (b)	Liability (Asset) (a) - (b)
Balance as of June 30, 2014	\$ 9,462,368	\$ 11,244,943	\$ (1,782,575)
Changes for the year:			
Service cost	370,129	-	370,129
Interest	678,518	-	678,518
Differences between expected and actual experience	(140,298)	-	(140,298)
Changes in assumptions	221,286	-	221,286
Contributions - employer	-	415,283	(415,283)
Contributions - employee	-	114,403	(114,403)
Net investment income	-	324,462	(324,462)
Benefit payments, including refunds	(283,563)	(283,563)	-
Administrative expense	-	-	-
Net changes	<u>846,072</u>	<u>570,585</u>	<u>275,487</u>
Balance as of June 30, 2015	<u>\$ 10,308,440</u>	<u>\$ 11,815,528</u>	<u>\$ (1,507,088)</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases (average, including inflation)	5.00%
Investment rate of return (net of investment expense)	7.00%

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Net Pension Asset (Continued)

Actuarial assumptions (Continued) - Mortality rates were based on the RP-2000 Mortality Table, with separate male and female rates, with no collar adjustment, separate tables for non-annuitants and annuitants, projected to the valuation date with Scale BB.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap	32.00%	4.75%
Mid/Small Cap	12.00%	5.50%
International	11.00%	5.25%
Intermediate Bond	44.00%	2.00%
Short Term Bond/Cash	1.00%	0.50%

Discount rate - The discount rate used to measure the total pension liability for the Plan was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the Plan's total pension liability.

Sensitivity of the net pension asset to changes in the discount rate - The following presents the net pension asset for the Plan, calculated using the discount rate disclosed above, as well as what the Town's net pension asset would be for the Plan if it were calculated using a discount rate that is 1 percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Discount Rates</u>		
	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Town's net pension asset	\$ (162,741)	\$ (1,507,088)	\$ (2,646,047)

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2015, the Town recognized pension expense of \$245,131. At June 30, 2015 the Town reported deferred outflows and inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 376,923	\$ -
Differences between expected and actual experience	-	(119,041)
Change of assumptions	187,758	-
Total	\$ 564,681	\$ (119,041)

Amounts reported as deferred outflows and inflows of resources related to the Plan will be recognized as a component of pension expense in future years as follows:

	Amortization of Deferred Outflows (Inflows) of Resources
Year ended June 30,	
2016	\$ 106,501
2017	106,501
2018	106,501
2019	106,501
2020	12,271
Thereafter	7,365
	\$ 445,640

State Teachers' Retirement System

The faculty and professional personnel of the Town participate in the Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

State Teachers' Retirement System (Continued)

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute one hundred percent of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2015, plan members of the Town contributed \$622,414 to the plan and covered payroll for the year was \$8,585,021. The Town has recognized on-behalf payments of \$2,197,765 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2014 was \$10.141 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$18.627 million or approximately 0.184% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined. The Town's on-behalf share of the pension expense of the TRS totaled \$1,397,524 for the year ended June 30, 2015.

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

Inflation	3.0%
Salary increases	3.75% - 7.0% (includes inflation)
Investment rate of return	8.5% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.0%
Retirement on or after 9/1/1992	2.0%

For healthy retirees and beneficiaries, the RP-2000 Combined Mortality Table projected forward 19 years using scale AA, with a two-year setback for males and females.

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

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 10 – EMPLOYEE RETIREMENT PLANS (Continued)

State Teachers' Retirement System (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Large Cap U.S. Equities	25%	7.3%
Developed Non-U.S. Equities	20%	7.5%
Emerging Markets (Non-U.S.)	9%	8.6%
Real Estate	5%	5.9%
Private Equity	10%	10.9%
Alternative Investment	6%	70.0%
Fixed Income (Core)	13%	1.7%
Inflation Linked Bonds	6%	1.3%
Other	6%	4.4%

The discount rate used to measure the total pension liability was 8.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.5%) or 1-percentage-point higher (9.5%) than the current rate:

	<u>Discount Rates</u>		
	<u>7.5%</u>	<u>8.5%</u>	<u>9.5%</u>
Town's proportionate share of the net pension liability (rounded in thousands)	\$ 23,772,000	\$ 18,627,000	\$ 14,255,000

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town’s Board of Education provides medical and dental insurance benefits for eligible retirees and their spouses through the Town’s Board of Education’s group insurance plans, which covers both active and retired members (the “Plan”). Benefit provisions are established through negotiations between the Town’s Board of Education and the union representing the employees and are renegotiated each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Plan members are required to contribute 100% of their medical and dental premiums paid by the Town. In order for funds to be considered as “plan assets”, they must be placed in an irrevocable trust for this purpose. The Town has not established an irrevocable trust for the purposes of prefunding its other post-employment benefit obligations and the Plan is financed on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The Town’s annual OPEB cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined. 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. The Town’s annual OPEB cost is entirely attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to premium rates offered to the Town’s active employees. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation.

Annual required contribution	\$ 544,700
Interest on net OPEB obligation	98,441
Adjustment to annual required contribution	<u>(136,875)</u>
Annual OPEB cost	506,266
Contributions made	<u>(16,683)</u>
Increase in net OPEB obligation	522,949
Net OPEB obligation, beginning of year	<u>2,461,014</u>
Net OPEB obligation, end of year	<u><u>\$ 2,983,963</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 506,266	-3.3%	\$ 2,983,963
2014	539,280	41.7%	2,461,014
2013	538,399	24.8%	2,146,363

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 6,061,400	\$ (6,061,400)	0.0%	\$ 8,695,200	-69.7%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Valuation date:	July 1, 2014
Actuarial cost method:	Projected Unit Credit Actuarial Cost Method
Amortization method:	Level Dollar Amount
Remaining amortization period:	30 years, open
Asset valuation method:	N/A
Actuarial assumptions:	
Inflation rate	4.00%
Healthcare cost trend rate	10.0% initial 5.00% final

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss relating to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. Neither the Town nor its insurers have settled claims which exceeded the Town’s insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (“CIRMA”), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of the Connecticut General Statutes, for workers’ compensation and employer liability coverage. CIRMA is to be self-sustaining through members’ premiums, but reinsurers in excess of \$1,000,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited by the by-laws.

The Town is currently a member of the Eastern Connecticut Health Insurance Program (“ECHIP”), a cooperative formed in accordance with Public Act 10-174 of the Connecticut General Statutes in order to self-insure medical and dental costs to the employees of its member Towns and Boards of Education. Through this cooperative the Town accounts for and finances employee medical benefits claims for eligible full-time employees of both the Town and the Board of Education. The Town retains the risk of loss under the plan. A third party processes the claims filed under the self-insured health plan, for which the Town is charged an administrative fee. Through ECHIP the Town has purchased a stop-loss policy for total claims in any one year exceeding an aggregate of 120% of expected claims and for individual claims exceeding \$150,000 for combined hospital and major medical. Insurance premiums paid totaled \$330,861 for the year ended June 30, 2015.

ECHIP establishes claims liabilities based on estimates of claims that have been incurred but not reported at June 30, 2015. Claims liabilities are recorded if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of possible loss can be reasonably estimated. The amount of the claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries.

A summary of claims activity for the year ended June 30, 2015 is as follows:

Year Ended	Claims Payable Beginning of Year	Claims and Changes in Estimates	Claims Paid	Claims Payable End of Year
2015	\$ 219,453	\$ 2,838,710	\$ (2,818,583)	\$ 239,580

Claims payable has been included in accrued liabilities within the General Fund balance sheet and the governmental activities statement of net position. As of June 30, 2015, contributions made by the Town to ECHIP exceeded insurance premiums, claims and fees paid by \$1,204,442. This amount has been recognized as an other asset within the General Fund balance sheet and the governmental activities statement of net position.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 13 – COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known by management. The Town's management believes it has meritorious defenses against these lawsuits and estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a material adverse effect on the financial condition of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

NOTE 14 – FUND BALANCE

Committed fund balance for other purposes in the Town's governmental funds consists of the following as of June 30, 2015:

	<u>General Fund</u>	<u>Ash Landfill Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Landfill post-closure care	\$ -	\$ 6,196,414	\$ -	\$ 6,196,414
Capital purposes	-	-	389,301	389,301
Compensated absences and insurance	72,710	-	-	72,710
Education	-	-	346,580	346,580
Library	-	-	319,805	319,805
Cafeteria	-	-	254,355	254,355
Pay per sticker	-	-	196,416	196,416
Interscholastic sports	-	-	78,178	78,178
Preservation fees	-	-	52,637	52,637
Gravel sales	-	-	40,809	40,809
Miscellaneous grants	-	-	26,616	26,616
Culture and recreation	-	-	26,141	26,141
Public safety	-	-	2,649	2,649
	<u>\$ 72,710</u>	<u>\$ 6,196,414</u>	<u>\$ 1,733,487</u>	<u>\$ 8,002,611</u>

NOTE 15 – SUBSEQUENT EVENTS

In July 2015, the Town issued \$16,190,000 in tax-exempt bond anticipation notes. The notes bore a coupon rate of 0.75% and matured in November 2015. The proceeds from the issuance were used to retire the \$16,190,000 of previously outstanding bond anticipation notes. In November 2015, the Town issued \$23,590,000 in tax-exempt bond anticipation notes and \$440,000 in taxable bond anticipation notes. The tax-exempt notes bear a coupon rate of 1.25% and mature in July 2016. The taxable notes bear a coupon rate of 1.45% and mature in July 2016. The proceeds from the issuance were used to retire the \$16,190,000 of previously outstanding bond anticipation notes and to provide additional short-term financing to fund ongoing capital projects.

The Town has entered into an agreement, dated February 1, 2016, with a third-party contractor to manage and operate the Town's water supply, treatment and distribution system, and its wastewater collection, treatment, and discharge system.

TOWN OF PUTNAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015

NOTE 16 – RECENTLY ISSUED ACCOUNTING STANDARD

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Town's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Town's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town currently provides other post-employment benefits to certain eligible employees. The Town has not yet determined the impact that this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2015. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION ASSET
AND RELATED RATIOS - PENSION - UNAUDITED
JUNE 30, 2015

	2015	2014
Total pension liability		
Service cost	\$ 370,129	\$ 352,504
Interest	678,518	626,494
Differences between expected and actual experience	(140,298)	-
Changes of assumptions	221,286	-
Benefit payments, including refunds or employee contributions	(283,563)	(224,291)
Net change in total pension liability	846,072	754,707
Total pension liability - beginning	9,462,368	8,707,661
Total pension liability - ending	\$ 10,308,440	\$ 9,462,368
 Plan fiduciary net position		
Contributions - employer	\$ 415,283	\$ -
Contributions - members	114,403	126,899
Net investment income	324,462	1,569,311
Benefit payments, including refunds	(283,563)	(224,291)
Net change in plan fiduciary net position	570,585	1,471,919
Plan fiduciary net position - beginning	11,244,943	9,773,024
Plan fiduciary net position - ending	11,815,528	11,244,943
 Town's net pension asset	\$ (1,507,088)	\$ (1,782,575)
 Plan fiduciary net position as a percentage of total pension liability	114.62%	118.84%
 Covered employee payroll	\$ 4,313,562	\$ 4,186,034
 Town's net pension asset as a percentage of covered employee payroll	34.9%	42.6%

NOTES TO SCHEDULE:

Benefit Changes: None noted

Assumption Changes: Change in mortality table to RP-2014 Total Dataset Mortality Table projected to valuation date with Sacle MP-2014 from RP-2000 Mortality Table projected to valuation date with Scale BB.

Note: The Town began reporting this schedule upon implementation of GASB Statement No. 67 during fiscal year 2014.

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS - PENSION - UNAUDITED
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 199,837	\$ 215,446
Contributions in relation to the actuarially determined contribution	415,283	-
Contribution deficiency	<u>\$ (215,446)</u>	<u>\$ 215,446</u>
Covered payroll	\$ 4,313,562	\$ 4,186,034
Contributions as a percentage of covered employee payroll	9.63%	0.00%
Annual money-weighted rate of return, net of investment expense	2.86%	16.12%

NOTES TO SCHEDULE:

Valuation Date July 1, 2014

Actuarially determined contribution rates are calculated as of June 30, prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Actuarial Cost Method
Amortization method	Level percentage of salary
Remaining amortization period	Open
Asset valuation method	Market value of assets
	Capital appreciation is recognized over a four-year period at 25% per year
Inflation	3.00%
Salary increases	5.00%
Investment rate of return	7.00%
Retirement age	100% at age 65
Pre-Retirement Mortality	RP-2000 Mortality Table projected with Scale BB

Note: The Town began reporting this schedule upon implementation of GASB Statement No. 67 during fiscal year 2014.

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM - UNAUDITED
(Dollar amounts in thousands)

	2015
Town's proportion of the net pension liability	0.184%
Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	18,627
Total	\$ 18,627
Town's covered payroll	\$ 8,585
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	61.51%

Notes to Schedule:

Valuation Date	6/30/2014
Measurement Date	6/30/2014
Reporting Date	6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed
Remaining amortization period	22.4 years
Asset valuation method	4 year smoothed market
Investment rate of return	8.50%
Salary increases	3.75% - 7.00%, including inflation
Inflation	3.00%

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT BENEFITS - UNAUDITED
JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - (B)	Underfunded AAL (UAAL) (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((A-B)/C)
Other Post-Employment Benefit Plan**						
July 1, 2014	\$ -	\$ 6,061,400	\$ (6,061,400)	0.00%	\$ 8,695,200	(69.71%)
July 1, 2011	-	6,761,400	(6,761,400)	0.00%	8,353,100	(80.94%)
April 1, 2009	-	6,544,158	(6,544,158)	0.00%	7,594,124	(86.17%)

** - April 1, 2009 is the first year the Town obtained an actuarial valuation of its Other Post-Employment Benefit Plan.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
TAXES, LIENS AND INTEREST				
Current Taxes	\$ 9,354,512	\$ 9,354,512	\$ 9,286,893	\$ (67,619)
Interest and Liens	82,000	82,000	192,699	110,699
Motor Vehicle Supplemental	70,000	70,000	177,547	107,547
Prior Years Taxes	130,000	130,000	111,123	(18,877)
Total Taxes, Liens and Interest	<u>9,636,512</u>	<u>9,636,512</u>	<u>9,768,262</u>	<u>131,750</u>
INTERGOVERNMENTAL				
Education Cost Sharing Grant	8,471,318	8,471,318	8,057,144	(414,174)
Local Capital Improvement	78,759	78,759	-	(78,759)
Hold Harmless Grant	75,000	75,000	-	(75,000)
PILOT - Private Tax Exempt	156,215	156,215	149,681	(6,534)
Off-Track Betting	70,000	70,000	84,871	14,871
PILOT - Elderly Circuit Breakers	53,650	53,650	55,914	2,264
Telephone Access Line Grant	39,000	39,000	43,390	4,390
PILOT - State Property	23,264	23,264	23,762	498
Distressed Municipalities	3,340	3,340	3,993	653
PILOT - Veterans Exemptions	2,409	2,409	2,175	(234)
School Transportation Grant	133,504	133,504	154,933	21,429
PILOT - Totally Disabled	1,370	1,370	1,253	(117)
Emergency Management	1,300	1,300	51,767	50,467
Mashantucket Pequot and Mohegan Fund	119,213	119,213	102,903	(16,310)
Other	-	-	555	555
Total Intergovernmental	<u>9,228,342</u>	<u>9,228,342</u>	<u>8,732,341</u>	<u>(496,001)</u>
CHARGES FOR SERVICES				
Ash Landfill Tipping Fees	2,500,000	2,500,000	2,902,502	402,502
Town Clerk	157,000	157,000	177,286	20,286
Contractual Services	71,000	71,000	103,796	32,796
Bus Mechanic Reimbursement	68,640	68,640	70,900	2,260
Assessor and Building Department	83,100	83,100	214,730	131,630
Housing Authority- PILOT	36,000	36,000	32,090	(3,910)
Rents	23,100	23,100	25,405	2,305
Tuition - Board of Education	31,000	31,000	10,810	(20,190)
Recreation	-	-	15,372	15,372
Miscellaneous	10,900	10,900	1,692	(9,208)
Library	4,000	4,000	3,237	(763)
Sale of Assets	-	-	13,984	13,984
Total Charges for Services	<u>2,984,740</u>	<u>2,984,740</u>	<u>3,571,804</u>	<u>587,064</u>
INVESTMENT INCOME				
	-	-	27,138	27,138
TOTAL REVENUES	<u>21,849,594</u>	<u>21,849,594</u>	<u>22,099,545</u>	<u>249,951</u>
OTHER FINANCING SOURCES				
Appropriation of fund balance	60,000	60,000	-	(60,000)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 21,909,594</u>	<u>\$ 21,909,594</u>	<u>\$ 22,099,545</u>	<u>\$ 189,951</u>

See accompanying Independent Auditor's Report.

**TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
GENERAL GOVERNMENT				
Mayor/Board of Selectmen	\$ 283,644	\$ 283,644	\$ 290,423	\$ 6,779
Town Clerk	129,459	129,459	121,818	(7,641)
Assessor	138,774	138,774	138,119	(655)
Treasurer	140,219	138,719	134,270	(4,449)
Tax/Revenue Collection	112,474	112,474	107,164	(5,310)
Building & Zoning	82,000	82,000	82,222	222
Land Use	84,547	84,547	69,724	(14,823)
Essential Services	60,300	56,800	59,951	3,151
Building Official	93,972	93,972	97,867	3,895
Legal counsel	45,175	45,100	53,741	8,641
Board of Finance	28,235	28,235	46,241	18,006
Elections	22,900	22,900	14,317	(8,583)
Registrar of Voters	13,457	13,457	12,909	(548)
Probate Court	10,437	10,437	10,437	-
Board of Tax Review	648	648	488	(160)
Total General Government	<u>1,246,241</u>	<u>1,241,166</u>	<u>1,239,691</u>	<u>(1,475)</u>
PUBLIC SAFETY				
Fire Marshal/Emergency Management	49,574	49,574	46,239	(3,335)
Animal Control	23,055	23,055	21,463	(1,592)
Civil Preparedness	4,896	4,896	5,145	249
Total Public Safety	<u>77,525</u>	<u>77,525</u>	<u>72,847</u>	<u>(4,678)</u>
PUBLIC WORKS				
	<u>973,278</u>	<u>973,278</u>	<u>988,672</u>	<u>15,394</u>
CULTURE AND RECREATION				
Library	479,179	479,179	455,690	(23,489)
Recreation	327,167	327,167	327,167	-
Parks and Grounds	91,542	91,542	94,663	3,121
Municipal Historian	400	400	400	-
Total Culture and Recreation	<u>898,288</u>	<u>898,288</u>	<u>877,920</u>	<u>(20,368)</u>
SANITATION				
Landfill	<u>396,260</u>	<u>396,260</u>	<u>410,472</u>	<u>14,212</u>
COMMUNITY AND SOCIAL SERVICES				
Veterans Center	5,378	5,378	5,000	(378)
Municipal Agency to the Elderly	900	900	272	(628)
Outside Agencies	242,654	242,654	248,820	6,166
Social Services Department	3,500	3,500	2,625	(875)
Total Community and Social Services	<u>252,432</u>	<u>252,432</u>	<u>256,717</u>	<u>4,285</u>
ECONOMIC AND DEVELOPMENT				
	<u>130,329</u>	<u>130,329</u>	<u>117,067</u>	<u>(13,262)</u>

(Continued)

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF EXPENDITURES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
EMPLOYEE AND FRINGE BENEFITS	\$ 470,974	\$ 470,974	\$ 473,190	\$ 2,216
RISK MANAGEMENT	143,832	143,832	135,674	(8,158)
INFORMATION TECHNOLOGY	113,263	109,478	57,921	(51,557)
REDEVELOPMENT	8,700	8,700	3,654	(5,046)
CAPITAL OUTLAYS				
Capital Non-Recurring - Education	85,000	85,000	85,000	-
Capital Non-Recurring - Town	21,900	30,760	29,843	(917)
Total Capital Outlays	<u>106,900</u>	<u>115,760</u>	<u>114,843</u>	<u>(917)</u>
EDUCATION	<u>16,861,291</u>	<u>16,861,291</u>	<u>16,845,978</u>	<u>(15,313)</u>
DEBT SERVICE				
Principal	210,294	210,294	210,294	-
Interest	19,987	19,987	19,987	-
Total Debt Service	<u>230,281</u>	<u>230,281</u>	<u>230,281</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 21,909,594</u>	<u>\$ 21,909,594</u>	<u>\$ 21,824,927</u>	<u>\$ (84,667)</u>

See accompanying Independent Auditor's Report .

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2015

Grand List Year	Mill Rate	Uncollected Taxes/Levy July 1, 2014	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2015
			Additions	Deductions			Taxes	Liens and Interest	Total	
1998 and prior	16.50	\$ 663	\$ -	\$ -	\$ (663)	\$ -	\$ -	\$ -	\$ -	\$ -
1999	17.25	1,518	-	-	-	1,518	-	-	-	1,518
2000	17.25	2,409	-	-	-	2,409	-	-	-	2,409
2001	17.25	2,519	-	-	-	2,519	-	-	-	2,519
2002	14.35	2,588	-	-	-	2,588	-	-	-	2,588
2003	14.35	2,863	-	-	-	2,863	-	-	-	2,863
2004	13.55	5,535	-	-	(172)	5,363	81	52	133	5,282
2005	14.22	18,580	-	(69)	(927)	17,584	452	805	1,257	17,132
2006	15.22	36,472	-	(61)	(834)	35,577	1,305	1,832	3,137	34,272
2007	15.89	42,951	-	(335)	(266)	42,350	738	1,277	2,015	41,612
2008	13.94	42,073	-	(127)	(137)	41,809	2,853	2,808	5,661	38,956
2009	13.94	53,077	404	(129)	(514)	52,838	11,346	3,821	15,167	41,492
2010	13.94	74,286	286	(578)	(1,167)	72,827	13,396	8,576	21,972	59,431
2011	14.94	124,767	911	(652)	(1,862)	123,164	33,134	15,665	48,799	90,030
2012	15.07	251,971	5,206	(1,813)	(189)	255,175	120,313	26,237	146,550	134,862
		<u>\$ 662,272</u>	<u>6,807</u>	<u>(3,764)</u>	<u>(6,731)</u>	<u>658,584</u>	<u>183,618</u>	<u>61,073</u>	<u>244,691</u>	<u>474,966</u>
2013	15.07	<u>\$ 9,778,989</u>	<u>39,699</u>	<u>(40,789)</u>	<u>(313)</u>	<u>9,777,586</u>	<u>9,497,050</u>	<u>49,349</u>	<u>9,546,399</u>	<u>280,536</u>
Total			<u>\$ 46,506</u>	<u>\$ (44,553)</u>	<u>\$ (7,044)</u>	<u>\$ 10,436,170</u>	<u>\$ 9,680,668</u>	<u>\$ 110,422</u>	<u>\$ 9,791,090</u>	<u>\$ 755,502</u>

See accompanying Independent Auditor's Report.

TOWN OF PUTNAM, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
JUNE 30, 2015

Tax receipts for the year ended June 30, 2015:
Tax collections (including interest and lien fees) \$ 9,791,090
Taxing District (taxes, interest and lien fees) 3,451,458
Tax relief for Elderly (CGS 12-129D) 75,560
Base for debt limitation computations \$ 13,318,108

	General	Schools	Sewer	Urban Renewal	Pension Deficit
Debt Limitation					
2 1/4 times base	\$ 29,965,743	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	59,931,486	-	-	-
3 3/4 times base	-	-	49,942,905	-	-
3 1/4 times base	-	-	-	43,283,851	-
3 times base	-	-	-	-	39,954,324
Total Debt Limitation	<u>29,965,743</u>	<u>59,931,486</u>	<u>49,942,905</u>	<u>43,283,851</u>	<u>39,954,324</u>
Indebtedness:					
Loans payable	-	-	11,025,367 *	-	-
Notes payable	600,000	6,100,000	2,865,000 *	-	-
Bonds payable - overlapping governments	<u>3,350,000 ***</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authorized but unissued	3,950,000	6,100,000	13,890,367	-	-
Total Indebtedness	<u>7,135,000</u>	<u>24,942,109</u>	<u>1,135,000</u>	<u>-</u>	<u>-</u>
Less: Federal and State grant commitments included in authorized but unissued	<u>(3,280,000) **</u>	<u>(21,232,109) **</u>	<u>(1,030,000) **</u>	<u>-</u>	<u>-</u>
Total Net Indebtedness	<u>7,805,000</u>	<u>9,810,000</u>	<u>13,995,367</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 22,160,743</u>	<u>\$ 50,121,486</u>	<u>\$ 35,947,538</u>	<u>\$ 43,283,851</u>	<u>\$ 39,954,324</u>
Total capacity of borrowing (7 times base)	\$ 93,226,756				
Total present indebtedness	<u>31,610,367</u>				
Margin for additional borrowing	<u>\$ 61,616,389</u>				

* Per Connecticut General Statutes 7-374 - Bonded indebtedness of municipalities - the aggregate indebtedness of the Town shall exclude each bond, note and other evidence of indebtedness issued for the supply of water.

** Per Connecticut General Statutes 7-374 - Bonded indebtedness of municipalities - the aggregate indebtedness of the Town shall exclude each bond, note and other evidence of indebtedness issued in anticipation of the receipt of proceeds from any state or federal grant for which the Town has received a written commitment or for which an allocation has been approved by the State Bond Commission or from a contract with the state, a state agency or another municipality providing for the reimbursement of capital costs but only to the extent such indebtedness can be paid from such proceeds.

*** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of indebtedness of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. Overlapping governments consist of the Special Services District and the East Putnam Fire District.

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF PUTNAM, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,282,816	\$ -	\$ 1,282,816
Investments	381,351	-	381,351
Receivables:			
Grants and contracts	317,642	470,800	788,442
Loans, net	424,655	-	424,655
Other	51,753	-	51,753
Due from other funds	908,299	3,034,131	3,942,430
Other assets	10,521	-	10,521
Total assets	<u>\$ 3,377,037</u>	<u>\$ 3,504,931</u>	<u>\$ 6,881,968</u>
LIABILITIES			
Accounts payable	\$ 86,631	\$ 965,954	\$ 1,052,585
Note payable	-	600,000	600,000
Due to other funds	515,310	157,455	672,765
Unearned revenue	465,730	1,623,965	2,089,695
Advance from other fund	-	584,758	584,758
Total liabilities	<u>1,067,671</u>	<u>3,932,132</u>	<u>4,999,803</u>
FUND BALANCES			
Nonspendable:			
Loans receivable	424,655	-	424,655
Other	20,536	-	20,536
Restricted for:			
Capital purposes	-	442,284	442,284
Rehabilitation programs	521,627	-	521,627
Committed to:			
Capital purposes	-	389,301	389,301
Other purposes	1,344,186	-	1,344,186
Unassigned	(1,638)	(1,258,786)	(1,260,424)
Total fund balances	<u>2,309,366</u>	<u>(427,201)</u>	<u>1,882,165</u>
Total liabilities and fund balances	<u>\$ 3,377,037</u>	<u>\$ 3,504,931</u>	<u>\$ 6,881,968</u>

See accompanying Independent Auditor's Report.

TOWN OF PUTNAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 1,174,446	\$ 2,150,361	\$ 3,324,807
Charges for services	727,772	-	727,772
Investment income	12,379	-	12,379
Other	111,648	32,600	144,248
Total revenues	<u>2,026,245</u>	<u>2,182,961</u>	<u>4,209,206</u>
EXPENDITURES			
Current:			
General government	29,399	-	29,399
Public safety	1,978	-	1,978
Public works	102,324	-	102,324
Culture and recreation	30,976	-	30,976
Sanitation	151,841	-	151,841
Community and social services	130,103	-	130,103
Economic development	613,231	-	613,231
Education	1,127,430	-	1,127,430
Capital outlays	-	2,943,047	2,943,047
Total expenditures	<u>2,187,282</u>	<u>2,943,047</u>	<u>5,130,329</u>
Excess (deficiency) of revenues over expenditures	(161,037)	(760,086)	(921,123)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	450,000	-	450,000
Premium from issuance of notes	-	1,116	1,116
Transfers in	-	337,505	337,505
Transfers out	(40,786)	-	(40,786)
Total other financing sources (uses)	<u>409,214</u>	<u>338,621</u>	<u>747,835</u>
Net change in fund balances	248,177	(421,465)	(173,288)
Fund balances - beginning	<u>2,061,189</u>	<u>(5,736)</u>	<u>2,055,453</u>
Fund balances - ending	<u>\$ 2,309,366</u>	<u>\$ (427,201)</u>	<u>\$ 1,882,165</u>

See accompanying Independent Auditor's Report.

**TOWN OF PUTNAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015**

	Economic and Community Development Loan Fund	Library Fund	Cargill Mills & Main Street Fund	Youth Advisory Board Fund	Pride Fund	Pay Per Sticker Program Fund	88 Main Street Grant Fund	Gravel Sales Fund
ASSETS								
Cash and cash equivalents	\$ 558,779	\$ 51,277	\$ -	\$ -	\$ -	\$ 109,852	\$ -	\$ -
Investments	-	278,543	-	-	-	102,808	-	-
Receivables:								
Grants and contracts	-	-	-	-	-	-	-	-
Loans, net	424,655	-	-	-	-	-	-	-
Other	-	-	-	-	635	24,000	-	18,598
Due from other funds	-	-	1,000	172	6,634	-	-	49,172
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 983,434</u>	<u>\$ 329,820</u>	<u>\$ 1,000</u>	<u>\$ 172</u>	<u>\$ 7,269</u>	<u>\$ 236,660</u>	<u>\$ -</u>	<u>\$ 67,770</u>
LIABILITIES								
Accounts payable	\$ 18,630	\$ -	\$ -	\$ -	\$ -	\$ 14,601	\$ -	\$ 26,961
Due to other funds	-	-	-	-	-	25,643	-	-
Unearned revenue	18,522	-	-	-	-	-	-	-
Total liabilities	<u>37,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,244</u>	<u>-</u>	<u>26,961</u>
FUND BALANCES								
Nonspendable:								
Loans receivable	424,655	-	-	-	-	-	-	-
Other	-	10,015	-	-	-	-	-	-
Restricted for rehabilitation programs	521,627	-	-	-	-	-	-	-
Committed to other purposes	-	319,805	1,000	172	7,269	196,416	-	40,809
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>946,282</u>	<u>329,820</u>	<u>1,000</u>	<u>172</u>	<u>7,269</u>	<u>196,416</u>	<u>-</u>	<u>40,809</u>
Total liabilities and fund balances	<u>\$ 983,434</u>	<u>\$ 329,820</u>	<u>\$ 1,000</u>	<u>\$ 172</u>	<u>\$ 7,269</u>	<u>\$ 236,660</u>	<u>\$ -</u>	<u>\$ 67,770</u>

(Continued)

See accompanying Independent Auditor's Report .

TOWN OF PUTNAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2015

	Drug Prevention Grant Fund	Arts Council Fund	Miscellaneous Grant Fund	Interscholastic Sports Fund	Preservation Fees Fund	Recreation Donation Fund	Bandstand Donation Fund	Community Garden Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables:								
Grants and contracts	79,710	-	-	-	-	-	-	5,551
Loans, net	-	-	-	-	-	-	-	-
Other	-	-	3,133	-	22	-	-	-
Due from other funds	-	5,012	34,097	78,178	52,615	1,570	1,118	-
Other assets	-	-	-	-	-	-	-	-
Total assets	<u>\$ 79,710</u>	<u>\$ 5,012</u>	<u>\$ 37,230</u>	<u>\$ 78,178</u>	<u>\$ 52,637</u>	<u>\$ 1,570</u>	<u>\$ 1,118</u>	<u>\$ 5,551</u>
LIABILITIES								
Accounts payable	\$ 421	\$ -	\$ 1,173	\$ -	\$ -	\$ -	\$ -	\$ 88
Due to other funds	79,289	-	5,000	-	-	-	-	3,413
Unearned revenue	-	-	4,441	-	-	-	-	-
Total liabilities	<u>79,710</u>	<u>-</u>	<u>10,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,501</u>
FUND BALANCES								
Nonspendable:								
Loans receivable	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Restricted for rehabilitation programs	-	-	-	-	-	-	-	-
Committed to other purposes	-	5,012	26,616	78,178	52,637	1,570	1,118	2,050
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>5,012</u>	<u>26,616</u>	<u>78,178</u>	<u>52,637</u>	<u>1,570</u>	<u>1,118</u>	<u>2,050</u>
Total liabilities and fund balances	<u>\$ 79,710</u>	<u>\$ 5,012</u>	<u>\$ 37,230</u>	<u>\$ 78,178</u>	<u>\$ 52,637</u>	<u>\$ 1,570</u>	<u>\$ 1,118</u>	<u>\$ 5,551</u>

(Continued)

See accompanying Independent Auditor's Report .

TOWN OF PUTNAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2015

	Dog Fund	Town Aid Road Grant Fund	After School Program Fund	Medicare Special Education Fund	School Readiness & Family Resource Fund	Cafeteria Fund	Wholesome Food Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 152,895	\$ 404,542	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Grants and contracts	-	-	-	-	-	159,772	-
Loans, net	-	-	-	-	-	-	-
Other	72	-	-	4,950	-	-	-
Due from other funds	4,903	444,545	27,434	196,647	-	-	2,885
Other assets	-	-	-	-	-	10,521	-
Total assets	<u>\$ 4,975</u>	<u>\$ 444,545</u>	<u>\$ 27,434</u>	<u>\$ 201,597</u>	<u>\$ 152,895</u>	<u>\$ 574,835</u>	<u>\$ 2,885</u>
LIABILITIES							
Accounts payable	\$ 2,326	\$ 1,778	\$ -	\$ -	\$ -	\$ 10,567	\$ -
Due to other funds	-	-	-	-	38,052	299,392	-
Unearned revenue	-	442,767	-	-	-	-	-
Total liabilities	<u>2,326</u>	<u>444,545</u>	<u>-</u>	<u>-</u>	<u>38,052</u>	<u>309,959</u>	<u>-</u>
FUND BALANCES							
Nonspendable:							
Loans receivable	-	-	-	-	-	-	-
Other	-	-	-	-	-	10,521	-
Restricted for rehabilitation programs	-	-	-	-	-	-	-
Committed to other purposes	2,649	-	27,434	201,597	114,843	254,355	2,885
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>2,649</u>	<u>-</u>	<u>27,434</u>	<u>201,597</u>	<u>114,843</u>	<u>264,876</u>	<u>2,885</u>
Total liabilities and fund balances	<u>\$ 4,975</u>	<u>\$ 444,545</u>	<u>\$ 27,434</u>	<u>\$ 201,597</u>	<u>\$ 152,895</u>	<u>\$ 574,835</u>	<u>\$ 2,885</u>

(Continued)

See accompanying Independent Auditor's Report .

**TOWN OF PUTNAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2015**

	Saturday Farmers' Market Fund	Preservation of Open Space Grant Fund	School Facilities Fund	ADA Curbcuts Fund	Cargill Falls Brownfield Fund	Stop Grant Fund	Total Nonmajor Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 2,765	\$ -	\$ 2,706	\$ -	\$ -	\$ -	\$ 1,282,816
Investments	-	-	-	-	-	-	381,351
Receivables:							
Grants and contracts	-	-	-	-	57,417	15,192	317,642
Loans, net	-	-	-	-	-	-	424,655
Other	343	-	-	-	-	-	51,753
Due from other funds	2,317	-	-	-	-	-	908,299
Other assets	-	-	-	-	-	-	10,521
Total assets	<u>\$ 5,425</u>	<u>\$ -</u>	<u>\$ 2,706</u>	<u>\$ -</u>	<u>\$ 57,417</u>	<u>\$ 15,192</u>	<u>\$ 3,377,037</u>
LIABILITIES							
Accounts payable	\$ 360	\$ -	\$ -	\$ -	\$ 8,671	\$ 1,055	\$ 86,631
Due to other funds	-	438	-	1,200	48,746	14,137	515,310
Unearned revenue	-	-	-	-	-	-	465,730
Total liabilities	<u>360</u>	<u>438</u>	<u>-</u>	<u>1,200</u>	<u>57,417</u>	<u>15,192</u>	<u>1,067,671</u>
FUND BALANCES							
Nonspendable:							
Loans receivable	-	-	-	-	-	-	424,655
Other	-	-	-	-	-	-	20,536
Restricted for rehabilitation programs	-	-	-	-	-	-	521,627
Committed to other purposes	5,065	-	2,706	-	-	-	1,344,186
Unassigned	-	(438)	-	(1,200)	-	-	(1,638)
Total fund balances	<u>5,065</u>	<u>(438)</u>	<u>2,706</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>2,309,366</u>
Total liabilities and fund balances	<u>\$ 5,425</u>	<u>\$ -</u>	<u>\$ 2,706</u>	<u>\$ -</u>	<u>\$ 57,417</u>	<u>\$ 15,192</u>	<u>\$ 3,377,037</u>

(Concluded)

See accompanying Independent Auditor's Report.

TOWN OF PUTNAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Economic and Community Development Loan Fund	Library Fund	Cargill Mills & Main Street Fund	Youth Advisory Board Fund	Pride Fund	Pay Per Sticker Program Fund	88 Main Street Grant Fund	Gravel Sales Fund
REVENUES								
Intergovernmental	\$ 225,991	\$ 11,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	39,062	-	-	-	-	164,133	-	69,188
Investment income	3,125	6,213	-	-	-	1,773	-	-
Other	3,128	3,170	-	-	5,988	-	-	-
Total revenues	<u>271,306</u>	<u>20,838</u>	<u>-</u>	<u>-</u>	<u>5,988</u>	<u>165,906</u>	<u>-</u>	<u>69,188</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	29,918
Culture and recreation	-	15,466	-	-	-	-	-	-
Sanitation	-	-	-	-	-	151,841	-	-
Community and social services	-	-	-	-	766	-	-	-
Economic development	572,079	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Total expenditures	<u>572,079</u>	<u>15,466</u>	<u>-</u>	<u>-</u>	<u>766</u>	<u>151,841</u>	<u>-</u>	<u>29,918</u>
Excess (deficiency) of revenues over expenditures	(300,773)	5,372	-	-	5,222	14,065	-	39,270
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of assets	450,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(26,961)
Total other financing sources (uses)	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,961)</u>
Net change in fund balances	149,227	5,372	-	-	5,222	14,065	-	12,309
Fund balances - beginning	<u>797,055</u>	<u>324,448</u>	<u>1,000</u>	<u>172</u>	<u>2,047</u>	<u>182,351</u>	<u>-</u>	<u>28,500</u>
Fund balances - ending	<u>\$ 946,282</u>	<u>\$ 329,820</u>	<u>\$ 1,000</u>	<u>\$ 172</u>	<u>\$ 7,269</u>	<u>\$ 196,416</u>	<u>\$ -</u>	<u>\$ 40,809</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF PUTNAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Drug Prevention Grant Fund	Arts Council Fund	Miscellaneous Grant Fund	Interscholastic Sports Fund	Preservation Fees Fund	Recreation Donation Fund	Bandstand Donation Fund	Community Garden Fund
REVENUES								
Intergovernmental	\$ 95,811	\$ -	\$ 30,559	\$ -	\$ -	\$ -	\$ -	\$ 5,551
Charges for services	-	-	-	8,332	3,736	-	-	-
Investment income	-	-	-	-	-	-	-	-
Other	-	628	17,989	-	-	-	-	1,030
Total revenues	<u>95,811</u>	<u>628</u>	<u>48,548</u>	<u>8,332</u>	<u>3,736</u>	<u>-</u>	<u>-</u>	<u>6,581</u>
EXPENDITURES								
Current:								
General government	-	-	29,399	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Culture and recreation	-	830	-	11,395	-	1,983	-	-
Sanitation	-	-	-	-	-	-	-	-
Community and social services	95,811	-	-	-	-	-	-	1,770
Economic development	-	-	-	-	-	-	-	-
Education	-	-	18,379	-	-	-	-	-
Total expenditures	<u>95,811</u>	<u>830</u>	<u>47,778</u>	<u>11,395</u>	<u>-</u>	<u>1,983</u>	<u>-</u>	<u>1,770</u>
Excess (deficiency) of revenues over expenditures	-	(202)	770	(3,063)	3,736	(1,983)	-	4,811
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of assets	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(202)	770	(3,063)	3,736	(1,983)	-	4,811
Fund balances - beginning	<u>-</u>	<u>5,214</u>	<u>25,846</u>	<u>81,241</u>	<u>48,901</u>	<u>3,553</u>	<u>1,118</u>	<u>(2,761)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,012</u>	<u>\$ 26,616</u>	<u>\$ 78,178</u>	<u>\$ 52,637</u>	<u>\$ 1,570</u>	<u>\$ 1,118</u>	<u>\$ 2,050</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF PUTNAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Dog Fund</u>	<u>Town Aid Road Grant Fund</u>	<u>After School Program Fund</u>	<u>Medicare Special Education Fund</u>	<u>School Readiness & Family Resource Fund</u>	<u>Cafeteria Fund</u>	<u>Wholesome Food Fund</u>
REVENUES							
Intergovernmental	\$ -	\$ 72,406	\$ -	\$ -	\$ -	\$ 674,860	\$ -
Charges for services	5,544	-	36,755	-	190,209	197,039	-
Investment income	-	-	-	-	-	1,268	-
Other	-	-	-	79,715	-	-	-
Total revenues	<u>5,544</u>	<u>72,406</u>	<u>36,755</u>	<u>79,715</u>	<u>190,209</u>	<u>873,167</u>	<u>-</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	1,978	-	-	-	-	-	-
Public works	-	72,406	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	15,095
Economic development	-	-	-	-	-	-	-
Education	-	-	-	28,980	173,992	884,380	-
Total expenditures	<u>1,978</u>	<u>72,406</u>	<u>-</u>	<u>28,980</u>	<u>173,992</u>	<u>884,380</u>	<u>15,095</u>
Excess (deficiency) of revenues over expenditures	3,566	-	36,755	50,735	16,217	(11,213)	(15,095)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	-	-	-	-	-	-	-
Transfers out	-	-	(13,825)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(13,825)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,566	-	22,930	50,735	16,217	(11,213)	(15,095)
Fund balances - beginning	<u>(917)</u>	<u>-</u>	<u>4,504</u>	<u>150,862</u>	<u>98,626</u>	<u>276,089</u>	<u>17,980</u>
Fund balances - ending	<u>\$ 2,649</u>	<u>\$ -</u>	<u>\$ 27,434</u>	<u>\$ 201,597</u>	<u>\$ 114,843</u>	<u>\$ 264,876</u>	<u>\$ 2,885</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF PUTNAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Saturday Farmers' Market Fund	Preservation of Open Space Grant Fund	School Facilities Fund	ADA Curbcuts Fund	Cargill Falls Brownfield Fund	Stop Grant Fund	Total Nonmajor Special Revenue Funds
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 41,152	\$ 16,661	\$ 1,174,446
Charges for services	4,338	-	9,436	-	-	-	727,772
Investment income	-	-	-	-	-	-	12,379
Other	-	-	-	-	-	-	111,648
Total revenues	<u>4,338</u>	<u>-</u>	<u>9,436</u>	<u>-</u>	<u>41,152</u>	<u>16,661</u>	<u>2,026,245</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	29,399
Public safety	-	-	-	-	-	-	1,978
Public works	-	-	-	-	-	-	102,324
Culture and recreation	1,302	-	-	-	-	-	30,976
Sanitation	-	-	-	-	-	-	151,841
Community and social services	-	-	-	-	-	16,661	130,103
Economic development	-	-	-	-	41,152	-	613,231
Education	-	-	21,699	-	-	-	1,127,430
Total expenditures	<u>1,302</u>	<u>-</u>	<u>21,699</u>	<u>-</u>	<u>41,152</u>	<u>16,661</u>	<u>2,187,282</u>
Excess (deficiency) of revenues over expenditures	3,036	-	(12,263)	-	-	-	(161,037)
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	-	-	-	-	-	-	450,000
Transfers out	-	-	-	-	-	-	(40,786)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>409,214</u>
Net change in fund balances	3,036	-	(12,263)	-	-	-	248,177
Fund balances - beginning	<u>2,029</u>	<u>(438)</u>	<u>14,969</u>	<u>(1,200)</u>	<u>-</u>	<u>-</u>	<u>2,061,189</u>
Fund balances - ending	<u>\$ 5,065</u>	<u>\$ (438)</u>	<u>\$ 2,706</u>	<u>\$ (1,200)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,309,366</u>

(Concluded)

See accompanying Independent Auditor's Report.

**TOWN OF PUTNAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2015**

	Capital Non-Recurring Funds	5 - Year Capital Non-Recurring Fund	Capital Projects Funds	Total Nonmajor Capital Projects Funds
ASSETS				
Grants and contracts receivable	\$ -	\$ 43,560	\$ 427,240	\$ 470,800
Due from other funds	279,343	239,139	2,515,649	3,034,131
Total assets	<u>\$ 279,343</u>	<u>\$ 282,699</u>	<u>\$ 2,942,889</u>	<u>\$ 3,504,931</u>
LIABILITIES				
Accounts payable	\$ -	\$ 67,239	\$ 898,715	\$ 965,954
Notes payable	-	-	600,000	600,000
Due to other funds	-	-	157,455	157,455
Unearned revenue	-	289,488	1,334,477	1,623,965
Advance from other fund	-	584,758	-	584,758
Total liabilities	<u>-</u>	<u>941,485</u>	<u>2,990,647</u>	<u>3,932,132</u>
FUND BALANCES				
Restricted for capital purposes	-	-	442,284	442,284
Committed to capital purposes	279,343	-	109,958	389,301
Unassigned	-	(658,786)	(600,000)	(1,258,786)
Total fund balances	<u>279,343</u>	<u>(658,786)</u>	<u>(47,758)</u>	<u>(427,201)</u>
Total liabilities and fund balances	<u>\$ 279,343</u>	<u>\$ 282,699</u>	<u>\$ 2,942,889</u>	<u>\$ 3,504,931</u>

See accompanying Independent Auditor's Report .

TOWN OF PUTNAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Non-Recurring Fund	5 - Year Capital Non-Recurring Fund	Capital Projects Fund	Total Nonmajor Capital Projects Funds
REVENUES				
Intergovernmental	\$ -	\$ 60,105	\$ 2,090,256	\$ 2,150,361
Other	-	-	32,600	32,600
Total revenues	<u>-</u>	<u>60,105</u>	<u>2,122,856</u>	<u>2,182,961</u>
EXPENDITURES				
Capital outlays	600	469,067	2,473,380	2,943,047
Total expenditures	<u>600</u>	<u>469,067</u>	<u>2,473,380</u>	<u>2,943,047</u>
Deficiency of revenues over expenditures	(600)	(408,962)	(350,524)	(760,086)
OTHER FINANCING SOURCES				
Premium from issuance of notes	-	-	1,116	1,116
Transfers in	85,000	225,544	26,961	337,505
Total other financing sources	<u>85,000</u>	<u>225,544</u>	<u>28,077</u>	<u>338,621</u>
Net change in fund balances	84,400	(183,418)	(322,447)	(421,465)
Fund balances - beginning	<u>194,943</u>	<u>(475,368)</u>	<u>274,689</u>	<u>(5,736)</u>
Fund balances - ending	<u>\$ 279,343</u>	<u>\$ (658,786)</u>	<u>\$ (47,758)</u>	<u>\$ (427,201)</u>

See accompanying Independent Auditor's Report.

FIDUCIARY FUNDS

TOWN OF PUTNAM, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2015

	Student Activity Fund - Putnam Elementary School	Student Activity Fund - Putnam Middle School	Student Activity Fund - Putnam High School	Student Activity Fund - Family Resource Center	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 8,510	\$ 25,038	\$ 59,117	\$ 7,877	\$ 100,542
Total assets	<u>\$ 8,510</u>	<u>\$ 25,038</u>	<u>\$ 59,117</u>	<u>\$ 7,877</u>	<u>\$ 100,542</u>
LIABILITIES					
Due to others	\$ 8,510	\$ 25,038	\$ 59,117	\$ 7,877	\$ 100,542
Total liabilities	<u>\$ 8,510</u>	<u>\$ 25,038</u>	<u>\$ 59,117</u>	<u>\$ 7,877</u>	<u>\$ 100,542</u>

See accompanying Independent Auditor's Report .

**TOWN OF PUTNAM, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance, June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2015</u>
Student Activity Funds				
Assets				
Cash and cash equivalents:				
Putnam Elementary School	\$ 6,725	\$ 19,068	\$ 17,283	\$ 8,510
Putnam Middle School	22,434	53,356	50,752	25,038
Putnam High School	51,020	70,336	62,239	59,117
Family Resource Center	11,616	8,181	11,920	7,877
Total assets	<u>\$ 91,795</u>	<u>\$ 150,941</u>	<u>\$ 142,194</u>	<u>\$ 100,542</u>
Liabilities				
Due to others	<u>\$ 91,795</u>	<u>\$ 150,941</u>	<u>\$ 142,194</u>	<u>\$ 100,542</u>

See accompanying Independent Auditor's Report.