CITY OF DERBY, CONNECTICUT

AUDITED FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015



CITY OF DERBY, CONNECTICUT
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor,
Members of the Board of Aldermen and
Members of the Board of Apportionment and Taxation
City of Derby, 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 City of Derby, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City'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 City of Derby, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages and schedules of employer contributions, changes in the net pension liability and related ratios and City's Municipal Employers' Retirement System Contributions on pages 6-13 and 61-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 City of Derby, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statement, the schedule of property taxes levied, collected and outstanding-general fund and the schedule of nationally recognized municipal security information repository are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 on our consideration of the City of Derby, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Derby, Connecticut's internal control over financial reporting and compliance.

Michaud Accavallo Woodbridge & Cusano, LLC

Ansonia, Connecticut
April 1, 2016

As management of the City of Derby, Connecticut (City), we offer readers of the City's financial statements this narrative overview and analysis of the financing activities of the City for the fiscal year ended June 30, 2015. All amounts, unless otherwise indicated, are expressed in thousands of dollars ($000).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $44,675 (*net position*).
- The government's total net position increased by $1,505.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund deficit of $7,641, a decrease in the deficiency of $2,017 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was $2,101 or 4.73 % of total general fund expenditures.
- The City's governmental funds total debt increased by $616 (2.15%) during the current fiscal year.
- The City's business-type activities total debt decreased by $224 (19.30%) during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City'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 required 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 City's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government'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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the City 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 City include general government, education, public safety, public works, and human services. The business-type activity of the City includes the Water Pollution Control Authority and the Parking Authority.

The government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements — A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City maintains fifteen individual governmental funds. 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 Library Endowment, the Middle School Building Project, School Roof 2014 and the Sewer 2015 funds, all of which are considered to be major funds. Data from the other nine 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.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Proprietary Funds — The City maintains two proprietary funds. These e*nterprise funds* are used to report the business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its Water Pollution Control Authority and its Parking Authority.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Water Pollution Control Authority, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary Funds — Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-61 of this report.

Required Supplementary Information — In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on page 63-65 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining fund statements and schedules can be found on pages 66-80 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of City, assets exceeded liabilities by $44,675 (Net position) at the close of the fiscal year ended June 30, 2015.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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.

City's Net position ($000)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 9,422	$ 10,227	$ 2,487	$ 1,904	$ 11,909	$ 12,131
Capital assets	72,588	68,766	5,799	5,802	78,387	74,568
Total assets	82,010	78,993	8,286	7,706	90,296	86,699
Deferred outflows of resopurces	994	-	-	-	994	-
Long-term liabilities outstanding	$ 29,263	24,208	937	1,161	30,200	25,369
Other liabilities	16,020	13,437	395	284	16,415	13,721
Total liabilites	45,283	37,645	1,332	1,445	46,615	39,090
Net assets:						
Invested in capital assets, net of related debt	51,285	49,051	4,862	4,641	56,147	53,692
Restricted	11	9	-	-	11	9
Unrestricted	(13,575)	(7,712)	2,092	1,620	(11,483)	(6,092)
Total net position	$ 37,721	$ 41,348	6,954	$ 6,261	$ 44,675	$ 47,609

At the close of the fiscal year ended June 30, 2015, the City is able to report positive balances in all categories of net position as a whole for its separate governmental and business-type activities. All categories in the prior year were able to report positive net asset numbers.

The government total net position increased by $1,505 in the current fiscal year. The majority of this increase was due to revenues outstripping expenses with the majority of the increase in revenues due to the City receiving more in capital grants and property tax revenues.

Governmental Activities — Governmental activities increased the City's net position by $812, thereby accounting for the majority of the increase in the net position of City. Key elements of this increase are as follows:

CITY'S CHANGES IN NET POSITION ($000)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues:						
Charges for services	$ 910	$ 844	$ 3,083	$ 2,943	$ 3,993	$ 3,787
Operating grants and contributions	12,498	12,356	-	-	12,498	12,356
Capital Grants and contributions	4,087	641	-	-	4,087	641
General revenues:						
Property Taxes	26,873	26,248	-	-	26,873	26,248
Grants and contributions not restricted to specific programs	2,916	4,785	-	-	2,916	4,785
Unrestricted investment earnings	173	79	1	2	174	81
TOTAL REVENUES	47,457	44,953	3,084	2,945	50,541	47,898
EXPENSES						
General government	12,738	12,633	-	-	12,738	12,633
Public works	4,182	3,599	2,391	2,373	6,573	5,972
Public safety	4,296	4,966	-	-	4,296	4,966
Culture and recreation	1,289	1,229	-	-	1,289	1,229
Health and welfare	1,037	1,078	-	-	1,037	1,078
Education	22,580	21,523	-	-	22,580	21,523
Capital outlay	197	482	-	-	197	482
Debt service	326	376	-	-	326	376
TOTAL EXPENSES	46,645	45,886	2,391	2,373	49,036	48,259
INCREASE(DECREASE) IN NET ASSETS	812	(933)	693	572	1,505	(361)
Net position at beginning of year, as restated for July 1, 2014	36,909	42,281	6,261	5,689	43,170	47,970
NET POSITION, ending	$ 37,721	$ 41,348	$ 6,954	$ 6,261	$ 44,675	$ 47,609

Business-type Activities — Business-type activities increased the City's net position by $693. The key element of this decrease is as follows.

- The Water Pollution Control Authority revenues were significantly higher than expenses by $693, due to increased revenues and reduced expenses compared to the previous year.

FUNDS FINANCIAL ANALYSIS

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance-deficit of $7,640, a increase in the deficiency of $2,017 in comparison with the prior year. This deficit is primarily caused by the Middle School Building Project fund deficit ($8,852) and School Roof 2014($1,900) Projects which will be eliminated with a future bond issue.
The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the unassigned fund was $2,101. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total general fund expenditures of $44,374. Unreserved and total fund balance represents 4.73% of total general fund expenditures.

The general fund balance decreased by $616, during the current fiscal year. Key factors in this incline are as follows:

- An increase in General Government expenditures of $747.
- An increase in public works of $191.
- An increase in Board of Education expenditures of $636.
- An increase in Board of Education grant expenditures of $775 which are offset against grant revenues.
- An decrease in Capital Outlay of $307.

Proprietary Funds — The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water Pollution Control Authority at the end of the year amounted to $6,249 of which $4,212 represents an investment in capital assets net of related debt. Net position of the Parking Authority at the end of the year amounted to $707 of which $649 represents an investment in capital assets net of related debt. The total increase in net position for the Business-Type Activities- Enterprise Fund was $693. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget ($2,345 increase in appropriations) can be briefly summarized as follows:

- $986 in increases in Board of Education-grants due to grant monies being given to the Board of Education.
- $794 in decreases in General Government which was primarily due to reacting to increases in other department's budgets.
- $223 in increases in public works primarily due to overtime wages.
- $475 in increases in Capital Outlay which was primarily due to appropriating additional grant monies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets — The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to $78,387 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, machinery and equipment, and infrastructure. The total decrease in the City's governmental activities investment in capital assets for the current fiscal year was $3,822 an increase of 6.07% for governmental activities and a $3 decrease of less than 1% for business-type activities.

City's Capital Assets ($000)
(Net of depreciation)

	Governmental Activities	Business-type Activities	Total
Land	$ 5,795	$ 595	$ 6,390
Buildings and system	44,129	4,099	48,228
Machinery and equipment	1,489	1,105	2,594
Infrastructure	21,175	-	21,175
	$ 72,588	$ 5,799	$ 78,387

Additional information on the City's capital assets can be found in Note 7 of this report.

LONG TERM DEBT

Long-Term Debt — At the end of the current fiscal year, the City and WPCA had total bonded debt and notes payable outstanding of $7,070 and $937 (including a capital lease of $239), respectively. This amount is backed by the full faith and credit of the government.

Net Pension Liability — At the end of the current fiscal year, the City had total net pension obligation of $4,997. This obligation decreased $79 during the fiscal year.

Other Post-Employment Benefits – At the end of the current fiscal year, the City had total other post-employment benefit obligation of $13,508. This obligation increased $2,111 during the fiscal year.

City's Outstanding Debt ($000)
General Obligation Bonds

	Principal	Interest
Governmental Activities		
Due in one year	$ 904	$ 147
Due in 2 to 6 years	3,711	552
Due in 7 to 11 years	2,130	228
Due in 12 to 16 years	325	7
	$ 7,070	933
Business-type Activities		
Due in one year	$ 168	$ 16
Due in the next 2 to 6 years	530	22
Due in the next 7 to 10 years	-	-
	$ 698	$ 38

The City's governmental activities total debt increased by $616 (2.15%) and business type activities decreased by $224 (19.30%) during the current fiscal year.

The City maintains an "AA-" rating from Standard & Poor's for general obligation debt.

The current debt limitation for the City is $197,275, which is significantly in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be found in Note 9 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- The unemployment rate for the County for the fiscal year decreased to 6.3% vs. 7.1% in the prior year, consistent with the Connecticut unemployment rate.
- The Connecticut state government has been reporting an anticipated deficit for 2015-2016, which will translate into decreased State aid to the City.
- Inflationary trends in the region are comparable to the national indices.

All of these factors were considered in preparing the City's budget for the 2015-2016 fiscal year.

During the current fiscal year, undesignated and unreserved fund balance in the general fund increased to $2,101. The City has not appropriated any amounts of fund balance for spending in the 2015-2016 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1 Elizabeth Street, Derby, Connecticut, 06418.

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BASIC FINANCIAL STATEMENTS

CITY OF DERBY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,622,785	$ 2,135,424	$ 7,758,209
Investments	1,103,977	-	1,103,977
Receivables:			
Property taxes, net of allowance for collection losses of $220,000	1,134,900	-	1,134,900
Special assessments, net of allowance for collection losses of $72,917	-	543,946	543,946
Intergovernmental	474,968	-	474,968
Other	348,060	168,468	516,528
Notes receivable	65,810	-	65,810
Inventories	5,315	-	5,315
Due from other funds	666,079	(360,898)	305,181
Capital assets (net of accumulated depreciation)			
Land	5,794,955	594,858	6,389,813
Buildings	44,129,300	4,099,092	48,228,392
Machinery and equipment	1,489,128	1,104,771	2,593,899
Construction in progress	-	-	-
Infrastructure	21,175,011	-	21,175,011
TOTAL ASSETS	$ 82,010,288	$ 8,285,661	$ 90,295,949
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	993,926	-	993,926
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 83,004,214	$ 8,285,661	$ 91,289,875
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable and accrued liabilities	$ 2,129,953	$ 394,593	$ 2,524,546
Deferred revenue - grants	310,254	-	310,254
Bonds anticipation notes	13,580,000	-	13,580,000
Notes Payable:			
Due within one year	6,113,508	225,157	6,338,665
Due in more than one year	23,149,602	712,008	23,861,610
TOTAL LIABILITIES	45,283,317	1,331,758	46,615,075
NET POSITION			
Investment in capital assets, net of related debt	51,285,408	4,861,556	56,146,964
Restricted for:			
Inventories	10,655	-	10,655
Unrestricted:			
Net position	(13,575,166)	2,092,347	(11,482,819)
TOTAL NET POSITION	37,720,897	6,953,903	44,674,800
TOTAL LIABILITIES AND NET POSITION	$ 83,004,214	$ 8,285,661	$ 91,289,875

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets Primary Government: Business- Type Activities	Net (Expense) Revenue and Changes in Net Assets Primary Government: Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ (12,737,778)	$ 356,643	$ 129,307	$ 143,509	$ (12,108,319)		$ (12,108,319)
Public works	(4,182,385)	5,427	-	266,710	(3,910,248)		(3,910,248)
Public safety	(4,296,082)	356,433	-	-	(3,939,649)		(3,939,649)
Culture and recreation	(1,288,932)	-	14,644	-	(1,274,288)		(1,274,288)
Health and welfare	(1,037,151)	191,024	496,002	-	(350,125)		(350,125)
Education	(22,579,866)	-	11,858,287	-	(10,721,579)		(10,721,579)
Capital outlay	(197,494)	-	-	3,676,496	3,479,002		3,479,002
Debt service	(325,572)	-	-	-	(325,572)		(325,572)
TOTAL GOVERNMENTAL ACTIVITIES	(46,645,260)	909,527	12,498,240	4,086,715	(29,150,778)		(29,150,778)
TOTAL BUSINESS-TYPE ACTIVITIES- SEWER AND PARKING AUTHORITY	(2,390,855)	3,083,265	-	-	-	$ 692,410	692,410
TOTAL PRIMARY GOVERNMENT	$ (49,036,115)	$ 3,992,792	$ 12,498,240	$ 4,086,715	(29,150,778)	692,410	(28,458,368)
GENERAL REVENUES							
Property taxes					26,873,450	-	26,873,450
Grants and contributions not restricted to specific programs					2,915,532	-	2,915,532
Unrestricted investment earnings					173,623	595	174,218
							-
TOTAL GENERAL REVENUES					29,962,605	595	29,963,200
CHANGE IN NET POSITION					811,827	693,005	1,504,832
NET POSITION AT JULY 1, 2014, AS RESTATED					36,909,070	6,260,898	43,169,968
NET POSITION AT JUNE 30, 2015					$ 37,720,897	$ 6,953,903	$ 44,674,800

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Library Endowment Fund	Middle School Building Project	School Roof 2014	Sewer 2015	Other Governmental Funds	Totals Governmental Funds
ASSETS							
Cash and cash equivalents	$ 1,528,077	$ 17,886	$ 43,303	566,924	1,976,130	$ 1,490,464	$ 5,622,784
Investments	-	1,103,977	-	-	-	-	1,103,977
Receivables:							
Property taxes, net of allowance of $220,000	1,134,900		-	-	-	-	1,134,900
Intergovernmental	337,937		-	-	-	137,031	474,968
Other	348,060		-	-	-	65,810	413,870
Inventories	-		-	-	-	5,315	5,315
Due from other funds	1,055,601	-	-	-	-	236,357	1,291,958
TOTAL ASSETS	$ 4,404,575	$ 1,121,863	$ 43,303	$ 566,924	$1,976,130	$ 1,934,977	$ 10,047,772
LIABILITIES							
Accounts payable and accrued liabilities	$ 1,183,440	$ -	$ 186,715	$ 172,239	247,317	$ 340,241	$ 2,129,952
Bond anticipation notes payable	-	-	8,680,000	1,900,000	2,000,000	1,000,000	13,580,000
Due to other funds	-	-	28,675	394,685	-	202,519	625,879
TOTAL LIABILITIES	1,183,440	-	8,895,390	2,466,924	2,247,317	1,542,760	16,335,831
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue-taxes	1,042,538	-	-	-	-	-	1,042,538
Deferred revenue-grants	78,027	-	-	-	-	232,227	310,254
	1,120,565	-	-	-	-	232,227	1,352,792
FUND BALANCES(DEFICITS)							
Nonspendable	-	-	-	-	-	10,655	10,655
Restricted	-	-	-	-	(271,187)	178,555	(92,632)
Assigned	-	1,121,863	-	-	-	44,840	1,166,703
Unassigned	2,100,570	-	(8,852,087)	(1,900,000)	-	(74,060)	(8,725,577)
TOTAL FUND BALANCES (DEFICIT)	2,100,570	1,121,863	(8,852,087)	(1,900,000)	(271,187)	159,990	(7,640,851)
TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,404,575	$ 1,121,863	$ 43,303	$ 566,924	$1,976,130	$ 1,934,977	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							72,588,394
Long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.							1,042,538
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.							993,926
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.							(29,263,110)
Net position of governmental activities							$ 37,720,897

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

	General	Library Endowment Fund	Middle School Building Project	School Roof 2014	Sewer 2015	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 27,110,958	$ -	$ -	$ -	$ -	$ -	$ 27,110,958
Interest and lien fees	690,855	-	-	-	-	-	690,855
Intergovernmental	14,130,654	-	-	3,615,397	-	589,519	18,335,570
City departments	2,267,729	-	-	-	-	191,024	2,458,753
Net increase in fair market value of investments	-	128,338	-	-	-	-	128,338
Other	-	6,561	-	-	-	-	6,561
Investment income	69	15	61,098	-	-	45,369	106,551
TOTAL REVENUES	44,200,265	134,914	61,098	3,615,397	-	825,912	48,837,586
EXPENDITURES							
Current:							
General government	11,211,160	-	-	-	-	-	11,211,160
Public safety	4,197,713	-	-	-	-	-	4,197,713
Public works	3,411,236	-	-	-	-	-	3,411,236
Culture and recreation	913,398	4,369	-	-	-	166	917,933
Health and welfare	283,205	-	-	-	-	678,544	961,749
Board of education-operations	19,004,407	-	-	-	-	-	19,004,407
Board of education-grants	3,103,777		-	-	-	-	3,103,777
Capital outlay	993,446	-	61,579	5,122,262	363,072	251,270	6,791,629
Debt service:							
Principal retirement	890,600	-	-	-	-	-	890,600
Interest on bonds	364,877	-	-	-	-	-	364,877
TOTAL EXPENDITURES	44,373,819	4,369	61,579	5,122,262	363,072	929,980	50,855,081
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(173,554)	130,545	(481)	(1,506,865)	(363,072)	(104,068)	(2,017,495)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	353,675	(2,685)	91,885	-	442,875
Operating transfers out	(442,875)	-	-	-	-	-	(442,875)
TOTAL OTHER FINANCING (USES) SOURCES	(442,875)	-	353,675	(2,685)	91,885	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(616,429)	130,545	353,194	(1,509,550)	(271,187)	(104,068)	(2,017,495)
Fund balance(deficit) at July 1, 2014	2,716,999	991,318	(9,205,281)	(390,450)	-	264,058	(5,623,356)
FUND BALANCES (DEFICIT) AT JUNE 30, 2015	$ 2,100,570	$ 1,121,863	$ (8,852,087)	$ (1,900,000)	$ (271,187)	$ 159,990	$ (7,640,851)

See notes to financial statements.

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ (2,017,495)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,822,549
Revenues that are reported as in the year revenues provide current financial resources to governmental funds.	(1,371,183)
City pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	1,072,153
Pension expense	
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(694,197)
Change in Net Position	$ 811,827

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Final Budget-
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Property taxes	$ 26,285,392	$ 26,635,392	$ 27,110,958	$ 475,566
Interest and lien fees	100,000	400,000	690,855	290,855
Intergovernmental	10,095,159	11,263,493	11,932,671	669,178
Investment income	15,000	15,000	69	(14,931)
City departments	1,798,777	2,767,974	2,267,729	(500,245)
TOTAL REVENUES	38,294,328	41,081,859	42,002,282	920,423
EXPENDITURES				
Current				
General government	10,970,802	11,765,186	11,211,160	554,026
Public safety	4,018,218	4,100,480	4,197,713	(97,233)
Public works	3,193,611	3,417,563	3,411,236	6,327
Culture and recreation	951,498	969,998	913,398	56,600
Health and welfare	215,918	289,272	283,205	6,067
Board of Education-operations	16,583,315	16,715,945	16,806,424	(90,479)
Board of Education-grants	-	986,834	3,103,777	(2,116,943)
Capital outlay	520,966	996,581	993,446	3,135
Debt service				
Principal retirements	1,410,900	968,025	826,377	141,648
Interest on bonds	429,100	429,100	429,100	-
TOTAL EXPENDITURES	38,294,328	40,638,984	42,175,836	(1,536,852)
EXCESS OF REVENUES OVER EXPENDITURES	-	442,875	(173,554)	(616,429)
OTHER FINANCING USES				
Operating transfers out	-	442,875	442,875	-
TOTAL OTHER FINANCING USES	-	442,875	442,875	-
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ -	$ -	(616,429)	$ (616,429)
Fund balance at July 1, 2014			2,716,999	
FUND BALANCE AT JUNE 30, 2015			$ 2,100,570	

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Pollution Control Authority	**Parking Authority**	**Total**
ASSETS			
CURRENT ASSETS			
Cash	$ 2,099,735	$ 35,689	$ 2,135,424
Sewer assessments receivable (net of allowance for uncollectible of $3232)	543,946	-	543,946
Grant receivable	145,303		145,303
Accounts receivable	-	23,165	23,165
TOTAL CURRENT ASSETS	2,788,984	58,854	2,847,838
CAPITAL ASSETS (net of accumulated depreciation)			
Land	212,500	382,358	594,858
Buildings	3,842,005	257,088	4,099,093
Machinery and equipment	1,095,429	9,342	1,104,771
	5,149,934	648,788	5,798,722
TOTAL ASSETS	$ 7,938,918	$ 707,642	$ 8,646,560
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$ 394,251	343	$ 394,594
Due to other funds	358,302	2,595	360,897
Capital lease-current portion	56,785	-	56,785
Bonds and loan payable-current portion	168,372	-	168,372
TOTAL CURRENT LIABILTIES	977,710	2,938	980,648
NONCURRENT LIABILITIES			
Capital lease	182,344	-	182,344
Bonds and loan payable	529,664	-	529,664
TOTAL LIABILITIES	1,689,718	2,938	1,692,656
NET POSITION			
Investment in capital assets, net of related debt	4,212,769	648,788	4,861,557
Unrestricted	2,036,431	55,916	2,092,347
TOTAL NET POSITION	6,249,200	704,704	6,953,904
TOTAL LIABILITIES AND NET POSITION	$ 7,938,918	$ 707,642	$ 8,646,560

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business Type Activities- Enterprise Funds		
	Water Pollution Control Authority	**Parking Authority**	**Total**
OPERATING REVENUES			
Sewer usage fees	$ 2,477,241	$ -	$ 2,477,241
Rental and fees	-	221,867	221,867
Other revenues	117,483	-	117,483
Interest and lien fees	136,571	-	136,571
Total operating revenues	2,731,295	221,867	2,953,162
OPERATING EXPENSES	2,141,773	228,690	2,370,463
OPERATING INCOME(LOSS)	589,522	(6,823)	582,699
NONOPERATING REVENUES (EXPENSES)			
Grant income	130,105	-	130,105
Interest income	583	12	595
Interest expense	(19,793)	(600)	(20,393)
Total nonoperating income(expense)	110,895	(588)	110,307
CHANGE IN NET POSITION	700,417	(7,411)	693,006
Net position at July 1, 2014	5,548,783	712,115	6,260,898
NET POSITION AT JUNE 30, 2015	$ 6,249,200	$ 704,704	$ 6,953,904

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water Pollution Control Authority	Parking Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 2,787,994	$ 220,000	$ 3,007,994
Cash payments to suppliers	(780,962)	(203,624)	(984,586)
Cash payments to employees	(611,693)	(9,336)	(621,029)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,395,339	7,040	1,402,379
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental revenues	130,105	-	130,105
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES			
Purchase of capital assets	(269,508)	(23,074)	(292,582)
Payment of principal and interest	(243,861)	(600)	(244,461)
NET CASH USED IN CAPITAL AND FINANCING ACTIVITIES	(513,369)	(23,674)	(537,043)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	583	12	595
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,012,658	(16,622)	996,036
Cash and cash equivalents at July 1, 2014	1,087,077	52,311	1,139,388
Cash and cash equivalents at June 30, 2015	$ 2,099,735	$ 35,689	$ 2,135,424
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss) from operations	$ 589,522	$ (6,823)	$ 582,699
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	277,188	18,632	295,820
Changes in assets and liabilities:			
Accounts receivable	56,700	(1,867)	54,833
Accounts payable	113,627	(2,902)	110,725
Due to other funds	358,302	-	358,302
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,395,339	$ 7,040	$ 1,402,379

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 1,002,559
Investments, at fair value	12,558,483
Other receivables	-
TOTAL ASSETS	$ 13,561,042
LIABILITIES - other	-
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES	$ 13,561,042

See notes to financial statements.

CITY OF DERBY, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015

	Pension Trust Fund
ADDITIONS	
Contributions	
City of Derby	$ 572,000
Plan members	214,256
Total contributions	786,256
Investment income	
Net realized/unrealized gain on investments	511,027
Interest and dividends	43,634
	554,661
Less investment management fees	(55,036)
Net investment income	499,625
TOTAL ADDITIONS	1,285,881
DEDUCTIONS - benefits and other deductions	865,577
CHANGE IN NET POSITION	420,304
Net position held in trust for pension benefits at July 1, 2014	13,140,738
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AT JUNE 30, 2015	$ 13,561,042

See notes to financial statements.

NOTE 1 — REPORTING ENTITY, DESCRIPTION OF FUNDS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Derby, Connecticut, operates under a Mayor/Board of Alderman and Board of Apportionment and Taxation form of Government and provides services as authorized by its Charter including police and fire protection, education services, recreation and parks, health and welfare services and general administrative services.

The accounting policies of the City of Derby conform to generally accepted accounting principles as applicable to governmental units. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. A summary of the more significant policies are stated herein.

The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements confirm to accounting principles generally accepted in the United States of America as applicable to governments.

The reporting entity of the City of Derby, Connecticut includes all funds, account groups, agencies, boards, commissions and authorities over which the City presides. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Derby (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational and/or financial relationship with the City as blended component units.

The Water Pollution Control Authority (WPCA) of the City of Derby is an entity legally separate from the City, and is governed by a ten member board (Board of Apportionment and Taxation). For financial reporting purposes, the WPCA is reported as if it were part of the City's operation because its purpose is to provide sewer usage to the citizens of the City of Derby.

The Parking Authority of the City of Derby is an entity legally separate from the City, and is governed by the Office of the Mayor. For financial reporting purposes, the Parking Authority is reported as if it were part of the City's operations because its purpose is to provide parking to the citizens of the City of Derby.

The City of Derby Pension Plan is an entity legally separate from the City of Derby, and is governed by an eight member board appointed by the City's Mayor and Pension Charter. For financial reporting purposes, the City of Derby Pension Plan is reported as if it were part of the City's operations because its purpose is to provide retirement benefits to employees of the City of Derby.

Complete financial statements for the individual component units may be obtained at the entity's administrative offices as follows:

Derby Water Pollution Control Authority
1 Elizabeth Street
Derby, Connecticut 06418

City of Derby Pension Plan
1 Elizabeth Street
Derby, Connecticut 06418

The Parking Authority of Derby does not issue separate financial statements.

Accounting Estimates

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

Implementation of New Accounting Standards

For the year ended June 30, 2015, the County implemented the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, and GASB Statement No. 69, Government Combinations and Disposals of Governmental Operations. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension (assets and) liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.
Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days

after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year. Certain indirect costs are included in the program expense.
Those revenues susceptible to accrual are property taxes, special assessments and interest revenue. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.
The government reports the following major governmental funds:

(i) *General Fund* — The General Fund is the general operating fund of the City government. All unrestricted resources except those required to be accounted for in another fund are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt, and capital improvement costs of the City, which are not paid through a special fund.

(ii) *Library Endowment Fund* — THE LIBRARY ENDOWMENT FUND IS A PERMANENT FUND USED TO ACCOUNT FOR DONATIONS USED FOR THE BETTERMENT OF THE CITY'S LIBRARY. MONIES ARE RESTRICTED FOR THE INTENDED PURPOSE OF THE DONOR.

(iii) *Middle School Building Project* — The Middle School Building Project is a capital project fund used to account for funds which are principally used for construction of a new middle school.

(iv) *School Roof Project 2014* – is a capital project fund used to account for the improvements to the school buildings.

(v) *Sewer 2015* – is a capital project fund used to account for the improvements to the City Sewer's system.

The government reports the following major proprietary funds:

(i) *Water Pollution Control Authority* — The Water Pollution Control Authority accounts for the operations of the City's wastewater treatment plant. It is independent in terms of its relationship to other City functions. Its operations are financed from special assessments and direct charges to the users of the service.

Additionally, the government reports the following fund types:

(i) *Pension Trust Funds* — account for the activities of the City's Public Employee Retirement System defined benefit pension plans, which accumulate resources for pension, benefit payments to qualified employees.

(ii) *Agency Funds* — account for monies held as a custodian for outside groups and agencies.

(iii) *Permanent Funds* — account for monies that are legally restricted to the extent that only earnings and not principal may be used that support programs that benefit the government or its citizens.

Interfund activity has been eliminated from the government-wide financial statements except for charges between the government's sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Property Taxes — Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are

payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Liens are filed on delinquent real estate taxes within one year.

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 soon enough thereafter to be used to pay liabilities of the current period. Property taxes receivable, not expected to be collected within sixty days of year-end are reflected as deferred revenue.

Proprietary Funds – All proprietary funds are accounted using the accrual basis of accounting. These funds account for operations that are primarily financed through user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash Equivalents — The City considers all highly liquid investments and those with original maturities of three months or less to be cash equivalents.

Investments — Investments are stated at fair value. Fair value is determined based on quoted market prices.

Inventories — Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for the Board of Education School Lunch Program.

Interfund Transactions — Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditure/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

The three types of interfund transactions and the related accounting policies are as follows:

1. Transactions to reimburse the fund for expenditures made by it for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

2. Transactions to shift revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them. These transactions are recorded as transfers in to and out of the respective funds.

3. Transactions to record equity contributions between funds. The receiving fund records such transactions as a transfer in and an addition to fund balance. The disbursement fund records the transaction as a transfer out and a reduction of fund balance.

Capital Assets— Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business type activities columns in government-wide financial statements.

Governmental Activities

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the net asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Land improvements	20 years
Building and building improvements	25 – 50 years
Infrastructure	10 – 65 years
Machinery and equipment	5 – 20 years
Licensed vehicles	8 years

Proprietary Fund Types — Property, plant and equipment owned by the Proprietary Funds are recorded based on cost at acquisition or if contributed property, at fair market value at the time of contribution.

Assets capitalized have an original cost of $1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 – 50 years
Sewer System	30 – 50 years

Deferred Revenue — Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Deferred Outflows/Inflows of Resources —In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2015, no amounts were required to be reported as deferred outflows/inflows of resources.

Long-Term Obligations — In the government-wide financial statements, and proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Net Position — Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for debt service and special revenue funds. The balance is classified as unrestricted.

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

Nonspendable fund balance —amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance —when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for capital projects and debt service obligations and for other items contained in the Connecticut statutes.

Committed fund balance — amounts that can only be used for specific purposes pursuant to formal action of the City's highest level of decision making authority. The Board of Apportionment and Taxation and the Board of Selectmen are the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Board of Finance and Board of Representatives removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Apportionment and Taxation and the Board of Selectmen.

Assigned fund balance— in the General Fund, will represent amounts constrained by Board of Apportionment and Taxation and the Board of Selectmen for amounts assigned for balancing the subsequent year's budget or the Comptroller for amounts assigned for encumbrances. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance— in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

NOTE 2 — GOVERNMENT-WIDE FINANCIAL STATEMENTS

Beginning net position for governmental activities was determined as follows:

Fund balances of general, special revenue, capital project funds		
and permanent fund as of July 1, 2014	$	(5,623,356)
general fixed assets and infrastructure as ofJuly 1, 2014		105,095,318
Add: school construction grants receivable as of July 1, 2014		442,820
Add: tax revenue receivable as of July 1, 2014		1,970,900
Deduct: accumulated depreciation as of July 1, 2014		
on above governmental capital assets		(36,329,472)
Deduct: general obligation bonds payable as ofJuly 1, 2014		(7,982,900)
Deduct: bond premium as of July 1, 2014		(167,040)
Deduct: capital lease payable as of July 1, 2014		(364,050)
Deduct: net pension liability as of July 1, 2014		(5,076,257)
Deduct: OPEB obligation as of July 1, 2014		(11,396,486)
Deduct: compensation absences payable and other		
long-term liabilities as of July 1, 2014		(3,660,407)
NET POSITION AS OF JULY 1, 2014, as restated	$	36,909,070

NOTE 3 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities are reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $29,263,110 difference are as follows:

Bonds payable	$ 7,069,700
Bonds premium	150,335
Compensated absences	3,034,596
Net pension liability	4,997,530
Other post-employment obligations	13,507,998
Capital leases	141,565
Post-closure landfill	361,386
Net adjustment to reduce fund balance - total governmental	
funds to arrive at net position - governmental activities	$ 29,263,110

Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the net changes in fund balances – total governmental funds and the changes in net position of governmental

activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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 details of this $3,822,549 difference are as follows:

Capital outlay	$ 6,198,295
Depreciation expense	(2,375,746)
Net adjustment to decrease net changes in fund balances - total governmental funds, to arrive at changes in net position of governmental activities	$ 3,822,549

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases)" provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $1,584,855 difference are as follows:

Principal repayments/(increase in long-term liabilities):	
	$ 913,200
Bond premium	16,705
Other miscellaneous long-term liabilities	19,563
Capital leases	222,485
Net pension liability	(890,158)
Compensated absenses	244,862
Other post-employment obligations	(2,111,512)
Net adjustment to decrease net position in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (1,584,855)

NOTE 4 — BUDGETS AND BUDGETARY ACCOUNTING

General Fund

The City establishes its budget in accordance with provisions of the Connecticut General Statutes and its Charter. The Charter requires that the Board of Apportionment and Taxation shall lay such taxes as may be required upon the Grand List of the City, which shall have been made according to law, next before the laying of such tax. Each board of the City government and each officer of the City under whose control money is expended shall, on or before the first day of April of each year, submit to said Board an estimate of the amount of money required by such board or such officer for the next ensuing year, giving details as far as practicable. The Board of Apportionment and Taxation, at a meeting thereof to be held in May of each year, shall prepare an estimate of the amounts required by each department of the City government for the ensuing year, giving particulars as far as possible and recommending appropriations for all these expenses for said year and shall cause such estimates forthwith to be published in a newspaper published in New Haven County and having a circulation in said City. The Board of Apportionment and Taxation shall hold a meeting in May in each year, and may adjourn the same from time to time to a day not later than the last business day of May and at said meeting, or any adjournment thereof, it shall hear all parties who may desire to be heard relative to any alterations in such estimates and

appropriations, and may make any alterations in such estimates and appropriations, and may make such additional appropriations as it shall deem proper. The Board of Apportionment and Taxation, having made such alterations as it may determine, shall prepare a statement of appropriations and tax rates which it proposes to make and levy, and cause the same to be published in a newspaper published in New Haven County and having a circulation in said City, not later than three days after the last business day in May in said year. The Board of Apportionment and Taxation is authorized to make appropriations and lay taxes for all City purposes and for all other purposes required by law and may fix the time when any tax laid by it shall become due and payable. The Board of Apportionment and Taxation shall have no authority to make appropriations in excess of the revenues of the City for any year, and in no case shall the expenses of the City exceed its revenue for any year, except in cases and for purposes for which the City is authorized by special act of general assembly to issue bonds and when bonds are in fact issued. The budget for the current year was adopted by the Board of Apportionment and Taxation and transfers and supplemental appropriations were approved during the year in accordance with provisions of the Connecticut General Statutes and the Charter of the City of Derby.

Annual budgets are prepared and employed for management control for the General Fund. Appropriations typically lapse at year end, except appropriations for capital projects which continue until completion of the project. Supplemental appropriations in the amount of $2,344,656 were approved by the Board of Apportionment and Taxation during the fiscal year. The budget for the General Fund is presented on a basis consistent with generally accepted accounting principles.

The level of control for the General Fund is the legally adopted budget at the department/major activity level which is authorized by Charter. The level of control for Capital Projects Funds is the appropriations at the project level. Total expenditures cannot exceed total appropriations at the department/major activity level or the project authorization, over the length of the project. The level of control for Special Revenue Funds is at the project or program level in accordance with agreement provisions and various budgetary periods.

The City's formal budgeting system is employed as a management control device only for the General Fund and requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP) basis. The General Fund budget is prepared on the modified accrual basis of accounting. There are two major differences between the budget and GAAP basis. The first is the requirement of the City to report on-behalf contributions made by the State of Connecticut to the Connecticut Teacher's Retirement System, whereas on a budgetary basis these on-behalf payments are not reflected as expenditures. The second is the recording of revenue for items which should be reduction of expenses. A reconciliation between the accounting treatment for these items (the combined statements of revenues, expenditures and changes in fund balance), and the budgetary basis (the statement of revenues, expenditures and changes in fund balance-budget and actual-general fund) is as follows:

	Revenues	Expenditures	Fund Balance
Balance, budgetary basis at June 30, 2015	$ 42,002,282	$ 42,175,836	$ 2,100,570
State Teachers' Retirement on-behalf payments, not recognized for budgetary purposes	2,197,983	2,197,983	-
Balance, GAAP basis at June 30, 2015	$ 44,200,265	$ 44,373,819	$ 2,100,570

Encumbrances

Encumbrances, which are purchase orders, contracts and other legal commitments, are recorded in order to reserve the unexpended portion of the applicable appropriation. In the General Fund, encumbrances outstanding at year end are reported as reservations of fund balance since they do not constitute expenditures or liabilities and

provide the authority for the carryover of appropriations to the subsequent year in order to complete these transactions. As of June 30, 2015, there were no encumbrances outstanding.

Special Revenue Funds

The City does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets will carryover until completion of the grants.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

NOTE 5 — DEPOSITS AND INVESTMENTS

Deposits and Investment Balances

Following is a reconciliation of the City's deposit and investment balances as of June 30, 2015:

	Carrying and Fair Values
Deposits	$ 33,746,982
Money market accounts	202,193
Certificates of Deposit	1,129,940
	$ 35,079,115
Govt	5,622,785
Business	2,135,424
Fiduciary	27,320,906
	$ 35,079,115

At June 30, 2015, the carrying amount of the City's deposits was $35,079,115. The bank balances of funds on deposit totaled $36,056,428. Of the bank balances, $903,001 was covered by federal depository insurance, $3,566,343 was protected under provisions of the Connecticut General Statutes, which provide for protection against loss in excess of depository insurance through assessment against segregated collateral required to be maintained by public depositories, but not held in the City's name, and $31,5880,084 was uninsured and uncollateralized.

The level of the City's deposits varies significantly throughout the year as a result of higher cash flows during certain periods. As a result, uninsured and/or uncollateralized amounts at those times were substantially higher than at year-end.

Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer. Investing is performed in

accordance with investment policies adopted by the Board of Aldermen complying with State Statutes and the City Charter.

The City's investments are categorized as either (1) insured or registered, or securities held by the City or its agency in the City's name, (2) uninsured and unregistered, with securities held by the counterpart's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

The State statutes authorize the City to invest in obligations of the United States, including its agencies, in obligations of any state or of any political subdivision, authority or agency thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any recognized rating service; 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.

The pension and other trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, in stocks or bonds, or in other securities selected by the trustee with the care of a prudent investor.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City generally invests in certificates of deposit that mature in less than one year and mutual funds. The City follows the State Statutes as its investment policy.
The City's investments at June 30, 2015 are shown below:

	Cost	Carrying and Fair Values	Average Credit Quality Ratings	Weighted Average Maturity (Years)
Library Endowment Fund:				
Mutual funds-Equity	$ 975,639	$ 1,103,977	N/A	N/A
School Scholarship Fund:				
Mutual funds-Equity	34,059	34,059	N/A	N/A
Pension Trust Fund:				
Inestment at Beirn Wealth				
Stock				
SPDR S&P 500 ETF Ttrust Unit SER 1	595,847	740,031	N/A	N/A
Wisdomtree Trust Japan Hedge EQT	632,010	649,910	N/A	N/A
Other Stocks	990,073	986,317	N/A	N/A
Mutual funds-Equity				
Columbia Select LRG CAP Growth Clas	1,071,219	1,846,621	N/A	N/A
Columbia Dividend Income Fund CL Z	1,062,369	1,703,059	N/A	N/A
Other Mutual Funds	2,858,059	2,995,690	N/A	N/A
Bond	2,386,114	2,466,909	Various	Various
Holdings	51,492	51,493	N/A	N/A
Investment at Golden Tree	115,000	112,273	N/A	N/A
Investment at Boyd Watterson	1,000,000	1,006,179	N/A	N/A
	10,762,184	12,558,483		
TOTAL	$ 11,737,823	$ 13,696,519		

* represents investments that were greater than 5% of the total investments.

The City's investments are classified under category 1. Category 1 investments are investments that are insured or registered, or securities held by the City or its agent in the City's name.

NOTE 6 — INTERFUND ACCOUNTS

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

Funds	Due from Other Funds	Due to Other Funds
Major:		
General	1,055,601	$ -
Enterprise	-	360,897
Middle School Project	-	28,675
School Rool Project 2015	-	394,685
	1,055,601	784,257
Nonmajor funds:		
School Lunch	70,812	-
Community Development	16,721	-
Library construction	103,282	6,296
Other capital projects	23,288	168,706
Land acquisition	-	27,517
	214,103	202,519
Trust and Agency Funds		
Student Activity Funds	-	305,182
Total	$ 1,269,704	$ 1,291,958

The General Fund interfund receivable is due from the Water Pollution Control Authority for current operating expenses reimbursed monthly and from the Capital Projects Funds for advances from/to the General Fund and interest earned by the Capital Projects Funds. These amounts are not expected to be repaid within one year. Capital Projects Funds interfund receivable and payable represent amounts due from/to the other capital projects for operations, and are being repaid as funds become available.

The interfund transfers for the year ended June 30, 2015 is as follows:

Funds	Transfers from Other Funds	Transfers to Other Funds
Major:		
General	$ -	$ 442,875
Middle School Project	353,675	-
School Rool Project 2015	-	2,685
	353,675	445,560
Nonmajor funds:		
Sewer 2015	91,885	-
	$ 445,560	$ 445,560

The purpose of the transfers from general fund to Middle School and Sewer 2015 is for the repayments of bond anticipation notes.

NOTE 7 — CAPITAL ASSETS

Governmental activities - capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Disposal/ Transfers	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 5,794,955	$ -	$ -	$ 5,794,955
Contruction in progress	-	-	-	-
Total Capital Assets, not being depreciated	5,794,955	-	-	5,794,955
Capital assets, being depreciated:				
Buildings	55,103,690	5,401,354	-	60,505,044
Property under capital lease	3,083,073	-	-	3,083,073
Rolling equipment	4,347,915	103,051	-	4,450,966
Machinery, vehicles and equipment	3,422,017	157,000	-	3,579,017
Infrastructure	33,343,668	536,890	-	33,880,558
	99,300,363	6,198,295	-	105,498,658
Less accumulated depreciation for:				
Buildings	15,186,617	1,189,127	-	16,375,744
Property under capital lease	2,061,282	182,072	-	2,243,354
Rolling equipment	4,040,994	79,026	-	4,120,020
Machinery, vehicles and equipment	3,207,505	53,048	-	3,260,553
Infrastructure	11,833,074	872,473	-	12,705,547
	36,329,472	2,375,746	-	38,705,218
Total capital assets, being depreciated, net	62,970,891	3,822,549	-	66,793,440
Governmental activities capital assets, net	$ 68,765,846	$ 3,822,549	$ -	$ 72,588,395

Depreciation expense by function for the year ended June 30, 2015 is as follows:

Education	$ 701,958
General	887,693
Public safety	216,154
Public works	316,951
Culture and recreation	252,990
	$ 2,375,746

Business-type activities - capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Disposal	Balance June 30, 2015
Business-type activities:				
Capital assets, not being depreciated:				
Land	594,858	$ -	$ -	$ 594,858
Capital assets, being depreciated:				
Buildings	12,397,546	23,073	-	12,420,619
Machinery, vehicles and equipment	1,933,243	269,509	-	2,202,752
	14,330,789	292,582	-	14,623,371
Less accumulated depreciation for:				
Buildings	8,125,034	196,493	-	8,321,527
Machinery, vehicles and equipment	998,652	99,329	-	1,097,981
	9,123,686	295,822	-	9,419,508
Total capital assets, being depreciated, net	5,207,103	(3,240)	-	5,203,863
Business-type activities capital assets, net	$ 5,801,961	$ (3,240)	$ -	$ 5,798,721

NOTE 8 – BOND ANTICIPATION NOTES

Bond anticipation note transactions for the year ended June 30, 2015 were as follows:

Outstanding, July 1, 2014	$ 10,820,000
New Borrowings	20,240,000
Repayments	17,480,000
Outstanding, June 30, 2015	$ 13,580,000

The outstanding balance at June 30, 2015 consists of one bond anticipation note due September 3, 2015 at an interest rate of 1% per annum. The bond anticipation notes were subsequently refinanced with two Bond issues

series A of $3,880,000 until September 2026 at an interest rate of 2.13%, series B of $8,580,000 until September 2035 at an interest rate of 2.929% and series C- bond anticipation note $5,350,000 at an interest rate of 1%.

NOTE 9 — LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Decreases	Balance June 30, 2015	Due within One Year
Governmental Activities:					
Refunding-2009	$ 947,900	$ -	$ 243,200	$ 704,700	$ 239,000
General-2007	4,225,000	-	325,000	3,900,000	325,000
General-2013	2,810,000	-	345,000	2,465,000	340,000
Total	7,982,900	-	913,200	7,069,700	904,000
Bond premium	167,040	-	16,705	150,335	16,705
Capital leases	364,050	-	222,485	141,565	75,273
Net pension liability	5,076,257	890,158	968,885	4,997,530	4,997,530
OPEB obligation	11,396,486	2,754,019	642,507	13,507,998	-
Compensated absenses	3,279,458	47,135	291,997	3,034,596	100,000
Landfill postclosure care costs	380,949	-	19,563	361,386	20,000
Total governmental activities long-term liabilities	$ 28,647,140	$ 3,691,312	$ 3,075,342	$ 29,263,110	$ 6,113,508
Business-type activities:					
Refunding-2009	202,100	$ -	$ 51,800	$ 150,300	$ 51,000
Loan payable	665,108	-	117,372	547,736	117,372
Total	867,208	-	169,172	698,036	168,372
Capital lease	294,026	-	54,897	239,129	56,785
Total Business-type activities long-term liabilities	$ 1,161,234	$ -	$ 224,069	$ 937,165	$ 225,157

As of June 30, 2015, the City's outstanding general obligation bonds were as follows:

	Outstanding Amount
Governmental Activities:	
$2,097,700 serial bond; issue of 2009; due April 2018; effective interest ranging from 3.0%-4.0%	$ 704,700
$2,980,000 serial bond; issue of 2013; due September 2023; effective interest 2.20%	2,465,000
$6,190,000 serial bond; issue of 2006; due September 2026; effective interest ranging from 3.5%-5.0%	3,900,000
	7,069,700
Less current portion	904,000
Long term portion	$ 6,165,700

The governmental activities outstanding debt is funded through the general fund operations.

As of June 30, 2015, the City's outstanding business-type obligation bonds were as follows:

	Outstanding Amount
Business-type activities:	
$2,097,700 serial bond; issue of 2009; due April 2018; effective interest ranging from 3.0%-4.0%	$ 150,300
$2,347,440 note payable in monthly payments of $9,781 plus interest at 2%, issued February 2001; and due February 2020	547,736
	698,036
Less current portion	168,372
Long term portion	$ 529,664

The business-type activities outstanding debt is funded through the sewer use collections.

The annual requirements to amortize all bonded debt outstanding as of June 30, 2015, are as follows:

Governmental Activities:	Principal	Interest	Total
2016	$ 904,000	$ 277,956	$ 1,181,956
2017	894,900	241,702	1,136,602
2018	885,800	205,286	1,091,086
2019	650,000	168,442	818,442
2020	645,000	141,154	786,154
2021	635,000	114,000	749,000
2022	495,000	90,267	585,267
2023	495,000	69,684	564,684
2024	490,000	49,210	539,210
2025	325,000	32,500	357,500
2026	325,000	19,500	344,500
2027	325,000	6,500	331,500
	$ 7,069,700	$ 1,416,201	$ 8,485,901

Business-type activities:	Principal	Interest	Total
2016	168,372	15,891	$ 184,263
2017	167,472	11,503	178,975
2018	166,572	7,151	173,723
2019	117,372	2,837	120,209
2020	78,248	587	78,835
	$ 698,036	$ 37,969	$ 736,005

The Refunding-2009 bond issue includes an additional $447,000 which is included in the Derby Water Pollution Control Authority's (Enterprise Fund) financial statements. That portion of the bond issue is also supported by the full faith and credit of the City of Derby, Connecticut. Additionally, upon completion of major improvements to the water pollution control facilities, the Agency issued a note payable to the State of Connecticut, with interest at 3%, due February 29, 2020.

Capital Lease Obligations

The City is obligated, as a lessee, under various capital leases for the acquisition of a fire trucks, other heavy equipment and computer. The following is a schedule of future minimum lease obligations and the net present value of these minimum payments:

Year Ended	Governmental Activities Payment	Business-Type Activities Payment
June 30, 2016	75,273	65,009
June 30, 2017	71,086	65,009
June 30, 2018	2,742	65,009
June 30, 2019	2,285	65,008
	151,386	260,035
Less amount representing interest	9,821	20,906
Net present value of lease payments	$ 141,565	$ 239,129

Governmental Activities

Property and equipment carried at a cost of $3,083,072 with accumulated amortization of $2,243,354 has been acquired under capital lease arrangements. The monthly payments under these leases were $13,298 at an interest rate ranging from 5.2% to 6.3%. The capital lease obligations are financed by the general fund.

Business-Type Activities

Property and equipment carried at a cost of $347,098 with accumulated amortization of $80,990 has been acquired under capital lease arrangement. The annual required payments under these leases were $65,009 at an interest rate of 3.39%. The capital lease obligation is financed by the Water Pollution Control Authority.

Compensated Absences

There is no accrual for compensated absences that are dependent on the performance of future service by employees, or when payments are dependent on future events that are outside the control of the employer and employee. The liability for compensated absences earned but not yet paid is included in the general long-term debt account group. City employees accumulate a limited amount of sick leave until termination of their employment. These amounts are based on length of employment and/or labor contracts. Sick leave is recognized in a governmental fund in the current year to the extent it is paid or the vested amount is expected to be paid with current available resources.

Debt Limitation

The Connecticut General Statutes provide that the City's total outstanding and authorized debt shall not exceed seven times the total tax collections (including interest and lien fees) and revenues received for tax relief of the elderly for the year ended June 30, 2015 ($197,275,078), nor shall the total authorized particular purpose debt exceed the individual debt limitations reflected in the table below:

Total tax collections (including interest and lien fees) for the year ended June 30, 2015,		$ 28,086,769
Reimbursement for revenue loss:		
Tax Relief for Elderly		95,385
	Base	$ 28,182,154

	General Purpose	Schools	Sewers	Urban Renewal	Unfunded Pension
Debt Limitation:					
2 ¼ times base	$ 63,409,847				
4 ½ times base		$ 126,819,693			
3 ¾ times base			$ 105,683,078		
3 ¼ times base				$ 91,592,001	
3 times base	-	-	-	-	$ 84,546,462
Total debt limitation	63,409,847	126,819,693	105,683,078	91,592,001	84,546,462
Indebtedness:					
Bonds payable	5,485,700	1,584,000	698,036	-	-
Bonds authorized and unissued	10,700,000	-	-	-	-
	16,185,700	1,584,000	698,036	-	-
Debt Limitation in excess of outstanding and authorized debt	$ 47,224,147	$ 125,235,693	$ 104,985,042	$ 91,592,001	$ 84,546,462

NOTE 10 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City's two Enterprise Funds account for the rental of parking spaces of the Parking Authority and operation of the Water Pollution Control Authority (WPCA) which are all supported by user charges. Segment information for the year ended June 30, 2015 is as follows:

	Water Pollution Control Authority	Parking Authority	Total Enterprise Funds
Operating Revenues	$ 2,731,295	$ 221,867	$ 2,953,162
Operating Expenses	2,141,773	228,690	2,370,463
Operating Income(Loss)	589,522	(6,823)	582,699
Non-Operating(Expenses) Revenues	110,895	(588)	110,307
Change in Net Position	700,417	(7,411)	693,006
Beginning Net Position	5,548,783	712,115	6,260,898
Ending Net Position	6,249,200	704,704	6,953,904
Net Cash Provided By (Used In):			
Operating Activities	1,395,339	7,040	1,402,379
Capital and Financing Activities	130,105	-	130,105
Noncapital Financing Activities	(513,369)	(23,674)	(537,043)
Investing Activities	583	12	595
Beginning Cash and Equivalents	1,087,077	52,311	1,139,388
Ending Cash and Equivalents	$ 2,099,735	$ 35,689	$ 2,135,424

NOTE 11 – FUND DEFICITS AND EXPENDITURES IN EXCESS OF BUDGETED AMOUNTS

The following funds had a fund deficit as of June 30, 2015:

Major Funds:	
Middle School Project	$ $8,852,087
School 2014	
Sewer 2015	
Other Funds:	
-Landfill	$ 99,673
-Roads – Phase I	$ 33,094
-Roads 2015	$ 24,572
-Community Development	$ 50,785

These deficits for Landfill and Roads-Phase I Capital Project Funds will be reduced or eliminated through permanent financing or the receipt of grant funds. The Middle School, School 2014 and Sewer 2015 deficits will be eliminated with bond proceeds.

The following expenditure categories within the General Fund exceeded their respective budgets by the amounts indicated:

Public safety	$ 97,233
Board of Education-operations	$ 90,479
Board of Education-grants	$ 2,116,943

NOTE 12– EMPLOYEE RETIREMENT PLANS

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT PLAN

Organization

Connecticut's Municipal Employees Retirement System (CMERS) is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the Connecticut Municipal Employees Retirement System (CMERS). The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members. The City has three different participating groups of employees with in this plan, the Ansonia Clerical Employees, the Ansonia Town Employees and the Ansonia Police Employees.

Plan description

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Municipal Employees Retirement System. This designation may be the result of collective bargaining. Only employees covered under the State Teachers Retirement System may not be included. There is no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Benefit provisions

The plan provides retirement, disability and death benefits.

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

Policemen and Firemen-Compulsory retirement age for police and fire members is age 65.
Normal Retirement: For members not covered by social security, the benefit is 2% of average final compensation times years of service.

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

The maximum benefit is 100% of average final compensation and the minimum benefit is $1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.
If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

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

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

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

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

Contributions

Employer:

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

Employees:

For employees not covered by social security, each person is required to contribute 5% of compensation.
For employees covered by social security, each person is required to contribute 2 %% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

Allocation methodology for Pension Liability, Pension Expense and Deferred outflows/inflows of resources

The schedules of employer allocations were calculated based upon the 2014 actuarial (expected) payroll amounts reported by participating employers. Expected payroll adjusts actual payroll for known changes in the status of employees, annualized salaries for partial year employees and anticipated salary increases. The employer allocations were then applied to the net pension liability, pension expense, deferred inflows, sensitivity analysis and the deferred inflow amounts to be recognized in fiscal years subsequent to the reporting date to determine the amount applicable to each employer. The schedules of employer allocations reflect actuarial employer payroll for the fiscal year ended June 30, 2014. Based upon the employer's payroll as compared to the total, an employer allocation percentage is calculated to six decimal places and is used to allocate the elements noted above.

Pension Liability

At June 30, 2015, the City reported a liability of $1,911,206 for its proportionate share of the CMERS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2014, to the measurement date of June 30, 2014. Net Pension Liability of the City: The components of the net pension liability of the City at June 30, 2015 was as follows:

	Derby Police MERS
Total pension liability	$20,072,925
Plan fiduciary net assets	18,161,719
Net Pension Liability	$ 1,911,206
Plan fiduciary net position as a percentage of the total pension liability	90.48%
Percentage of the total	7.904511%

Pension expense and deferred outflows/inflows of resources

For the year ended June 30, 2015, the City recognized pension expense for their portion of the CMERS of $402,087. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Derby Police MERS Deferred Outflows of Resourses
Differences between expected and actual experience	$ -
Changes in assumptions	-
Net difference between projected and actual earnings on investments	546,665
Total	$ 546,665
Percentage of total	7.904511%
Pension Expense	$ 402,087

Deferred outflows of resources related to CMERS pensions will be recognized in pension expense as follows:

Year Ending June 30,	Derby Police MERS
2016	$ 136,666
2017	136,666
2018	136,666
2019	136,667
Total	$ 546,665

Actuarial Assumptions

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

Inflation	3.25%
Salary	4.25-11.00%, including inflation
Investment rate of return	8% net of pension plan investment expense, including inflation

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

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

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

Long-term rate of return

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

Asset Class	MERS Target Allocation	MERS Long-Term Expected Real Rate of Return
Large Cap Equity	16%	5.80%
Developed non-US equities	14%	6.60%
Emerging Markets(non-US)	7%	8.30%
Core fixed income	8%	1.30%
Inflation linked bond fund	5%	1.00%
Emerging bond fund	8%	3.70%
High yield bonds	14%	3.9
Real estate	7%	5.10%
PORivate equity	10%	7.60%
Alternative investments	8%	4.10%
Liquidity fund	3%	0.40%
	100%	

Sensitivity

Sensitivity of the net pension liability to changes in the discount rate The following presents the net pension liability, calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net Pension Liability (Asset)	1% Decrease to 7%	Current Discount Rate 8%	1% Increased to 9%
Derby Police-MERS	$3,922,089	$1,911,206	$ 236,340

Connecticut State Teachers' Retirement Fund

Organization

The Connecticut Teachers' Retirement System (TRS) is the public pension plan offered by the State of Connecticut to provide retirement, disability, survivorship and health insurance benefits for Connecticut public school teachers and their beneficiaries. The plan is governed by Connecticut Statute Title 10, Chapter 167a of the Connecticut General Statutes. TRS is a multiemployer pension plan administered by the Connecticut State Teachers' Retirement Board. The State Teachers' Retirement Board (TRB) is responsible for the administration of the Connecticut Teachers' Retirement System. The State Treasurer is responsible for investing TRS funds for the exclusive benefit of TRS members.

Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System - a cost sharing multiemployer defined benefit pension plan administered by the Teachers' Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

In addition, amounts derived from the accumulation of 1 % contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of- living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.
A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement

reductions are based on the number of years of service the member would have had if they had continued work until age 60.

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

Contributions-State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earning, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (School Districts)

School district employers are not required to make contributions to the plan.

Employees:

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

In addition, the City has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were $2,197,983 for the year ended June 30, 2015.

A copy of the plan's comprehensive annual financial report can be obtained from the State of Connecticut Teachers Retirement Board.

CITY EMPLOYEES' RETIREMENT PLAN

Plan Description

City Public Employee Retirement System – The City of Derby Pension Plan covers substantially all full-time employees of the City of Derby and its related agencies, except teachers, who are covered by the State Teacher's Retirement Fund and police employees who are covered by the State Municipal Employees Retirement Fund. The Public Employee Retirement System is the administrator of a single-employer pension plan that was established by the City in accordance with the City charter and state statutes.

As of July 1, 2013, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them		71
Active plan participants:		
Vested		86
Nonvested		29
Total Active Participants		115
	TOTAL	186

The pension plan provides pension benefits, cost of living allowances, and death and disability benefits. A member may retire after reaching the age of 63 and completing 25 years of service, or after 5 years of service having attained age 65. Also, a member may retire early after reaching age 55 and completing 10 years of service. Employees who retire at or after age 55 with 25 or more years of service are entitled to pension payments equal to 2% of average annual pay during five consecutive highest paid years, times the number of years and completed months of service for which they were employed by the City. For employees who retire early, the normal retirement formula applies except that benefits are reduced one-half percent (.5%) for each month before the normal retirement date that the pension begins.

Employees of the City are required to pay 3.5% of their gross earnings to the pension plan. The payments are deducted from the employee's wages or salary and remitted by the City to the Public Employee Retirement System on a monthly basis. If an employee leaves the employment of the City before 25 years of service, the accumulated contributions plus earned interest are refunded to the employee or the employee's designated beneficiary.

For the year ended June 30, 2015, the City's total payroll for all employees amounted to $18,974,143 and the City's total covered payroll amounted to $4,776,920. Covered payroll refers to all compensation paid by the City to active employees covered by the Derby Public Employee Retirement System on which contributions to the pension plan are based.

The following is a summary of certain actuarial assumptions and other information that were used to calculate the actuarial required contribution:

	City's Retirement Plan
Valuation date	June 30, 2015
Actuarial cost method	Aggregate Actuarial cost method
Actuarial accrued liability	N/A
Remaining amortization period	N/A
Asset valuation method	Expected value
Investment rate of return	7.50%
Inflation	3.00%
Retirement age	63
Mortality	RP-2000

CITY OF DERBY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

	Pension Trust Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,002,559
Investments, at fair value	12,558,483
Other receivables	-
TOTAL ASSETS	$ 13,561,042
LIABILITIES AND	
NET POSITION	
CURRENT LIABILITIES	
Other liabilities	$ -
Due to general fund	-
TOTAL CURRENT LIABILITIES	-
NET POSITION	
Reserved for employee retirement system	13,561,042
TOTAL NET POSITION	13,561,042
TOTAL LIABILITIES AND NET POSITION	$ 13,561,042

CITY OF DERBY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015

ADDITIONS	
Contributions	
Employer contributions from general fund	$ 572,000
Employee contributions	214,256
Total contributions	786,256
Investment income	
Net appreciation in fair value of investments	511,027
Interest and dividends	43,634
	554,661
Less investment expenses - investment management fees	55,036
Net investment income	499,625
Total additions	1,285,881
DEDUCTIONS	
Benefits and other deductions	865,577
Net change in net assets	420,304
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES, Beginning of year	13,140,738
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES, End of year	$ 13,561,042

Investments and Rate of Return:

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the adopted allocation policy as of June 30, 2014.

	City Employees' Retiremenet		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Large Cap Equity	30.00%	3.80%	1.14%
Mid/Small Cap Equity	10.00%	4.70%	0.47%
International Equity	20.00%	5.00%	1.00%
High Quality Fixed Income	35.00%	0.20%	0.07%
High Yeild Fixed Income	5.00%	2.80%	0.14%
	100%		2.82%
Long-term inflation expectation			3.00%
Long-term expected nominal return			5.82%

*Long Term Returns are provided by Beirne Wealth Consulting.

Rate of Return: The returns are geometric means. The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation. The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The investment return assumption used assumed a change in the long term asset allocation shown above. The plan sponsor will be reviewing the plan's investment and corresponding assumptions in the coming year. Based on the results of this analysis, we expect that there will be changes in the asset allocation and/or investment return assumption. An expected rate of return of 7.50% was used.

Net Pension Liability of the City: The components of the net pension liability of the City at June 30, 2015 were as follows:

	City Employees' Retirement
Total pension liability	$ 16,647,366
Plan fiduciary net assets	13,561,042
Net Pension Liability	$ 3,086,324
Plan fiduciary net position as a percentage of the total pension liability	81.46%
Covered-employee payroll	$ 4,776,920
Net pension liability as a % of covered payroll	64.61%

The City's net pension liability is recorded on the governmental-wide statement of net position at June 30, 2015.

Actuarial Assumptions (GASB 67): The total pension liability was determined by an actuarial valuation as of July 1, 2014, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2015. There have been no significant changes between the valuation date and the fiscal year end except as indicated below.

	City's Retirement Plan
Valuation date	June 30, 2015
Actuarial cost method	Aggregate Actuarial cost method
Actuarial accrued liability	N/A
Remaining amortization period	N/A
Asset valuation method	Expected value
Investment rate of return	7.50%
Inflation	3.00%
Retirement age	63
Mortality	RP-2000

Concentrations

Investments that represent 5% or more of net position available for benefits are listed in Note 5.

Discount Rate: The discount rate used to measure the total pension liability was 7.5%. 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 City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the rate utilized:

Net Pension Liability (Asset)	1% Decrease to 6.50%	Current Discount Rate 7.5%	1% Increased to 8.5%
City Employees' Retiremenet	$ 5,033,758	$ 3,086,324	$ 1,435,011

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions: For the year ended June 30, 2015, the City recognized pension expense of $731,252 for the City Pension Plan. The City reported deferred outflows of resources related to pensions from the following sources:

	City Pension Deferred Outflows of Resourses
Differences between expected and actual experience	$ -
Changes in assumptions	-
Net difference between projected and actual earnings on investments	447,261
Total	$ 447,261

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Change of assumption and experience losses (gains) are amortized over the average remaining service period of actives and inactives, which was also 5 years. Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	City Pension
2016	$ 111,815
2017	111,815
2018	111,815
2019	111,816
Total	$ 447,261

NOTE 13 - POST-RETIREMENT BENEFITS

The City provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July, 1, 2014. The post-retirement plan does not issue standalone financial reports. From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the City recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.
The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contribution using the Projected Unit Credit Method.

Membership in the plan consisted of the following at July 1, 2014, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	114
Active plan members	269
Total	383

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Contributed	Net OPEB Obligation
June 30, 2015	$ 2,754,017	$ 642,507	23.3%	$ 13,507,996
June 30, 2014	$ 2,732,653	697,975	25.5%	$ 11,396,486
June 30, 2013	$ 2,427,060	788,076	32.5%	$ 9,361,808

The calculation of the Net Other Post-Employment Benefits (OPEB) is detailed as follows and is recorded in Governmental Activities:

Annual required contribution	$ 2,932,000
Interest on net pension asset	455,859
Adjustment to ARC	(633,840)
Annual OPEB cost	2,754,019
Contributions made	642,507
Increase in net OPEB liability	2,111,512
Net OPEB obligation, beginning of year	11,396,486
Net OPEB obligation, end of year	$ 13,507,998

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAL) (b)-(a)	Funded Ratio (a/b)	Covered payroll (c)	Unfunded UAL as a % of covered payroll ((b-a)/c)
7/1/2014	$ -	$ 25,953,329	$25,953,329	0%	$15,478,100	168%
7/1/2012	$ -	$ 27,332,100	$27,332,100	0%	$14,583,700	187%
7/1/2010	$ -	$ 24,088,600	$24,088,600	0%	$15,002,000	161%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation date	July 01, 2014
Actuarial cost method	Projected Unit Credit
Amortization method Actuarial accrued liability	30 Year Level Dollar, Open
Remaining amortization period	30 Year
Asset valuation method	Market Value
Actuarial assumptions Investment rate of return	4.00%
Inflation rate	8.00%

Health cost trend rates

Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:

Year After Valuation Date	Increase
1	10%
2	9%
3	8%
4	7%
5	6%
6	5%
7or more	5%

NOTE 14 –COMMITMENTS AND CONTINGENT LIABILITIES

The City of Derby, Connecticut is contingently liable in a number of lawsuits involving personal injury claims, heart and hypertension, tax appeals, negligence, zoning, personnel, and other miscellaneous suits and unasserted claims. It is the opinion of Corporation Counsel that such pending litigation against the City not covered by insurance amounted to $675,000 of which is accrued as a liability in the general fund as of June 30, 2014.

The City has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. The audits of these programs by the grantor agencies could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the grant. Based upon prior experience, City management believes such disallowances, if any, will not be material.

Construction Commitments

The fund balances in the Capital Project Funds will be used for future construction and renovation.

NOTE 15 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and medical claims and natural disasters. The City carries commercial insurance for these risks. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the three prior years.

NOTE 16 – CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the City of Derby place a final cover on its landfill when it was closed, and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The recognition of these landfill closure and postclosure care costs is based on the amount of landfill used during the year. The estimated remaining cost of the postclosure care is $380,949, which is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, maintain the landfill and construct a transfer station were completed as of June 30, 2015. The actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The landfill closure costs of $1,100,000 was financed by general obligation bonds of $300,000 issued during fiscal year ended

June 30, 1995, and by State grants estimated at $800,000. These landfill grants and postclosure costs have been included in Other Governmental Funds.

NOTE 17 – SELF INSURANCE

The City is self-insured for liabilities for most health benefits, third-party claims, and workers' compensation which is accounted for in the general fund. The Risk Management office actively manages risk on behalf of the City, through a combination of loss prevention and control, risk retention and risk transfer. The City continually evaluates its risk management program, including its self-insured retention levels, claims frequency and loss trends. Currently, there is a stop loss limit on claim exceeding $100,000. A reconciliation of changes in the aggregate liabilities for claims (including IBNR claims) for the current fiscal year and the prior fiscal year is as follows:

	Year ended	
	June 30, 2015	June 30, 2014
Amount of claims liabilities at the beginning of the fiscal year	$ 286,460	$ 286,460
Incurred claims	3,994,462	4,794,204
Payments on claims	4,067,414	4,813,833
Amount of claims liabilities at the end of the fiscal year	$ 213,508	$ 286,460

NOTE 18 – ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

Net position June 30, 2014 as previously reported	$41,347,819
Net pension liability as June 30, 2014	637,508
Net pension liability adjustment	(5,076,257)
Net position July 1, 2014, as restated	$36,909,070

NOTE 19 – SUBSEQUENT EVENTS

Subsequent events were evaluated through April 1, 2016, the date of the financial statements were available to be issued.

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CITY OF DERBY, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

YEAR ENDED JUNE 30	ANNUAL REQUIRED CONTRIBUTION	PERCENTAGE CONTRIBUTED	ACTUAL CONTRIBUTION
2002	$256,000	90%	$231,500
2003	256,000	78%	200,000
2004	361,200	55%	200,000
2005	361,200	69%	250,000
2006	361,200	102%	369,500
2007	550,500	67%	370,248
2008	550,000	100%	550,500
2009	489,300	100%	489,300
2010	489,300	112%	550,000
2011	605,800	91%	550,000
2012	605,800	94%	572,000
2013	687,000	83%	572,000
2014	687,000	83%	572,000
2015	849,200	67%	572,000

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	City's Retirement Plan
Valuation date	June 30, 2015
Actuarial cost method	Aggregate Actuarial cost method
Actuarial accrued liability	N/A
Remaining amortization period	N/A
Asset valuation method	Expected value
Investment rate of return	7.50%
Inflation	3.00%
Retirement age	63
Mortality	RP-2000

CITY OF DERBY, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

	Year ending June 30, 2015 City Retirement Plan	Year ending June 30, 2014 City Retirement Plan
Total Pension Liability		
Service cost	$ 614,710	$ 591,067
Interest on total pension liability	1,194,069	1,127,001
Effect of economic/demographic gains or (losses)	-	-
Change in assumptions	-	-
Benefit payments	(918,621)	(778,849)
Net change in total pension liability	890,158	939,219
Total Pension Liability, beginning	15,757,213	14,817,994
Total pension liability, ending (a)	16,647,371	15,757,213
Fiduciary Net Position		
Employer contributions	$ 572,000	$ 572,000
Member contributions	214,256	128,694
Investment income net of investment expenses	431,291	1,807,695
Benefit payments	(918,621)	(778,849)
Administrative expenses	(15,281)	(57,800)
Net change in plan fiduciary net position	283,645	1,671,740
Fiduciary Net Position, beginning	13,277,402	11,605,662
Fiduciary net position, ending (b)	13,561,047	13,277,402
Net pension liability, ending (a)-(b)	$ 3,086,324	$ 2,479,811
Fiduciary net position as a % of total pension liability	81.46%	84.26%
Covered payroll	$ 4,776,920	$ 4,593,192
Net pension liability as a % of covered payroll	64.61%	53.99%

Note: See notes to the financial statements for actuarial methods and assumptions.

CITY OF DERBY, CONNECTICUT
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2015

	Year ending June 30, 2015 Derby Police MERS
Contractually required contribution	690,314
Contributions in relation to the cotractually required contribution	(690,314)
Contribution defieciency(excess)	$ -
City's Covered payroll	$ 3,166,730
Contribtions as a percentage of covered payroll	21.80%

Note: See notes to the financial statements for actuarial methods and assumptions.

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SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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CITY OF DERBY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

SPECIAL REVENUE FUNDS

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

School Lunch — is used to account for a school lunch program and the federal and state grants that are included within that program.

Community Development – is used to account for community development block grants/small cities program funds which are principally used for developing viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income

Other Special Revenue Funds — are used to account for the smaller special revenue programs not classified anywhere else.

CAPITAL PROJECTS FUNDS

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

Library Construction — is used to account for library improvements.

Land Acquisition — is used to account for acquisition of land designated by the City for conservation

Phase III Roadways – is used to account for pavement reconstruction and storm drainage improvements to repairs to certain City streets.

Roads 2015– is used to account for the improvements to the City's roadways.

System-wide School Capital Improvements – is used to account for the improvements to the City's School improvements.

Other Capital Project Funds — are used to account for the smaller capital programs not classified anywhere else.

PERMANENT FUNDS

Permanent Funds — are used to account restricted funds where only the income of those funds is restricted by a donor for a particular purpose.

CITY OF DERBY, CONNECTICUT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue		
	School Lunch	Community Development	Other Special Revenue Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 112,858	$ 115,387	$ 78,014
Receivables - intergovernmental	112,031	25,000	-
Receivables - other	-	65,810	-
Inventory	5,315	-	-
Due from other funds	70,812	16,721	-
TOTAL ASSETS	$ 301,016	$ 222,918	$ 78,014
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	$ 257,025	$ 62,541	$ -
Deferred revenue	-	211,162	21,065
Bond anticipation note payable	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	257,025	273,703	21,065
FUND BALANCES (DEFICIT)			
Nonspendable	5,315	-	-
Restricted	-	-	-
Assigned	38,676	(50,785)	56,949
Unassigned	-	-	-
Total fund balances (deficits)	43,991	(50,785)	56,949
TOTAL LIABILITIES AND FUND BALANCES	$ 301,016	$ 222,918	$ 78,014

CITY OF DERBY, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

REVENUES			
Federal and State government	$ 475,342	$ 93,517	$ 20,660
Charges for services	190,451	-	573
Other	-	-	-
Interest on investments	-	44,184	1
TOTAL REVENUES	665,793	137,701	21,234
EXPENDITURES			
General government	-	-	-
Culture and recreation	-	-	-
Health and welfare	657,884	-	20,660
Capital outlay	-	173,356	-
TOTAL EXPENDITURES	657,884	173,356	20,660
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,909	(35,655)	574
OTHER FINANCING SOURCES - Operating transfers in	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	7,909	(35,655)	574
Fund balance(deficit) at July 1, 2014	36,082	(15,130)	56,375
FUND BALANCES (DEFICIT) AT JUNE 30, 2015	$ 43,991	$ (50,785)	$ 56,949

Capital Projects								
Library Construction	Land Acquisitions	Phase III Roadways	Roads 2015	System-wide School Capital Improvements	Other Capital Project Funds	Permanent Funds	Total
$ 9,011	$ 85,923	$ 38,724	996,103	$ 5,955	$ 43,149	$ 5,340	$ 1,490,464
-	-	-	-		-	-	137,031
-	-	-	-		-	-	65,810
-	-	-	-		-	-	5,315
103,282	-	-	-	22,254	23,288	-	236,357
$ 112,293	$ 85,923	$ 38,724	$ 996,103	$ 28,209	$ 66,437	$ 5,340	$ 1,934,977
$ -	$ -	$ -	$ 20,675	$ -	$ -	$ -	$ 340,241
-	-	-	-		-	-	232,227
-	-	-	1,000,000	-	-	-	1,000,000
6,296	27,517	-	-	-	168,706	-	202,519
6,296	27,517	-	1,020,675	-	168,706	-	1,774,987
-	-	-	-		-	5,340	10,655
105,997	58,406	38,724	(24,572)		-	-	178,555
-	-	-	-		-	-	44,840
-	-	-	-	28,209	(102,269)	-	(74,060)
105,997	58,406	38,724	(24,572)	28,209	(102,269)	5,340	159,990
$ 112,293	$ 85,923	$ 38,724	$ 996,103	$ 28,209	$ 66,437	$ 5,340	$ 1,934,977
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 589,519
-	-	-	-		-	-	191,024
-	-	-	-		-	-	-
-	142	-	1,017	7	18	-	45,369
-	142	-	1,017	7	18	-	825,912
-	-	-	-		-	-	-
-	-	-	-		-	166	166
-	-	-	-		-	-	678,544
-	-	52,325	25,589	-	-	-	251,270
-	-	52,325	25,589	-	-	166	929,980
-	142	(52,325)	(24,572)	7	18	(166)	(104,068)
-	-	-	-	-	-	-	-
-	142	(52,325)	(24,572)	7	18	(166)	(104,068)
105,997	58,264	91,049	-	$ 28,202	(102,287)	5,506	264,058
$ 105,997	$ 58,406	$ 38,724	$ (24,572)	$ 28,209	$ (102,269)	$ 5,340	$ 159,990

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SUPPLEMENTAL INFORMATION

FIDUCIARY FUNDS

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Trust And Agency Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, Expendable Trusts, Non-Expendable Trusts and Agency Funds.

Agency Funds — utilize the modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for student activities and school scholarship funds. The City's Agency Funds are listed below:

Student Scholarship Fund
Student Activity
Performance Bonds

CITY OF DERBY, CONNECTICUT
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
STUDENT ACTIVITY FUNDS				
ASSETS				
Cash	$ 409,151	$ 452,265	$ 333,715	$ 527,701
LIABILITIES				
Due to student groups	$ 209,014	$ 347,220	$ 333,715	$ 222,519
Due to General Fund	200,137	105,045	-	305,182
Total Liabilities	$ 409,151	$ 452,265	$ 333,715	$ 527,701
STUDENT SCHOLARSHIP FUNDS				
ASSETS				
Cash	$ 50,946	$ 82,895	$ 118,291	$ 15,550
Investments	-	47,159	13,100	34,059
Total Assets	$ 50,946	$ 130,054	$ 131,391	$ 49,609
LIABILITIES				
Due to student groups	$ 50,946	$ 130,054	$ 131,391	$ 49,609
PERFORMANCE BONDS				
ASSETS				
Cash	$ 25,775,095	$ -	$ -	$ 25,775,095
LIABILITIES				
Due to developers	$ 25,775,095	$ -	$ -	$ 25,775,095
TOTAL ALL AGENCY FUNDS				
ASSETS				
Cash	$ 26,235,192	$ 535,160	$ 452,006	$ 26,318,346
Investments	-	47,159	13,100	$ 34,059
Total Assets	$ 26,235,192	$ 582,319	$ 465,106	$ 26,352,405
LIABILITIES				
Due to student groups	$ 209,014	$ 477,274	$ 465,106	$ 272,128
Due to developers	25,775,095	-	-	25,775,095
Due to General Fund	200,137	105,045	-	305,182
Total Liabilities	$ 26,235,192	$ 582,319	$ 465,106	$ 26,352,405

OTHER SCHEDULES

CITY OF DERBY, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED,
COLLECTED AND OUTSTANDING – GENERAL FUND
YEAR ENDED JUNE 30, 2015

Grand List Year	Uncollected Taxes July 01, 2014 and Current List	Additions/ (Deductions)	Balance to be Collected
1999	$ 668	$ -	$ 668
2000	773	-	773
2001	820	-	820
2002	820	-	820
2003	3,235	-	3,235
2004	6,162	-	6,162
2005	8,417	-	8,417
2006	16,254		16,254
2007	39,739	(181)	39,558
2008	92,428	(515)	91,913
2009	198,228	(2,707)	195,521
2010	388,467	(7,846)	380,621
2011	515,642	(15,603)	500,039
2012	841,884	(14,896)	826,988
	2,113,537	(41,748)	2,071,789
2013	26,809,115	(107,142)	26,701,973
	$ 28,922,652	$ (148,890)	$ 28,773,762

CITY OF DERBY, CONNECTICUT
SCHEDULE OF SPECIAL ASSESSMENTS
YEAR ENDED JUNE 30, 2015

Assessment of:		Assessments June 30, 2015
1974		
	Academy Hill	$ 1,407
	Donna Avenue	1,407
	Kindle Lane	3,926
	Krakow Street	47,924
	Marshall Lane	5,483
	Paugassette Road	1,689
	Pine Street	3,274
	Roosevelt Drive	16,852
	Sodom Lane	4,492
		86,454
1976		
	David Humphrey's Road	1,626
	John Street	3,252
		4,878
1976		
	Harrison Avenue	2,700
	Water bills	1,716
	TOTAL	$ 95,748

Collections				Taxes Receivable
Taxes	Interest	Lien Fees	Total	June 30, 2015
$ -	$ -	$ -	$ -	$ 668
-	-	-	-	773
-	-	-	-	820
-	-	-	-	820
-	-	-	-	3,235
-	-	-	-	6,162
3,516	4,923	24	8,463	4,901
8,363	8,620	72	17,055	7,891
25,976	21,874	192	48,042	13,582
51,407	41,265	342	93,014	40,506
134,104	88,683	528	223,315	61,417
258,202	143,421	1,047	402,670	122,419
314,490	122,439	1,389	438,318	185,549
529,718	110,317	3,538	643,573	297,270
1,325,776	541,542	7,132	1,874,450	746,013
26,093,087	101,084	18,148	26,212,319	608,886
$ 27,418,863	$ 642,626	$ 25,280	$ 28,086,769	$ 1,354,899

CITY OF DERBY, CONNECTICUT
SCHEDULE OF NATIONALLY RECOGNIZED MUNICIPAL
SECURITIES INFORMATION REPOSITORY
YEAR ENDED JUNE 30, 2015

Gross Grand List-October 1, 2013	$ 755,058,038
Net Grand List-October 1, 2013	748,703,351

Ten Largest Taxpayers:	Grand List Assessment
United Illuminating Co.	$ 12,005,990
Antinozzi, Peter, Concetta & Justine	10,777,410
49 Pershing Drive LLC	9,066,050
Home Depot	8,123,850
500 NHA LLC	7,339,430
Yankee Gas Services Co.	5,831,300
Realty Income SUB 318, LLC	5,411,070
Walgreen Eastern Co.	4,301,010
Opuszynski Jean A	4,145,050
500 NHA LLC	3,644,410

Debt Statement as of June 30, 2015:

Short Term Debt	$ 13,580,000
Long Term Debt	7,069,700
Total Direct Debt	20,649,700
Less: School construction grants	-
Water assessments receivable, net of allowance	-
Total Net Direct Debt	$ 20,649,700

Current Debt Ratios

(Pro Forma)	
Population (2014)*	12,837
Net Grand List(Taxable) - October 1, 2013	$ 748,703,351
Estimated Full Value (70%)	$ 755,058,038
Equalized Net Taxable Grand List (2013)**	$ 982,902,415
Money Income per Capita (2014)*	$ 52,136

* Connecticut Economic Resource Center, Inc. (Cerc)
** State of Connecticut, Office of Policy and Management

	Total Direct Debt	Total Net Direct Debt
Per Capita	1,609	1,609
Ratio to Net Taxable Grand List	2.76%	2.76%
Ratio to Estimated Full Value	2.73%	2.73%
Ratio to Equalized Net Taxable Grand List	2.10%	2.10%
Per Capita to Money Income per Capita	3.09%	3.09%