

TOWN OF ANDOVER, CONNECTICUT

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

JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance of the
Town of Andover, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Andover, Connecticut (the "Town"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Andover, Connecticut, as of June 30, 2016, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the schedules on page 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules on pages 52 through 72 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut
October 16, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
JUNE 30, 2016

As management of the Town of Andover, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities at the close of the most recent fiscal year by \$9,541,924 (net position). Of this amount, \$3,349,144 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position decreased by \$583,904.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,366,398, an increase of \$174,187 in comparison with the prior year. Approximately 46.9% or \$2,048,970 of this total amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,049,458 or 19% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.3 months of General Fund operating expenditures.
- The principal balance outstanding on the Town's long-term bonded debt decreased by \$90,000 or 14.3%, from \$630,000 as of June 30, 2015 to \$540,000 as of June 30, 2016. The decrease represents scheduled repayments made during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources and liabilities, with net position as the residual of these other elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town has no business-type activities. The governmental activities of the Town include public safety, public works, health and welfare, planning and development, education, library, recreation, and general administrative services.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The Town maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Reserve Fund, both of which are considered to be major funds. Data from the other 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 basic governmental fund financial statements can be found on pages 13 through 19 of this report.

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on page 20 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 47 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 48 through 51 of this report. Combining and individual fund statements and schedules can be found on pages 52 through 72 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Certain reclassifications have been made to the amounts presented as of June 30, 2015 to conform to the current year presentation.

Net Position

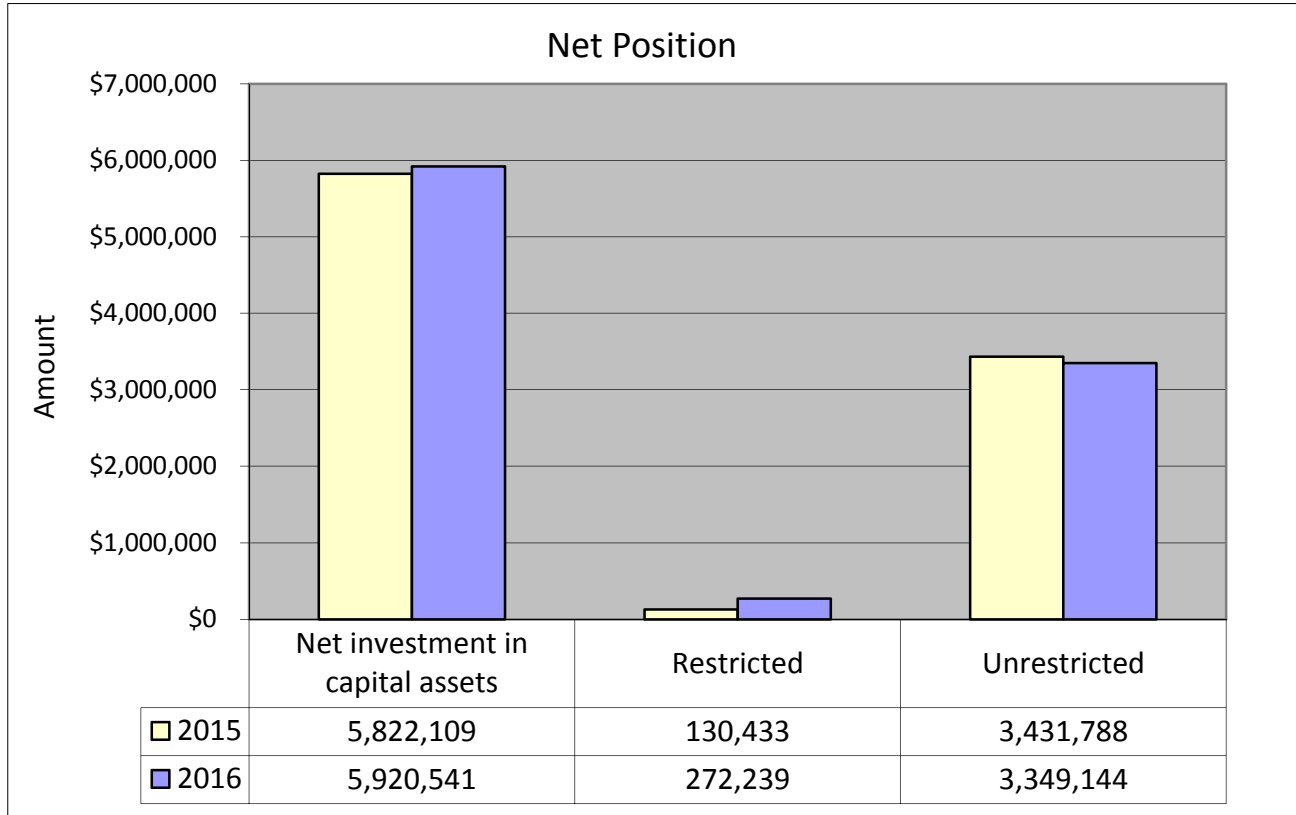
Over time, net position may serve as one measure of a government's financial position. Net position of the Town totaled \$9,541,924 and \$9,384,330 as of June 30, 2016 and 2015, respectively, and is summarized as follows:

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 4,737,559	\$ 4,558,235
Capital assets	<u>6,526,485</u>	<u>6,550,949</u>
Total assets	<u>11,264,044</u>	<u>11,109,184</u>
Deferred outflows of resources	<u>42,229</u>	<u>107,504</u>
Other liabilities	196,062	232,730
Long-term liabilities	<u>1,568,287</u>	<u>1,465,774</u>
Total liabilities	<u>1,764,349</u>	<u>1,698,504</u>
Deferred outflows of resources	<u>-</u>	<u>133,854</u>
Net position:		
Net investment in capital assets	5,920,541	5,822,109
Restricted	272,239	130,433
Unrestricted	<u>3,349,144</u>	<u>3,431,788</u>
Total net position	<u>\$ 9,541,924</u>	<u>\$ 9,384,330</u>

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 62% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding, as of June 30, 2016 and 2015. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

As of June 30, 2016 and 2015, 2.9% and 1.4%, respectively, of the Town's net position is subject to external restrictions on how it may be used and is therefore presented as restricted net position.

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

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

Changes in net position for the years ended June 30, 2016 and 2015 are as follows:

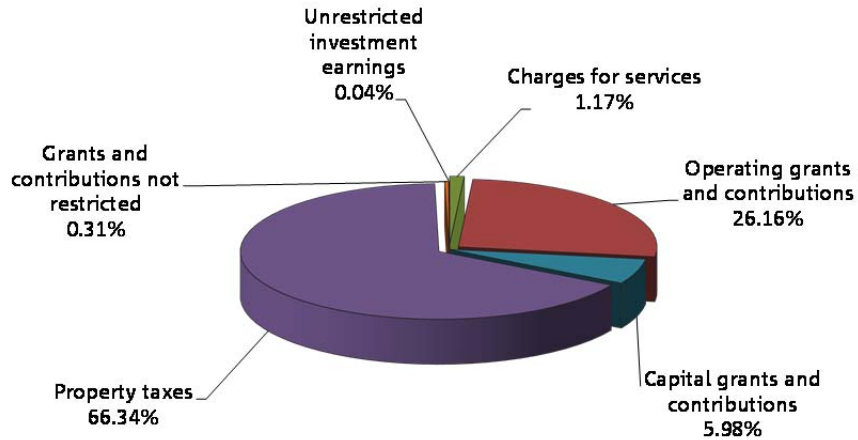
	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 144,920	\$ 121,800
Operating grants and contributions	3,233,275	3,241,378
Capital grants and contributions	738,749	676,040
General revenues:		
Property taxes	8,200,174	8,096,164
Grants and contributions not restricted	38,087	90,565
Unrestricted investment earnings	4,695	10,575
Total revenues	12,359,900	12,236,522
Expenses:		
General government	908,006	928,801
Public works	672,070	559,996
Public safety	356,119	358,352
Sanitation and waste	141,589	135,363
Building, planning and zoning	70,018	71,184
Community services	105,339	136,357
Health and welfare	70,814	55,039
Recreation	15,746	15,316
Education	9,405,245	9,543,776
Interest expense	31,050	36,134
Total expenses	11,775,996	11,840,318
Change in net position	\$ 583,904	\$ 396,204

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

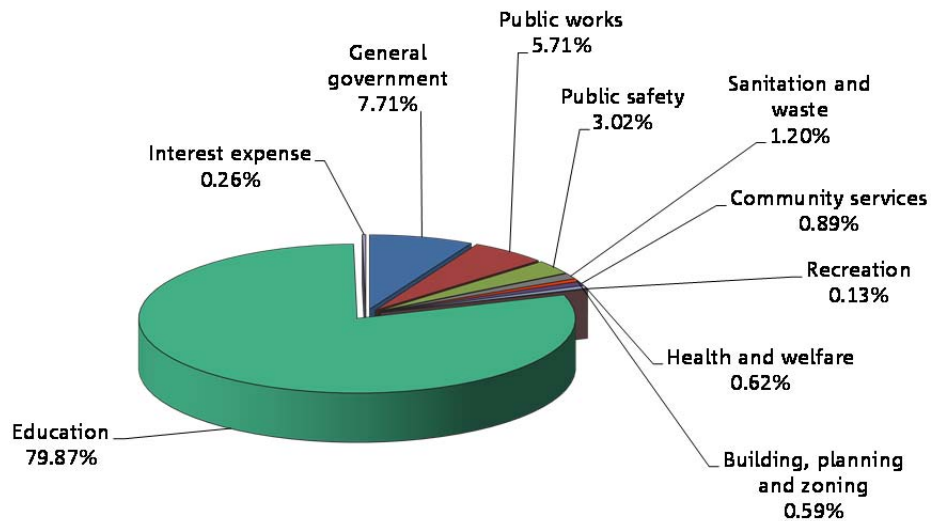
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

**2016 Revenues by Source -
Governmental Activities**



**2016 Expenses by Function -
Governmental Activities**



TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
JUNE 30, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities

Governmental activities decreased the Town's net position by \$583,904.

Revenues generated by the Town increased by \$123,378 or 1.0% in comparison to revenues reported in the prior year. This increase was due primarily to an increase in property tax revenues of approximately \$104,000.

Expenses incurred by the Town decreased by approximately \$64,000 or 0.5% in comparison to expenses reported in the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,366,398, an increase of \$174,187 in comparison with the prior year. Of this amount, \$2,048,970 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,049,458, while total fund balance was \$2,985,783. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance for the General Fund as of June 30, 2016 was 19% of total General Fund expenditures, an decrease from 25% as of June 30, 2015 due to the fact that the Town assigned \$906,080. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover approximately 2.3 months of General Fund operating expenditures.

Capital Reserve Fund

The fund balance of the Capital Reserve Fund decreased by \$28,424 during the current fiscal year. This decrease is primarily related to a planned use of fund balance to fund capital expenditures. The planned use of fund balance was offset by a transfer in from the General Fund in the amount of \$25,000 based on budgeted appropriations.

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$237,186. Expenditures were \$364,821 less than budgeted, and total budgetary revenues were \$142,635 less than budgeted due primarily to property tax revenues being \$136,036 less than originally anticipated. There were no additional appropriations made during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets as of June 30, 2016 and 2015 totaled \$6,526,485 and \$6,550,949 respectively (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings and improvements, machinery, equipment and vehicles and infrastructure assets such as roads and bridges. The total decrease in the Town's investment in capital assets for the current fiscal year was \$24,464 or 0.4%, which consisted of capital additions of \$456,727, offset by current year depreciation of \$481,191.

Major capital asset additions during the current fiscal year consisted of the following:

- Outlays for construction in progress on the Times Farm Bridge, STEAP Ballfield improvements, and the elementary school roof totaling \$91,754;
- Building improvements made to the library totaling \$59,750;
- the purchase of equipment for new servers, printers, a public works furnace and fire department attack cameras in the amount of \$40,415; and
- Infrastructure improvements made to various town roads totaling \$264,808.

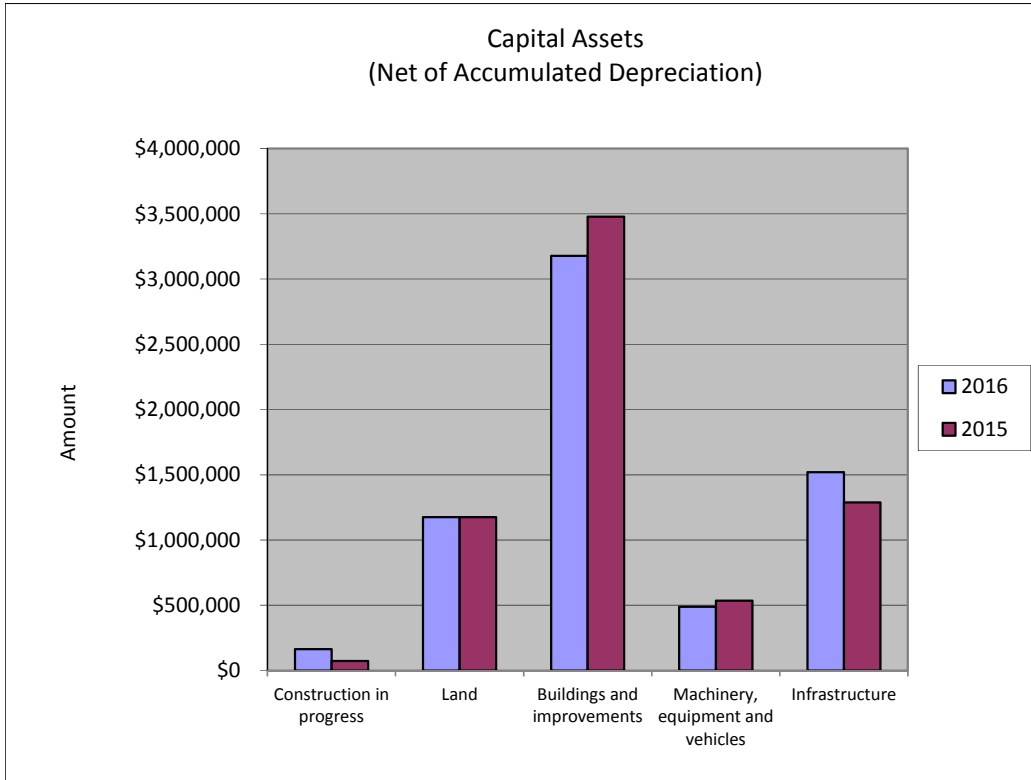
The following table is a two year comparison of the investment in capital assets:

	Governmental Activities	
	2016	2015
Construction in progress	\$ 163,863	\$ 72,109
Land	1,175,732	1,175,732
Buildings and improvements	3,178,125	3,478,100
Machinery, equipment and vehicles	488,530	536,005
Infrastructure	1,520,235	1,289,003
Totals	\$ 6,526,485	\$ 6,550,949

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)
JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had \$540,000 of long-term bonded debt and \$62,551 of capital lease obligations outstanding. This entire amount is comprised of debt backed by the full faith and credit of the Town. Total long-term debt, consisting of bonds and capital leases payable, decreased by \$119,499 for scheduled debt service repayments.

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

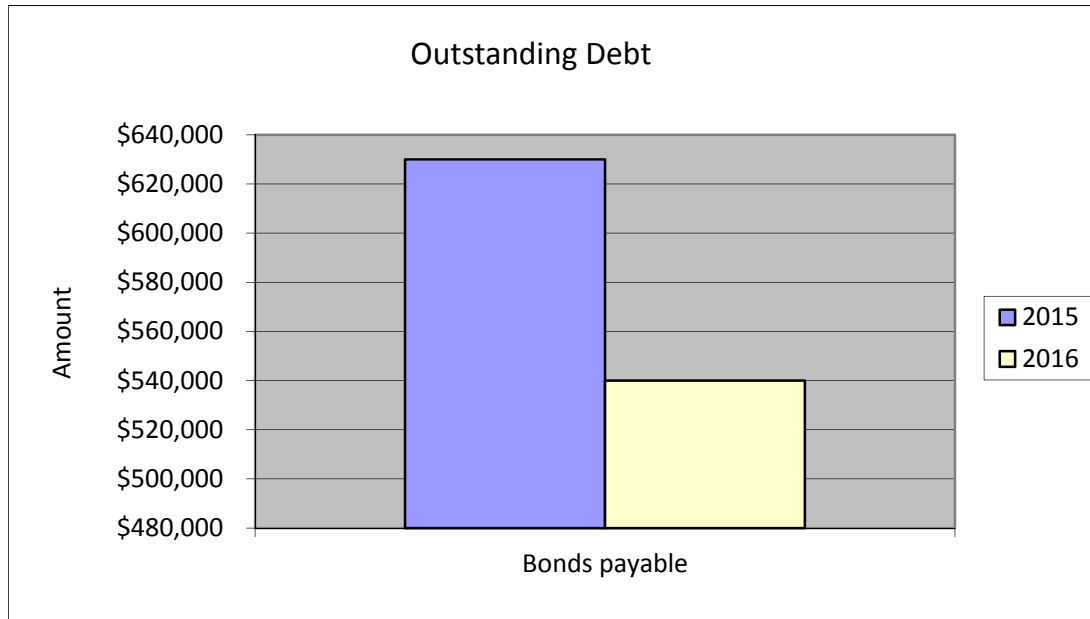
The following table is a two year comparison of long-term debt:

	Governmental Activities	
	2016	2015
Bonds payable	\$ 540,000	\$ 630,000
Capital lease obligations	62,551	92,050
Totals	\$ 602,551	\$ 722,050

TOWN OF ANDOVER, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) *(Continued)*
JUNE 30, 2016

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Long-term Debt *(Continued)*



Additional information on the Town's long-term debt can be found in Note 9 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- The unemployment rate for the Town compares favorably to the state's average unemployment rate and the national unemployment rate.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2017. The Town has assigned \$906,080 of fund balance of the General Fund for spending in the 2017 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Administrator's Office, Town of Andover, 17 School Road, Andover, CT 06278.

BASIC FINANCIAL STATEMENTS

TOWN OF ANDOVER, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,462,488
Investments	17,649
Receivables:	
Property taxes	166,499
Interest on property taxes	37,113
Grants and contracts	41,370
Other	11,818
Other assets	622
Capital assets:	
Non-depreciable	1,339,595
Depreciable, net	5,186,890
Total assets	11,264,044
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension expense	42,229
 LIABILITIES	
Accounts payable	142,091
Accrued liabilities:	
Salaries and benefits payable	25,417
Other	1,975
Unearned revenue	26,579
Noncurrent liabilities:	
Due within one year	156,250
Due in more than one year	1,412,037
Total liabilities	1,764,349
 NET POSITION	
Net investment in capital assets	5,920,541
Restricted for:	
Endowments - nonexpendable	58,795
Endowments - expendable	25,603
Grant programs	187,841
Unrestricted	3,349,144
Total net position	\$ 9,541,924

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

TOWN OF ANDOVER, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position - Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 908,006	\$ 45,460	\$ 26,883	\$ -	\$ (835,663)
Public works	672,070	-	-	636,050	(36,020)
Public safety	356,119	832	2,374	-	(352,913)
Sanitation and waste	141,589	1,476	-	-	(140,113)
Building planning and zoning	70,018	35,058	-	-	(34,960)
Community services	105,339	10,895	24,685	102,699	32,940
Health and welfare	70,814	-	17,500	-	(53,314)
Recreation	15,746	12,645	-	-	(3,101)
Education	9,405,245	38,554	3,161,833	-	(6,204,858)
Interest on long-term debt	31,050	-	-	-	(31,050)
Total governmental activities	<u>\$ 11,775,996</u>	<u>\$ 144,920</u>	<u>\$ 3,233,275</u>	<u>\$ 738,749</u>	<u>(7,659,052)</u>
General revenues:					
Property taxes, levied for general purposes					8,200,174
Grants and contributions not restricted to specific programs					38,087
Unrestricted investment earnings					4,695
Total general revenues					<u>8,242,956</u>
					Change in net position 583,904
					Net position - beginning <u>8,958,020</u>
					Net position - ending <u>\$ 9,541,924</u>

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

TOWN OF ANDOVER, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,360,308	\$ 567,484	\$ 534,696	\$ 4,462,488
Investments	-	-	17,649	17,649
Receivables:				
Property taxes, net	166,499	-	-	166,499
Interest on property taxes, net	37,113	-	-	37,113
Grants and contracts	-	-	41,370	41,370
Other	11,150	-	668	11,818
Due from other funds	127,440	-	401,381	528,821
Other assets	622	-	-	622
Total assets	<u>\$ 3,703,132</u>	<u>\$ 567,484</u>	<u>\$ 995,764</u>	<u>\$ 5,266,380</u>
LIABILITIES				
Accounts payable	\$ 102,279	\$ 8,950	\$ 27,356	\$ 138,585
Salaries and benefits payable	25,417	-	-	25,417
Other accrued liabilities	1,975	-	-	1,975
Due to other funds	400,635	8,180	123,512	532,327
Unearned revenue	11,944	-	14,635	26,579
Total liabilities	<u>542,250</u>	<u>17,130</u>	<u>165,503</u>	<u>724,883</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>175,099</u>	<u>-</u>	<u>-</u>	<u>175,099</u>
FUND BALANCES				
Nonspendable	-	-	58,795	58,795
Restricted	-	-	213,444	213,444
Committed	30,245	550,354	341,711	922,310
Assigned	906,080	-	216,799	1,122,879
Unassigned	2,049,458	-	(488)	2,048,970
Total fund balances	<u>2,985,783</u>	<u>550,354</u>	<u>830,261</u>	<u>4,366,398</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,703,132</u>	<u>\$ 567,484</u>	<u>\$ 995,764</u>	<u>\$ 5,266,380</u>

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

TOWN OF ANDOVER, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances for governmental funds	\$	4,366,398
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Construction in progress	\$	163,863	
Land		1,175,732	
Buildings and improvements		9,436,179	
Machinery, equipment and vehicles		2,201,093	
Infrastructure		1,700,243	
Less: accumulated depreciation and amortization		<u>(8,150,625)</u>	
Total capital assets, net			6,526,485

Some of the Town's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		175,099
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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Long-term debt:			
Bond and note payable	\$	(543,393)	
Other long-term liabilities:			
Capital lease obligations		(62,551)	
Compensated absences		(160,944)	
Net pension liability		(556,399)	
Net OPEB obligation		<u>(245,000)</u>	
Total long-term liabilities			(1,568,287)

Deferred outflows of resources resulting from changes in the components of the net pension liability are reported in the statement of net position.		<u>42,229</u>
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Net position of governmental activities	\$	<u><u>9,541,924</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF ANDOVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 8,158,369	\$ -	\$ -	\$ 8,158,369
Intergovernmental	2,961,909	-	566,708	3,528,617
Charges for services	80,656	-	59,176	139,832
Interest income	7,233	1,208	(3,746)	4,695
Other	7,071	5,088	48,113	60,272
Total revenues	<u>11,215,238</u>	<u>6,296</u>	<u>670,251</u>	<u>11,891,785</u>
EXPENDITURES				
Current:				
General government	815,108	-	4,862	819,970
Public works	353,166	-	264,808	617,974
Public safety	179,157	-	123,554	302,711
Sanitation and waste	140,560	-	-	140,560
Building planning and zoning	70,018	-	-	70,018
Community services	95,016	-	54,476	149,492
Health and welfare	53,314	-	17,500	70,814
Recreation	4,944	-	10,802	15,746
Education	8,780,455	-	279,190	9,059,645
Capital outlays	132,836	59,720	127,563	320,119
Debt service:				
Principal payments	119,499	-	-	119,499
Interest and fiscal charges	31,050	-	-	31,050
Total expenditures	<u>10,775,123</u>	<u>59,720</u>	<u>882,755</u>	<u>11,717,598</u>
Excess (deficiency) of revenues over expenditures	440,115	(53,424)	(212,504)	174,187
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,000	162,784	187,784
Transfers out	(187,284)	-	(500)	(187,784)
Total other financing sources (uses)	<u>(187,284)</u>	<u>25,000</u>	<u>162,284</u>	<u>-</u>
Net change in fund balances	252,831	(28,424)	(50,220)	174,187
Fund balances - beginning	<u>2,732,952</u>	<u>578,778</u>	<u>880,481</u>	<u>4,192,211</u>
Fund balances - ending	<u>\$ 2,985,783</u>	<u>\$ 550,354</u>	<u>\$ 830,261</u>	<u>\$ 4,366,398</u>

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

TOWN OF ANDOVER, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds	\$	174,187
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Total change in net position reported for governmental activities in the statement of activities is different because:

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

Expenditures for capital assets	\$	456,727	
Depreciation and amortization expense		(481,191)	
Net adjustment			(24,464)

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflow of resources in governmental funds. This amount represents the change in deferred inflows.	468,115
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Principal repayments:			
Bond and note payable		93,397	
Obligations under capital lease		29,499	
Net adjustment			122,896

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

Compensated absences		(58,060)	
Net pension liability		(138,349)	
Net OPEB obligation		(29,000)	
Net adjustment			(225,409)

Deferred outflows of resources resulting from changes in the components of the net pension liability are amortized as a component of pension expense in the statement of activities.	68,579
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Change in net position of governmental activities	\$	583,904
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The accompanying notes are an integral part of these financial statements.

TOWN OF ANDOVER, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 8,294,405	\$ 8,294,405	\$ 8,158,369	\$ (136,036)
Intergovernmental	2,460,092	2,460,092	2,436,267	(23,825)
Charges for services	66,734	66,734	80,656	13,922
Interest income	3,000	3,000	7,233	4,233
Other	8,000	8,000	7,071	(929)
Total revenues	<u>10,832,231</u>	<u>10,832,231</u>	<u>10,689,596</u>	<u>(142,635)</u>
EXPENDITURES				
Current:				
General government	941,647	941,647	815,108	(126,539)
Public works	388,000	388,000	353,166	(34,834)
Public safety	285,247	285,247	303,701	18,454
Sanitation and waste	157,109	157,109	140,560	(16,549)
Building planning and zoning	82,917	82,917	70,018	(12,899)
Community services	139,356	139,356	117,756	(21,600)
Health and welfare	57,011	57,011	53,314	(3,697)
Recreation	7,255	7,255	4,944	(2,311)
Education	8,363,139	8,363,139	8,270,458	(92,681)
Capital outlay	268,145	268,145	195,980	(72,165)
Debt service:				
Principal payments	90,000	90,000	90,000	-
Interest and fiscal charges	27,405	27,405	27,405	-
Total expenditures	<u>10,807,231</u>	<u>10,807,231</u>	<u>10,442,410</u>	<u>(364,821)</u>
Excess of revenues over expenditures	25,000	25,000	247,186	222,186
OTHER FINANCING USES				
Transfers out	(25,000)	(25,000)	(10,000)	15,000
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(10,000)</u>	<u>15,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	237,186	<u>\$ 237,186</u>
Fund balance - beginning			<u>2,732,952</u>	
Fund balance - ending			<u>\$ 2,970,138</u>	

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

TOWN OF ANDOVER, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 72,832
Due from other funds	3,870
Total assets	<u>\$ 76,702</u>
LIABILITIES	
Due to other funds	\$ 364
Due to others	76,338
Total liabilities	<u>\$ 76,702</u>

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

History and Organization

The Town of Andover, Connecticut was settled in 1848 and covers 39.5 square miles located in Tolland County. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services as authorized by Connecticut General Statutes: public works, public safety, sanitation and waste, building planning and zoning, community services, health and welfare, recreation, education and general administrative services.

The legislative power of the Town is with the Board of Selectmen and Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The basic financial statements of the reporting entity include only the funds of the Town as no component units exist based on operational or financial relationships with the Town.

Related Organizations

The Town is a member of Regional School District No. 8 (the "District"), which is located in Hebron, Connecticut. The District provides educational services for the grade 7 through 12 populations within its member towns. The activities of the District are primarily supported by assessments made to member towns. Assessments for the Town totaled \$4,032,316, which represented approximately 14.52% of total member assessments. In addition to annual member assessments, the Town is contingently liable for its pro-rata share of the District's outstanding bonds (see Note 9). The District is governed by an elected Board of Education and issues publicly available financial reports.

The Town is a member of the Northeastern Connecticut Council of Governments (the "Council"), which provides certain member initiated regional programs and services. The Town's First Selectman serves on the Council's Board of Directors. The Council issues publicly available financial reports.

The Town contracts for fire protection and emergency ambulance services from the Andover Volunteer Fire Department, Inc. (the "Department"), a legally separate 501(c)(3) nonprofit corporation. The Town funds a significant portion of the Department's operating and capital activities. Budgetary operating appropriations paid by the Town to the Department totaled \$124,544 for the year ended June 30, 2016. In addition, the Town has acquired a fire truck and other fire equipment for use by the Department. The Department is governed by an elected Board of Directors and issues publicly available financial reports.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government-Wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

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

The Town reports the following major governmental funds:

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

Capital Reserve Fund - This fund is used to account for the revenues and expenditures relating to capital construction, repairs and purchases.

In addition, the Town reports the following fiduciary fund types:

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity.

Measurement Focus and Basis of Accounting

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

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting *(Continued)*

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

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

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Implementation of Accounting Standards

Effective July 1, 2015, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and certain provisions of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The adoption of these statements did not have a material effect on the Town's financial statements.

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

Cash Equivalents

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

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices).

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Property Taxes

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in four installments, July 1, October 1, January 1, and April 1. Personal property and motor vehicle taxes are billed in July and are due in four installments. A supplemental motor vehicle tax is billed in one installment on January 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value.

Capital Assets

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

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

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

Assets	Years
Buildings and improvements	30 - 50
Machinery, equipment and vehicles	3 - 10
Infrastructure	30 - 50

Unearned Revenue

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The Town reports deferred charges on pensions refunding in the government-wide statement of net position. Deferred pension expenses are amortized as a component of pension expense on a systematic and rational basis.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. The Town reports unavailable revenue from property taxes and related interest in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Town and Board of Education employees (except teachers who are granted sick time only) may accumulate unused vacation and sick pay benefits ("compensated absences") subject to certain union and contract provisions. All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources.

Long-term Obligations

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

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

Net Position and Fund Balance

The government-wide statement of net position presents the Town's assets, deferred outflows of resources and liabilities, with net position as the residual of these other elements. Net position is reported in three categories:

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

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Net Position and Fund Balance *(Continued)*

Unrestricted net position - This component of net position is the net amount of the assets, liabilities and deferred inflows/outflows of resources which do not meet the definition of the two preceding categories.

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

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

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

Committed - Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of financial decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures regulated by Connecticut General Statutes, which is consistent with the Town's budgeting procedures as described in Note 2.

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. The Board of Finance determines assignments by way of formal resolution on behalf of the Town to document the Town's intent to use available resources for specific purposes. The applicable assignments do not require formal Town Meeting approval. A review of assignments will be performed by the Board of Finance at regularly scheduled meetings.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories. In accordance with the Town's fund balance policy, the Town strives to maintain an unassigned fund balance policy of 10% of current year budgetary general fund operating expenditures.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town's policy over net position considers restricted net position to have been depleted before unrestricted net position is applied.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Net Position and Fund Balance *(Continued)*

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

In accordance with the Town's fund balance policy and the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

Interfund Activities

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

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

Interfund Transfers

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

Interfund Reimbursements

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY INFORMATION

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements in accordance with provisions of Connecticut General Statutes and annually adopted budget policies.

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Board of Education, files with the Board of Selectmen a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- The Board of Selectmen presents a budget message, estimates of revenues and expenditures and justifications to the Board of Finance for all Town-supported functions. The Board of Education presents estimates of revenues and expenditures and justifications to the Board of Finance for all local education functions.
- The Region 8 Board of Education presents the proposed Region 8 budget to the Board of Finance. A separate public hearing and referendum for the Region 8 budget are administered by the Region 8 Board of Education.
- The Board of Finance holds at least one public hearing on the proposed budget. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the local Board of Education. The Board of Finance then prepares a budget to be presented at the Town's Annual Budget meeting. This meeting shall consider the budget presented by the Board of Finance and may approve or lower the General Government, Andover Board of Education and/or Capital Projects budgets. The Region 8 budget cannot be approved or lowered during this meeting as it is subject to a separate Region 8 referendum. The Annual Budget meeting will adjourn to referendum.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level. Transfers of budgeted amounts between departments must be approved by the Board of Selectman and the Board of Finance. The Board of Selectman may transfer amounts between line items within a department. Additional appropriation requests are submitted by the department heads to the Board of Selectmen. The Board of Selectmen acts on the requests, which, if approved are sent to the Board of Finance. The Board of Finance may approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000 or are not a second request for an appropriation by the asking board, commission or department. Appropriations in excess of the amount which the Board of Finance may approve or a second request by the requesting board, commission or department, must also be approved by vote of a Town Meeting. During the year ended June 30, 2016, there were no additional appropriations from fund balance.
- Formal budgetary integration is employed as a management control device during the year.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 2 - BUDGETARY INFORMATION (Continued)

- The budget is prepared on the modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end, except those amounts appropriated within the Capital Reserve Fund and certain amounts approved by the Board of Finance for carryover relating to unexpended education appropriations. Annual carryover amounts may not exceed 1.0% of the total budgeted appropriation for education for such fiscal year. In addition, the maximum cumulative education carryover may not exceed 3.0% of the total budgeted appropriation for education for the most recently ended fiscal year. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). The differences consist primarily of payments made by the State of Connecticut "on-behalf" of the Town into the State Teachers' Retirement System, which are not recorded for budgetary purposes, and additional revenues and expenditures pertaining to other Town funds, which are not budgeted for by the Town due to perspective differences.

A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2016:

	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other Financing</u> <u>Sources (Uses)</u>	<u>Net Change</u> <u>in Fund</u> <u>Balance</u>	<u>Fund</u> <u>Balance</u>
Budgetary basis	\$ 10,689,596	\$ 10,442,410	\$ (10,000)	\$ 237,186	\$ 2,970,138
"On-behalf" payments - State Teachers Retirement Fund	507,410	507,410	-	-	-
Encumbrances outstanding:					
June 30, 2015	-	14,600	-	(14,600)	(14,600)
June 30, 2016	-	(30,245)	-	30,245	30,245
Intergovernmental grants netted against expenditures	18,232	18,232	-	-	-
Reclassification of transfers for GAAP purposes	-	(177,284)	(177,284)	-	-
GAAP basis	<u>\$ 11,215,238</u>	<u>\$ 10,775,123</u>	<u>\$ (187,284)</u>	<u>\$ 252,831</u>	<u>\$ 2,985,783</u>

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 2 - BUDGETARY INFORMATION (Continued)

Expenditures which exceed appropriations

The legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2016, expenditures exceeded appropriations in the following amounts, which does not represent a violation of budgetary requirements:

<u>Department</u>	<u>Budget Line</u>	<u>Amount</u>
General government	Selectmen	\$ 79
General government	Town Attorney	2,622
General government	Assessor	1,158
General government	Old town hall costs	347
General government	Administrative assistant and clerk	3,126
Public works	Street lights	1,389
Public safety	Law enforcement	22,243
Building planning and zoning	Zoning agent	329
Building planning and zoning	Other commissions	590
Community services	Dial A Ride	2,596

Deficit Fund Balances

The following funds have deficit balances as of June 30, 2016, which do not constitute a violation of statutory provisions:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Senior Activities Fund	\$ 392
Veterans Monument Fund	96

The deficits are expected to be eliminated by future revenues, appropriations, or transfers from other funds.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, the carrying amount of the Town's cash deposits totaled \$4,535,320. As of June 30, 2016, \$4,125,662 of the Town's bank balance of \$4,954,374 was exposed to custodial credit risk as follows:

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits (Continued)

Custodial Credit Risk (Continued)

Government-wide statement of net position:	
Cash and cash equivalents	\$ 4,462,488
Statement of fiduciary net position:	
Cash and cash equivalents	72,832
Total cash deposits	<u>\$ 4,535,320</u>

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

A reconciliation of the Town's cash deposits as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 4,462,488
Statement of fiduciary net position:	
Cash and cash equivalents	72,832
Total cash deposits	<u>\$ 4,535,320</u>

Investments

A reconciliation of the Town's investments as of June 30, 2016 is as follows:

Government-wide statement of net position:	
Investments	<u>\$ 17,649</u>

As of June 30, 2016, the Town's investments consisted of the following:

Investment type	Valuation Basis	Value
Other Investments:		
<i>Governmental activities/Nonmajor Funds:</i>		
Equity securities	Fair value	<u>\$ 17,649</u>

Interest Rate Risk

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut General Statutes. Connecticut general statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; 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 trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk because they are either not evidenced by securities that exist in physical or book entry form or they are held by a reputable custodian in the name of the Town.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2016, 100% of the Town's investments within the government-wide statement of net position were invested equity securities.

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs). The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which market inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Town's financial assets that are accounted for at fair value on a recurring basis as of June 30, 2016, by level within the fair value hierarchy are presented in the table below.

Financial Assets Measured at Fair Value	Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities	\$ 17,649	\$ -	\$ -	\$ 17,649

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 72,109	\$ 91,754	\$ -	\$ 163,863
Land	1,175,732	-	-	1,175,732
Total capital assets, not being depreciated	<u>1,247,841</u>	<u>91,754</u>	<u>-</u>	<u>1,339,595</u>
Capital assets, being depreciated:				
Buildings and improvements	9,376,429	59,750	-	9,436,179
Machinery, equipment and vehicles	2,160,678	40,415	-	2,201,093
Infrastructure	1,435,435	264,808	-	1,700,243
Total capital assets, being depreciated	<u>12,972,542</u>	<u>364,973</u>	<u>-</u>	<u>13,337,515</u>
Less accumulated depreciation for:				
Buildings and improvements	5,898,329	359,725	-	6,258,054
Machinery, equipment and vehicles	1,624,673	87,890	-	1,712,563
Infrastructure	146,432	33,576	-	180,008
Total accumulated depreciation	<u>7,669,434</u>	<u>481,191</u>	<u>-</u>	<u>8,150,625</u>
Total capital assets, being depreciated, net	<u>5,303,108</u>	<u>(116,218)</u>	<u>-</u>	<u>5,186,890</u>
Governmental activities capital assets, net	<u>\$ 6,550,949</u>	<u>\$ (24,464)</u>	<u>\$ -</u>	<u>\$ 6,526,485</u>

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

Governmental Activities:	
General government	\$ 28,477
Public works	71,567
Public safety	66,408
Sanitation and waste	1,029
Community services	16,022
Education	297,688
Total depreciation expense - governmental activities	<u>\$ 481,191</u>

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Nonmajor Funds	\$ 119,260
	Capital Reserve Fund	8,180
		<u>127,440</u>
Nonmajor Funds	General Fund	400,635
	Nonmajor Funds	382
	Agency Funds	364
		<u>401,381</u>
		<u><u>\$ 528,821</u></u>
Fiduciary Funds		
Agency Funds	Nonmajor Funds	<u><u>\$ 3,870</u></u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 7 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2016 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Capital Reserve Fund	General Fund	<u>\$ 25,000</u>
Nonmajor Funds	General Fund	162,284
	Nonmajor Funds	500
		<u>162,784</u>
		<u><u>\$ 187,784</u></u>

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 8 - FUND BALANCE

The various components of fund balance at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Permanent fund principal	\$ -	\$ -	\$ 58,795	\$ 58,795
Restricted for:				
Grant programs	-	-	187,841	187,841
Donor restrictions	-	-	25,603	25,603
Committed to:				
General government	-	-	146,909	146,909
Community services	-	-	33,902	33,902
Education	30,245	-	-	30,245
Capital purposes	-	550,354	160,900	711,254
Assigned to:				
Subsequent year budget	906,080	-	-	906,080
General government	-	-	166,191	166,191
Public safety	-	-	6,194	6,194
Community services	-	-	37,610	37,610
Education	-	-	1,836	1,836
Recreation	-	-	4,968	4,968
Unassigned	2,049,458	-	(488)	2,048,970
	<u>\$ 2,985,783</u>	<u>\$ 550,354</u>	<u>\$ 830,261</u>	<u>\$ 4,366,398</u>

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 630,000	\$ -	\$ (90,000)	\$ 540,000	\$ 90,000
Other liabilities:					
Note payable	6,790	-	(3,397)	3,393	3,393
Capital leases	92,050	-	(29,499)	62,551	30,668
Compensated absences	102,884	58,060	-	160,944	32,189
Net pension liability	418,050	138,349	-	556,399	-
Net OPEB obligation	216,000	29,000	-	245,000	-
	<u>\$ 1,465,774</u>	<u>\$ 225,409</u>	<u>\$ (122,896)</u>	<u>\$ 1,568,287</u>	<u>\$ 156,250</u>

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Long-term obligations, have typically have been liquidated by the General Fund.

<u>Bond Issue</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities:					
General obligation bonds	2002	\$ 1,800,000	2021	4.30%	\$ 540,000

Bonds Payable

A summary of the bonds payable outstanding at June 30, 2016 is as follows:

<u>Bond Issue</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Governmental Activities					
General obligation bonds	2002	\$ 1,800,000	2021	4.30%	\$ 540,000

Annual debt service requirements to maturity on the bond payable are as follows as of June 30, 2016:

<u>Year ending June 30:</u>	<u>Governmental Activities Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 90,000	\$ 23,377	\$ 113,377
2018	90,000	19,282	109,282
2019	90,000	15,097	105,097
2020	90,000	10,845	100,845
2021	90,000	6,548	96,548
2022	90,000	2,194	92,194
	<u>\$ 540,000</u>	<u>\$ 77,343</u>	<u>\$ 617,343</u>

Note Payable

The Town entered into a note payable in May of 2013 in the amount of \$13,580 to finance a portion of costs related to energy conservation lighting and other items at the elementary school. This is a non-interest bearing note with monthly principal payments of \$283 through June 30, 2017.

Shared Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 8's (the "District") outstanding bonds. As of June 30, 2016, the District's total outstanding bonds were \$16,550,000, with 14.52%, or \$2,403,060, representing the Town's share. Regional School District No. 8 has no authorized, unissued bonds, for which the Town would be contingently liable.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$56,882,861 as of June 30, 2016. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2016.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Capital Leases

A summary of assets under capital leases is as follows as of June 30, 2016:

Equipment	\$	153,569
Less: accumulated amortization		<u>(25,595)</u>
		<u>\$ 127,974</u>

Amortization expense relative to leased property under capital leases totaled \$10,238 for the year ended June 30, 2016 and is included in depreciation and amortization expense.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

Year ending June 30:		
2017	\$	33,144
2018		<u>33,144</u>
Total minimum lease payments		66,288
Less: amount representing interest		<u>(3,737)</u>
Present value of minimum lease payments		<u>\$ 62,551</u>

NOTE 10 - RETIREMENT PLANS

Connecticut Municipal Employees' Retirement Fund B

The Town participates in the Connecticut's Municipal Employees' Retirement System (CMERS). 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. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions.

Municipalities may designate which departments are to be covered under the CMERS. Only employees covered under the State Teachers' Retirement System may not be included. There are 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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement Fund B *(Continued)*

Plan Description

Plan administration - CMERS is a multiemployer pension plan administered by the Connecticut State Retirement Commission. The State Retirement Commission is responsible for the administration of the CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Plan membership - All full-time employees of the Town, except for certified Board of Education personnel who are eligible for the State Teachers' Retirement System, who are age 55 or younger at the date of hire, participate in the CMERS plan for general employees with social security.

Benefits provided - General 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. Police are eligible at the compulsory retirement age for police and fire members are eligible at the age of 65.

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.

Employees are eligible for early retirement 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.

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.

The plan also offers a pre-retirement death benefit in the form of a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement Fund B *(Continued)*

Plan Description *(Continued)*

Contributions - The contribution requirements of plan members are established and may be amended by the State Retirement Commission. The Town is required to contribute 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. The current rate is 11.58% of the annual Town employees' covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the CMERS for the years ended June 30, 2016 and 2015 were \$103,708, and \$108,266, respectively, and were equal to the required contributions for each year.

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 2.25% of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

Summary of Significant Accounting Policies

Pensions - For purposes of measuring the net pension liability, deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment policy - The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Net Pension Liability

The total estimated net pension liability of the CMERS as of June 30, 2015 was \$192.737 million, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled \$556,399 or approximately 0.02887% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward for the year ending June 30, 2015. The portion of the net pension liability associated with the Town was based on 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.

Actuarial assumptions - The total pension liability for the CMERS was determined by an actuarial valuation as of June 30, 2014, rolled forward for the year ending June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Connecticut Municipal Employees' Retirement Fund B (Continued)

Net Pension Liability (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large cap U.S. Equities	16.0%	5.80%
Developed Non-U.S. Equities	14.0%	6.60%
Emerging Markets (Non-U.S.)	7.0%	8.30%
Core Fixed Income	8.0%	1.30%
Inflation Linked Bonds	5.0%	1.00%
Emerging Market Bonds	8.0%	3.70%
High Yield Bonds	14.0%	3.90%
Real Estate	7.0%	5.10%
Private Equity	10.0%	7.60%
Alternative Investment	8.0%	4.10%
Liquidity Fund	3.0%	0.40%
	<u>100.0%</u>	

Discount rate - The discount rate used to measure the CMERS' total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1.00% Decrease (7.5%)</u>	<u>Current Rate (8.5%)</u>	<u>1.00% Increase (9.5%)</u>
Town's proportionate share of the net pension liability	\$ 1,001,689	\$ 556,399	\$ 179,129

TOWN OF ANDOVER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS *(Continued)*
 JUNE 30, 2016

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut Municipal Employees' Retirement Fund B *(Continued)*

Net Pension Liability *(Continued)*

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

Pension Expense and Deferred Outflows of Resources

For the year ended June 30, 2016, the Town recognized pension expense related to the CMERS of \$102,859. At June 30, 2016 the Town reported its proportionate share of deferred inflows and outflows of resources related to the CMERS from the following source:

	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Outflows of Resources, net
Net difference between projected and actual earnings on pension plan investments	\$ 100,391	\$ 142,620	\$ 42,229
Total	\$ 100,391	\$ 142,620	\$ 42,229

The net amount reported as deferred outflows of resources related to the CMERS will be amortized as a component of pension expense in future years as follows:

Year ended June 30,		
2017	\$	2,191
2018		2,191
2019		2,191
2020		35,656
	\$	42,229

Connecticut State Teachers' Retirement System

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

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 10 - RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2016, plan members of the Town contributed \$150,591 to the plan and covered payroll for the year was \$2,076,994. The Town has recognized on-behalf payments of \$507,410 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2015 was \$10.972 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$6.1 million or approximately 0.056% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

The total pension liability as of June 30, 2015 was rolled forward from the total pension liability determined from the June 30, 2014 actuarial valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 10 - RETIREMENT PLANS (Continued)

Connecticut State Teachers' Retirement System (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Large cap U.S. equities	21.0%	5.8%
Developed non U.S equities	18.0%	6.6%
Emerging Markets non U.S.	9.0%	8.3%
Core Fixed Income	7.0%	1.3%
Inflation Linked Bonds	3.0%	1.0%
Emerging Markets bond	5.0%	3.7%
High Yield	5.0%	3.9%
Real Estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
	<u>100.0%</u>	

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 8.50%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.50%) or 1-percentage-point higher (9.50%) than the current rate:

	1.00% Decrease (7.5%)	Current Rate (8.5%)	1.00% Increase (9.5%)
Town's proportionate share of net pension liability	\$7.7 million	\$6.1 million	\$4.7 million

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

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Town's Board of Education administers one single-employer defined benefit healthcare plan (the "Plan"). The Plan provides healthcare and dental insurance benefits for all eligible Board of Education retirees and their spouses through the Board of Education's group healthcare and dental insurance plans. Benefits provisions are established by contract and may be amended by union negotiations each three-year bargaining period. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the participants and the Town are established by and may be amended through negotiations between the Town and the union representing the employees. Currently, participants are required to contribute 100% of their healthcare and dental premiums to the Town, less any reimbursements received by the Town from the State Retirement Board. The Town pays the benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Asset

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), which is an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Town's annual OPEB cost is entirely attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to premium rates offered to the Town's active employees.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed by the Town for such benefits, and changes in the Town's net OPEB obligation.

Annual required contribution	\$	61,000
Interest on net OPEB obligation		9,000
Adjustment to annual required contribution		<u>(12,000)</u>
Annual OPEB cost (expense)		58,000
Contributions made		<u>29,000</u>
Change in net OPEB obligation		29,000
Net OPEB obligation, beginning of year		<u>216,000</u>
Net OPEB obligation, end of year	\$	<u><u>245,000</u></u>

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

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 58,000	50.00%	\$ 245,000
2015	57,000	49.12%	216,000
2014	55,000	38.18%	187,000

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2016

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

Funded Status and Funding Progress

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

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 634,000	\$ 634,000	0.0%	\$ 2,551,000	24.85%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

Valuation date:	July 1, 2013
Actuarial cost method:	Projected Unit Credit
Amortization method:	30 years, level dollar,
Asset valuation method:	Not applicable
Actuarial assumptions:	
Investment rate of return	4.00%
Inflation rate	2.00%
Healthcare cost trend rate	9.00% (Initial)
	5.00% (Final)

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 12 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of. During 2016, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

NOTE 13 - CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement establishes disclosure of information about the nature and magnitude of tax abatements to allow users of the financial statements to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF ANDOVER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS *(Continued)*
JUNE 30, 2016

NOTE 14 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE *(Continued)*

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Certain provisions of this statement are effective for the Town's reporting period beginning July 1, 2016. The Town does not expect this statement to have a material effect on its financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ANDOVER, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
 CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
 LAST TWO FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.2887%	0.4242%
Town's proportionate share of the net pension liability	<u>\$ 556,399</u>	<u>\$ 418,050</u>
Town's covered payroll	\$ 901,809	\$ 908,272
Town's proportionate share of the net pension liability as a percentage of its covered payroll	61.7%	46.0%
Plan fiduciary net position as a percentage of the total pension liability	92.72%	96.06%

Notes to Schedule:

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

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

Benefit Changes: There were no changes in benefit terms that affected the measurement of the total pension liability.

Changes in assumptions: There were no changes in assumptions that affected the measurement of the total pension liability.

The allocation totals and percentages for the year ended June 30, 2015 have been adjusted based on a restatement to the Connecticut Municipal Employees Retirement System fiduciary net position. The July 1, 2014 fiduciary net position increased by \$139,565,000 to include the gross amount of contributions receivable.

TOWN OF ANDOVER, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
LAST TWO FISCAL YEARS

	2016	2015
Contractually required contribution	\$ 103,708	\$ 108,266
Contributions in relation to the contractually required contribution	103,708	108,266
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 901,809	\$ 908,272
Contributions as a percentage of covered employee payroll	11.50%	11.92%

Notes to Schedule:

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

TOWN OF ANDOVER, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
 CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
 LAST TWO FISCAL YEARS
 (Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.056%	0.056%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	6,105	5,643
Total	<u>\$ 6,105</u>	<u>\$ 5,643</u>
Town's covered payroll	\$ 2,077	\$ 2,083
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

Notes to Schedule:

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

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2016 is based on a June 30, 2015 measurement date).

Benefit Changes: There were no changes in benefit terms that affected the measurement of the total pension liability.

Changes in assumptions: There were no changes in assumptions that affected the measurement of the total pension liability.

TOWN OF ANDOVER, CONNECTICUT
 OTHER POST EMPLOYMENT BENEFITS
 SCHEDULES OF FUNDING PROGRESS (UNAUDITED)
 LAST THREE ACTUARIAL VALUATIONS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
Other Post-Employment Benefits						
July 1, 2007	\$ -	\$ 503,000	\$ 503,000	0.0%	\$ 2,833,000	17.8%
July 1, 2010	-	553,000	553,000	0.0%	2,554,000	21.7%
July 1, 2013	-	634,000	634,000	0.0%	2,551,000	24.9%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

TOWN OF ANDOVER, CONNECTICUT
SCHEDULE OF REVENUES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
PROPERTY TAXES				
Tax collections	\$ 8,272,205	\$ 8,272,205	\$ 8,083,183	\$ (189,022)
Tax interest and liens	22,200	22,200	75,186	52,986
TOTAL PROPERTY TAXES	<u>8,294,405</u>	<u>8,294,405</u>	<u>8,158,369</u>	<u>(136,036)</u>
INTERGOVERNMENTAL REVENUES				
Town:				
Payment in lieu of taxes - State owned property	20,165	20,165	3,767	(16,398)
Veterans tax relief	1,200	1,200	1,284	84
Circuit breaker	14,000	14,000	13,648	(352)
Manufacturing exempt	2,464	2,464	-	(2,464)
Pequot funds	15,990	15,990	16,302	312
State miscellaneous	4,000	4,000	4,740	740
Disabled programs	434	434	465	31
Telephone access	6,000	6,000	6,636	636
Total intergovernmental revenues - Town	<u>64,253</u>	<u>64,253</u>	<u>46,842</u>	<u>(17,411)</u>
Education:				
Education cost sharing	2,379,549	2,379,549	2,376,736	(2,813)
Transportation grant	16,290	16,290	12,689	(3,601)
Total intergovernmental revenues - Education	<u>2,395,839</u>	<u>2,395,839</u>	<u>2,389,425</u>	<u>(6,414)</u>
TOTAL INTERGOVERNMENTAL REVENUES	<u>2,460,092</u>	<u>2,460,092</u>	<u>2,436,267</u>	<u>(23,825)</u>
CHARGES FOR SERVICES				
Permits	1,200	1,200	2,520	1,320
Town clerk fees	35,000	35,000	44,122	9,122
Dial A Ride	9,694	9,694	-	(9,694)
Transfer station	700	700	1,476	776
Waste redemption	140	140	-	(140)
Building department	20,000	20,000	32,538	12,538
TOTAL CHARGES FOR SERVICES	<u>66,734</u>	<u>66,734</u>	<u>80,656</u>	<u>13,922</u>
INVESTMENT INCOME	<u>3,000</u>	<u>3,000</u>	<u>7,233</u>	<u>4,233</u>
OTHER REVENUES	<u>8,000</u>	<u>8,000</u>	<u>7,071</u>	<u>(929)</u>
TOTAL REVENUES	<u>\$ 10,832,231</u>	<u>\$ 10,832,231</u>	<u>\$ 10,689,596</u>	<u>\$ (142,635)</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
Selectmen	\$ 57,830	\$ 57,830	\$ 57,909	\$ 79
Board clerks	1,765	1,765	1,312	(453)
Audit and actuarial services	18,750	18,750	15,650	(3,100)
Town Attorney	10,000	10,000	12,622	2,622
Advertising	4,000	4,000	3,105	(895)
Treasurer	47,425	47,425	17,399	(30,026)
Tax collector	53,760	53,760	53,709	(51)
Assessor	78,935	78,935	80,093	1,158
Board of Assessment Appeals	930	930	600	(330)
Town clerk	81,287	87,049	83,269	(3,780)
Probate court	2,417	2,417	2,368	(49)
Elections	19,376	19,376	11,795	(7,581)
Registrars	6,467	6,467	5,742	(725)
Old town hall costs	4,670	4,670	5,017	347
Town office building	71,486	71,486	63,813	(7,673)
Administrative assistant and clerk	7,429	7,429	10,555	3,126
Custodial and cleaning services	9,055	9,055	8,976	(79)
Dog warden and costs	7,479	7,479	7,388	(91)
Insurance	128,000	128,000	91,425	(36,575)
Employee benefits	315,386	315,386	282,361	(33,025)
Historical	200	200	-	(200)
Contingency	15,000	9,238	-	(9,238)
TOTAL GENERAL GOVERNMENT	<u>941,647</u>	<u>941,647</u>	<u>815,108</u>	<u>(126,539)</u>
PUBLIC WORKS				
Department of public works	248,100	248,100	248,019	(81)
Snow removal	104,400	104,400	72,976	(31,424)
Town garage	16,750	16,750	14,803	(1,947)
Engineer	2,500	2,500	1,500	(1,000)
Street lights	7,500	7,500	8,889	1,389
Ground maintenance	8,750	8,750	6,979	(1,771)
TOTAL PUBLIC WORKS	<u>388,000</u>	<u>388,000</u>	<u>353,166</u>	<u>(34,834)</u>
PUBLIC SAFETY				
Law enforcement	137,145	137,145	159,388	22,243
Fire department	124,849	124,849	124,545	(304)
Old fire house	9,725	9,725	8,833	(892)
Fire marshal	10,878	10,878	8,738	(2,140)
Civil preparedness and miscellaneous	2,650	2,650	2,197	(453)
TOTAL PUBLIC SAFETY	<u>285,247</u>	<u>285,247</u>	<u>303,701</u>	<u>18,454</u>
SANITATION AND WASTE				
Transfer station	154,909	154,909	138,444	(16,465)
Recycling	2,200	2,200	2,116	(84)
TOTAL SANITATION AND WASTE	<u>157,109</u>	<u>157,109</u>	<u>140,560</u>	<u>(16,549)</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
BUILDING PLANNING AND ZONING				
Building department	\$ 46,434	\$ 46,434	\$ 41,664	\$ (4,770)
Economic development corporation	1,000	1,000	-	(1,000)
Planning and zoning	9,406	9,406	5,271	(4,135)
Zoning agent	8,350	8,350	8,679	329
Zoning board of appeals	1,522	1,522	-	(1,522)
Inlands wetlands commission	8,080	8,080	6,429	(1,651)
Conservation commission	1,000	1,000	260	(740)
Other commissions	7,125	7,125	7,715	590
TOTAL BUILDING PLANNING AND ZONING	<u>82,917</u>	<u>82,917</u>	<u>70,018</u>	<u>(12,899)</u>
COMMUNITY SERVICES				
Dial A Ride	17,500	17,500	20,096	2,596
Senior citizens	9,110	9,110	7,319	(1,791)
Library	112,746	112,746	90,341	(22,405)
TOTAL COMMUNITY SERVICES	<u>139,356</u>	<u>139,356</u>	<u>117,756</u>	<u>(21,600)</u>
HEALTH AND WELFARE				
Health services	17,881	17,881	16,628	(1,253)
Youth services	34,685	34,685	34,685	-
Welfare services	4,445	4,445	2,001	(2,444)
TOTAL HEALTH AND WELFARE	<u>57,011</u>	<u>57,011</u>	<u>53,314</u>	<u>(3,697)</u>
RECREATION	<u>7,255</u>	<u>7,255</u>	<u>4,944</u>	<u>(2,311)</u>
EDUCATION				
Andover Elementary School	4,320,821	4,320,821	4,238,142	(82,679)
Secondary - RHAM	4,042,318	4,042,318	4,032,316	(10,002)
TOTAL EDUCATION	<u>8,363,139</u>	<u>8,363,139</u>	<u>8,270,458</u>	<u>(92,681)</u>
CAPITAL OUTLAY	<u>268,145</u>	<u>268,145</u>	<u>195,980</u>	<u>(72,165)</u>
DEBT SERVICE				
Principal	90,000	90,000	90,000	-
Interest	27,405	27,405	27,405	-
TOTAL DEBT SERVICE	<u>117,405</u>	<u>117,405</u>	<u>117,405</u>	<u>-</u>
TOTAL EXPENDITURES	<u>10,807,231</u>	<u>10,807,231</u>	<u>10,442,410</u>	<u>(364,821)</u>
OTHER FINANCING USES				
Transfers out	25,000	25,000	10,000	(15,000)
TOTAL OTHER FINANCING USES	<u>25,000</u>	<u>25,000</u>	<u>10,000</u>	<u>(15,000)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 10,832,231</u>	<u>\$ 10,832,231</u>	<u>\$ 10,452,410</u>	<u>\$ (379,821)</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2016

Grand List Year	Balance Uncollected June 30, 2015	Current Levy	Lawful Corrections		Transfers To (From) Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2016
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2014	\$ -	\$ 8,143,438	\$ 16,975	\$ 38,289	\$ -	\$ 8,122,124	\$ 8,002,240	\$ 22,481	\$ 8,024,721	\$ 119,884
2013	86,015	-	1,537	6,919	-	80,633	57,606	11,877	69,483	23,027
2012	27,698	-	1,310	6,182	-	22,826	10,492	3,480	13,972	12,334
2011	8,029	-	-	-	(117)	8,146	564	261	825	7,582
2010	1,481	-	-	-	(258)	1,739	258	9	267	1,481
2009	593	-	-	-	(15)	608	15	-	15	593
2008	843	-	-	-	(58)	901	58	56	114	843
2007	548	-	-	-	(187)	735	187	77	264	548
2006	207	-	-	-	5	202	(5)	385	380	207
2005	-	-	-	-	(397)	397	397	241	638	-
2004	-	-	-	-	(62)	62	62	589	651	-
2003	-	-	-	-	-	-	-	104	104	-
2002	-	-	-	-	(671)	671	671	21	692	-
2001	-	-	-	-	(176)	176	176	128	304	-
2000	-	-	-	-	-	-	-	45	45	-
Total	\$ 125,414	\$ 8,143,438	\$ 19,822	\$ 51,390	\$ (1,936)	\$ 8,239,220	\$ 8,072,721	\$ 39,754	\$ 8,112,475	\$ 166,499

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2016

Total cash collections for the year ended
June 30, 2016:

Taxes	\$ 8,072,721
Interest and lien fees	39,754
Total	<u>8,112,475</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	13,648
--------------------------------------	--------

Base \$ 8,126,123

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 18,283,777	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	36,567,554	-	-	-
3-3/4 times base	-	-	30,472,961	-	-
3-1/4 times base	-	-	-	26,409,900	-
3 times base	-	-	-	-	24,378,369
Total debt limitation	<u>18,283,777</u>	<u>36,567,554</u>	<u>30,472,961</u>	<u>26,409,900</u>	<u>24,378,369</u>
Indebtedness:					
Bonds and notes payable	543,393	-	-	-	-
Bonds payable, net - Regional School District No. 8	-	2,403,060	-	-	-
Total indebtedness	<u>543,393</u>	<u>2,403,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 17,740,384</u>	<u>\$ 34,164,494</u>	<u>\$ 30,472,961</u>	<u>\$ 26,409,900</u>	<u>\$ 24,378,369</u>
Total capacity of borrowing (7 times base)	\$ 56,882,861				
Total present indebtedness	<u>2,946,453</u>				
Margin for additional borrowing	<u>\$ 53,936,408</u>				

See accompanying Independent Auditor's Report.

CAPITAL RESERVE FUND

TOWN OF ANDOVER, CONNECTICUT
 COMBINING BALANCE SHEET
 CAPITAL RESERVE FUND
 JUNE 30, 2016

	Nonrecurring Reserve Fund	Fire Engine Reserve Fund	School Improvement Reserve Fund	Equipment Reserve Fund	New Library Reserve Fund	Conservation and Development Reserve Fund	Revaluation Reserve Fund	Total Capital Reserve Fund
ASSETS								
Cash and cash equivalents	\$ 103,673	\$ 44,152	\$ 159,698	\$ 19,397	\$ 176,475	\$ -	\$ 64,089	\$ 567,484
Total assets	<u>\$ 103,673</u>	<u>\$ 44,152</u>	<u>\$ 159,698</u>	<u>\$ 19,397</u>	<u>\$ 176,475</u>	<u>\$ -</u>	<u>\$ 64,089</u>	<u>\$ 567,484</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 7,957	\$ -	\$ -	\$ -	\$ 993	\$ 8,950
Due to other funds	(10,000)	-	10,894	-	-	(4,200)	11,486	8,180
Total liabilities	<u>(10,000)</u>	<u>-</u>	<u>18,851</u>	<u>-</u>	<u>-</u>	<u>(4,200)</u>	<u>12,479</u>	<u>17,130</u>
FUND BALANCES								
Committed	113,673	44,152	140,847	19,397	176,475	4,200	51,610	550,354
Total fund balances	<u>113,673</u>	<u>44,152</u>	<u>140,847</u>	<u>19,397</u>	<u>176,475</u>	<u>4,200</u>	<u>51,610</u>	<u>550,354</u>
Total liabilities and fund balances	<u>\$ 103,673</u>	<u>\$ 44,152</u>	<u>\$ 159,698</u>	<u>\$ 19,397</u>	<u>\$ 176,475</u>	<u>\$ -</u>	<u>\$ 64,089</u>	<u>\$ 567,484</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL RESERVE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Nonrecurring Reserve Fund	Fire Engine Reserve Fund	School Improvement Reserve Fund	Equipment Reserve Fund	New Library Reserve Fund	Conservation and Development Reserve Fund	Revaluation Reserve Fund	Total Capital Reserve Fund
REVENUES								
Interest income	\$ 267	\$ 113	\$ 323	\$ 50	\$ 455	\$ -	\$ -	\$ 1,208
Other	-	-	5,088	-	-	-	-	5,088
Total revenues	<u>267</u>	<u>113</u>	<u>5,411</u>	<u>50</u>	<u>455</u>	<u>-</u>	<u>-</u>	<u>6,296</u>
EXPENDITURES								
Capital outlays	-	-	23,941	-	-	8,300	27,479	59,720
Total expenditures	<u>-</u>	<u>-</u>	<u>23,941</u>	<u>-</u>	<u>-</u>	<u>8,300</u>	<u>27,479</u>	<u>59,720</u>
Excess (deficiency) of revenues over expenditures	267	113	(18,530)	50	455	(8,300)	(27,479)	(53,424)
OTHER FINANCING SOURCES								
Transfers in	10,000	-	-	-	-	-	15,000	25,000
Total other financing sources	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>25,000</u>
Net change in fund balances	10,267	113	(18,530)	50	455	(8,300)	(12,479)	(28,424)
Fund balances - beginning	<u>103,406</u>	<u>44,039</u>	<u>159,377</u>	<u>19,347</u>	<u>176,020</u>	<u>12,500</u>	<u>64,089</u>	<u>578,778</u>
Fund balances - ending	<u>\$ 113,673</u>	<u>\$ 44,152</u>	<u>\$ 140,847</u>	<u>\$ 19,397</u>	<u>\$ 176,475</u>	<u>\$ 4,200</u>	<u>\$ 51,610</u>	<u>\$ 550,354</u>

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF ANDOVER, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Andover Public Library Fund	Andover Fire Commission Fund	Open Space Fund	Severance Pay Fund	Historic Preservation Fund	Community Investment Fund	Town Aid Road Fund	Housing Incentive Grant Fund
ASSETS								
Cash and cash equivalents	\$ 36,647	\$ 13,697	\$ 139,919	\$ 153,859	\$ 992	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-	-	-
Other receivables	-	59	-	-	-	-	-	-
Due from other funds	-	-	6,990	8,961	1,111	32,013	182,671	2,500
Total assets	<u>\$ 36,647</u>	<u>\$ 13,756</u>	<u>\$ 146,909</u>	<u>\$ 162,820</u>	<u>\$ 2,103</u>	<u>\$ 32,013</u>	<u>\$ 182,671</u>	<u>\$ 2,500</u>
LIABILITIES								
Accounts payable	\$ 871	\$ 8,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	415	-	-	382	-	-	-
Unearned revenue	-	-	-	-	-	-	-	2,500
Total liabilities	<u>871</u>	<u>9,406</u>	<u>-</u>	<u>-</u>	<u>382</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	1,721	-	182,671	-
Committed	-	-	146,909	-	-	32,013	-	-
Assigned	35,776	4,350	-	162,820	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>35,776</u>	<u>4,350</u>	<u>146,909</u>	<u>162,820</u>	<u>1,721</u>	<u>32,013</u>	<u>182,671</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 36,647</u>	<u>\$ 13,756</u>	<u>\$ 146,909</u>	<u>\$ 162,820</u>	<u>\$ 2,103</u>	<u>\$ 32,013</u>	<u>\$ 182,671</u>	<u>\$ 2,500</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Hartford Foundation Grant Fund	Energy Assurance Grant Fund	Senior Services Grant Fund	Eversource Energy Grant Fund	Civil Preparedness Grant Fund	Senior Activities Fund	Social Services Fund	Recreation Scholarship Fund
ASSETS								
Cash and cash equivalents	\$ 492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Due from other funds	-	600	425	138	-	-	1,889	549
Total assets	<u>\$ 492</u>	<u>\$ 600</u>	<u>\$ 425</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,889</u>	<u>\$ 549</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	492	-	-	-	-	392	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	600	425	138	-	-	-	549
Committed	-	-	-	-	-	-	1,889	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(392)	-	-
Total fund balances	<u>-</u>	<u>600</u>	<u>425</u>	<u>138</u>	<u>-</u>	<u>(392)</u>	<u>1,889</u>	<u>549</u>
Total liabilities and fund balances	<u>\$ 492</u>	<u>\$ 600</u>	<u>\$ 425</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,889</u>	<u>\$ 549</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Veterans Monument Fund	Miscellaneous Donations Fund	Dog Fund	Farmers Market Fund	Andover Youth Basketball Fund	Town Conservation Fund	School Lunch Fund	Kevin Reardon Fund
ASSETS								
Cash and cash equivalents	\$ 170	\$ -	\$ -	\$ 160	\$ 4,968	\$ 706	\$ 5,706	\$ -
Investments	-	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	-	-	-
Other receivables	-	543	-	-	-	-	-	-
Due from other funds	-	2,122	3,340	2,238	-	-	-	364
Total assets	<u>\$ 170</u>	<u>\$ 2,665</u>	<u>\$ 3,340</u>	<u>\$ 2,398</u>	<u>\$ 4,968</u>	<u>\$ 706</u>	<u>\$ 5,706</u>	<u>\$ 364</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 1,496	\$ 564	\$ -	\$ -	\$ -	\$ -
Due to other funds	266	-	-	-	-	-	3,870	-
Unearned revenue	-	-	-	-	-	-	-	-
Total liabilities	<u>266</u>	<u>-</u>	<u>1,496</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>3,870</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	364
Committed	-	-	-	-	-	-	-	-
Assigned	-	2,665	1,844	1,834	4,968	706	1,836	-
Unassigned	(96)	-	-	-	-	-	-	-
Total fund balances	<u>(96)</u>	<u>2,665</u>	<u>1,844</u>	<u>1,834</u>	<u>4,968</u>	<u>706</u>	<u>1,836</u>	<u>364</u>
Total liabilities and fund balances	<u>\$ 170</u>	<u>\$ 2,665</u>	<u>\$ 3,340</u>	<u>\$ 2,398</u>	<u>\$ 4,968</u>	<u>\$ 706</u>	<u>\$ 5,706</u>	<u>\$ 364</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 JUNE 30, 2016

	<u>Nonmajor Special Revenue Funds</u>			<u>Nonmajor Capital Projects Funds</u>			
	<u>Arthur Duprey Fund</u>	<u>School Grants Fund</u>	<u>Total Special Revenue Funds</u>	<u>Pedestrian Bridge Fund</u>	<u>Andover Elementary Expansion Fund</u>	<u>Times Farm Bridge Fund</u>	<u>STEAP Ballfield Fund</u>
ASSETS							
Cash and cash equivalents	\$ 1,969	\$ 100,819	\$ 460,104	\$ -	\$ 8,443	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Grants and contracts receivable	-	-	-	-	-	8,621	32,749
Other receivables	-	-	602	-	-	-	-
Due from other funds	-	-	245,911	5,820	-	149,650	-
Total assets	<u>\$ 1,969</u>	<u>\$ 100,819</u>	<u>\$ 706,617</u>	<u>\$ 5,820</u>	<u>\$ 8,443</u>	<u>\$ 158,271</u>	<u>\$ 32,749</u>
LIABILITIES							
Accounts payable	\$ -	\$ 1,750	\$ 13,672	\$ -	\$ -	\$ 11,634	\$ 2,050
Due to other funds	-	84,658	90,475	-	-	-	30,699
Unearned revenue	-	12,135	14,635	-	-	-	-
Total liabilities	<u>-</u>	<u>98,543</u>	<u>118,782</u>	<u>-</u>	<u>-</u>	<u>11,634</u>	<u>32,749</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,969	2,276	190,713	-	-	-	-
Committed	-	-	180,811	5,820	8,443	146,637	-
Assigned	-	-	216,799	-	-	-	-
Unassigned	-	-	(488)	-	-	-	-
Total fund balances	<u>1,969</u>	<u>2,276</u>	<u>587,835</u>	<u>5,820</u>	<u>8,443</u>	<u>146,637</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,969</u>	<u>\$ 100,819</u>	<u>\$ 706,617</u>	<u>\$ 5,820</u>	<u>\$ 8,443</u>	<u>\$ 158,271</u>	<u>\$ 32,749</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2016

	Nonmajor Capital Projects Funds		Nonmajor Permanent Funds				
	Library LOCIP Fund	Total Capital Projects Funds	Norton Children's Funds	Norton Library Fund	Norton School Fund	Sprague Library Fund	Irene Mooney Fund
ASSETS							
Cash and cash equivalents	\$ -	\$ 8,443	\$ 13,824	\$ 3,568	\$ 8,968	\$ 3,166	\$ 11,437
Investments	-	-	-	-	17,649	-	-
Grants and contracts receivable	-	41,370	-	-	-	-	-
Other receivables	-	-	-	-	66	-	-
Due from other funds	-	155,470	-	-	-	-	-
Total assets	\$ -	\$ 205,283	\$ 13,824	\$ 3,568	\$ 26,683	\$ 3,166	\$ 11,437
LIABILITIES							
Accounts payable	\$ -	\$ 13,684	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	30,699	538	-	1,800	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	-	44,383	538	-	1,800	-	-
FUND BALANCES							
Nonspendable	-	-	8,795	3,000	8,000	3,000	11,000
Restricted	-	-	4,491	568	16,883	166	437
Committed	-	160,900	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	160,900	13,286	3,568	24,883	3,166	11,437
Total liabilities and fund balances	\$ -	\$ 205,283	\$ 13,824	\$ 3,568	\$ 26,683	\$ 3,166	\$ 11,437

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2016

	Nonmajor Permanent Funds		Total Nonmajor Governmental Funds
	Brown & Brown Fund	Total Permanent Funds	
ASSETS			
Cash and cash equivalents	\$ 25,186	\$ 66,149	\$ 534,696
Investments	-	17,649	17,649
Grants and contracts receivable	-	-	41,370
Other receivables	-	66	668
Due from other funds	-	-	401,381
Total assets	<u>\$ 25,186</u>	<u>\$ 83,864</u>	<u>\$ 995,764</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	27,356
Due to other funds	-	2,338	123,512
Unearned revenue	-	-	14,635
Total liabilities	<u>-</u>	<u>2,338</u>	<u>165,503</u>
FUND BALANCES			
Nonspendable	25,000	58,795	58,795
Restricted	186	22,731	213,444
Committed	-	-	341,711
Assigned	-	-	216,799
Unassigned	-	-	(488)
Total fund balances	<u>25,186</u>	<u>81,526</u>	<u>830,261</u>
Total liabilities and fund balances	<u>\$ 25,186</u>	<u>\$ 83,864</u>	<u>\$ 995,764</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Andover Public Library Fund	Andover Fire Commission Fund	Open Space Fund	Severance Pay Fund	Historic Preservation Fund	Community Investment Fund	Town Aid Road Fund	Housing Incentive Grant Fund
REVENUES								
Intergovernmental	\$ 1,287	\$ -	\$ -	\$ -	\$ 3,000	\$ -	\$ 190,310	\$ 17,500
Charges for services	-	-	-	-	1,338	4,575	-	-
Interest income	16	7	361	396	3	-	-	-
Other	5,297	982	6,989	-	-	-	-	-
Total revenues	<u>6,600</u>	<u>989</u>	<u>7,350</u>	<u>396</u>	<u>4,341</u>	<u>4,575</u>	<u>190,310</u>	<u>17,500</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	121,703	-	-	-	-	-	-
Public works	-	-	-	-	-	-	264,808	-
Community services	31,136	-	-	-	3,000	-	-	-
Health and welfare	-	-	-	-	-	-	-	17,500
Education	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>31,136</u>	<u>121,703</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>264,808</u>	<u>17,500</u>
Excess (deficiency) of revenues over expenditures	(24,536)	(120,714)	7,350	396	1,341	4,575	(74,498)	-
OTHER FINANCING SOURCES								
Transfers in	22,740	124,544	-	15,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	<u>22,740</u>	<u>124,544</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,796)	3,830	7,350	15,396	1,341	4,575	(74,498)	-
Fund balances - beginning	<u>37,572</u>	<u>520</u>	<u>139,559</u>	<u>147,424</u>	<u>380</u>	<u>27,438</u>	<u>257,169</u>	<u>-</u>
Fund balances - ending	<u>\$ 35,776</u>	<u>\$ 4,350</u>	<u>\$ 146,909</u>	<u>\$ 162,820</u>	<u>\$ 1,721</u>	<u>\$ 32,013</u>	<u>\$ 182,671</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Hartford Foundation Grant Fund	Energy Assurance Grant Fund	Senior Services Grant Fund	Eversource Energy Grant Fund	Civil Preparedness Grant Fund	Senior Activities Fund	Social Service Fund Fund	Recreation Scholarship Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Other	-	-	-	5,000	1,392	4,522	850	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>1,392</u>	<u>4,522</u>	<u>850</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	4,862	-	-	-	-
Public safety	-	-	-	-	1,392	-	-	-
Public works	-	-	-	-	-	-	-	-
Community services	491	-	-	-	-	6,394	150	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>491</u>	<u>-</u>	<u>-</u>	<u>4,862</u>	<u>1,392</u>	<u>6,394</u>	<u>150</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(491)	-	-	138	-	(1,872)	700	-
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(491)	-	-	138	-	(1,872)	700	-
Fund balances - beginning	<u>491</u>	<u>600</u>	<u>425</u>	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>1,189</u>	<u>549</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 425</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ (392)</u>	<u>\$ 1,889</u>	<u>\$ 549</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds							
	Veterans Monument Fund	Miscellaneous Donations Fund	Dog Fund	Farmers Market Fund	Andover Youth Basketball Fund	Town Conservation Fund	School Lunch Fund	Kevin Reardon Fund
REVENUES								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	832	6,320	12,645	-	33,466	-
Interest income	-	-	-	-	-	2	-	-
Other	695	5,434	-	-	-	22	-	-
Total revenues	<u>695</u>	<u>5,434</u>	<u>832</u>	<u>6,320</u>	<u>12,645</u>	<u>24</u>	<u>33,466</u>	<u>-</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	459	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Community services	850	5,191	-	6,024	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	33,773	10
Recreation	-	-	-	-	10,802	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	<u>850</u>	<u>5,191</u>	<u>459</u>	<u>6,024</u>	<u>10,802</u>	<u>-</u>	<u>33,773</u>	<u>10</u>
Excess (deficiency) of revenues over expenditures	(155)	243	373	296	1,843	24	(307)	(10)
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(500)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(155)	243	373	(204)	1,843	24	(307)	(10)
Fund balances - beginning	<u>59</u>	<u>2,422</u>	<u>1,471</u>	<u>2,038</u>	<u>3,125</u>	<u>682</u>	<u>2,143</u>	<u>374</u>
Fund balances - ending	<u>\$ (96)</u>	<u>\$ 2,665</u>	<u>\$ 1,844</u>	<u>\$ 1,834</u>	<u>\$ 4,968</u>	<u>\$ 706</u>	<u>\$ 1,836</u>	<u>\$ 364</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Special Revenue Funds			Nonmajor Capital Projects Funds			
	Arthur Duprey Fund	School Grants Fund	Total Special Revenue Funds	Pedestrian Bridge Fund	Andover Elementary Expansion Fund	Times Farm Bridge Fund	STEAP Ballfield Fund
REVENUES							
Intergovernmental	\$ -	\$ 238,021	\$ 450,118	\$ -	\$ -	\$ 28,891	\$ 31,699
Charges for services	-	-	59,176	-	-	-	-
Interest income	6	-	791	-	14	-	-
Other	-	-	31,183	-	-	-	-
Total revenues	<u>6</u>	<u>238,021</u>	<u>541,268</u>	<u>-</u>	<u>14</u>	<u>28,891</u>	<u>31,699</u>
EXPENDITURES							
Current:							
General government	-	-	4,862	-	-	-	-
Public safety	-	-	123,554	-	-	-	-
Public works	-	-	264,808	-	-	-	-
Community services	-	-	53,236	-	-	-	-
Health and welfare	-	-	17,500	-	-	-	-
Education	-	243,407	277,190	-	-	-	-
Recreation	-	-	10,802	-	-	-	-
Capital outlays	-	-	-	-	-	36,114	31,699
Total expenditures	<u>-</u>	<u>243,407</u>	<u>751,952</u>	<u>-</u>	<u>-</u>	<u>36,114</u>	<u>31,699</u>
Excess (deficiency) of revenues over expenditures	6	(5,386)	(210,684)	-	14	(7,223)	-
OTHER FINANCING SOURCES							
Transfers in	-	-	162,284	-	-	-	-
Transfers out	-	-	(500)	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>161,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6	(5,386)	(48,900)	-	14	(7,223)	-
Fund balances - beginning	<u>1,963</u>	<u>7,662</u>	<u>636,735</u>	<u>5,820</u>	<u>8,429</u>	<u>153,860</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,969</u>	<u>\$ 2,276</u>	<u>\$ 587,835</u>	<u>\$ 5,820</u>	<u>\$ 8,443</u>	<u>\$ 146,637</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2016

	Nonmajor Capital Projects Funds		Nonmajor Permanent Funds				
	Library LOCIP Fund	Total Capital Projects Funds	Norton Children's Funds	Norton Library Fund	Norton School Fund	Sprague Library Fund	Irene Mooney Fund
REVENUES							
Intergovernmental	\$ 56,000	\$ 116,590	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Interest income	-	14	35	10	(4,699)	8	30
Other	15,000	15,000	1,930	-	-	-	-
Total revenues	<u>71,000</u>	<u>131,604</u>	<u>1,965</u>	<u>10</u>	<u>(4,699)</u>	<u>8</u>	<u>30</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community services	-	-	1,240	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Education	-	-	-	-	2,000	-	-
Recreation	-	-	-	-	-	-	-
Capital outlays	59,750	127,563	-	-	-	-	-
Total expenditures	<u>59,750</u>	<u>127,563</u>	<u>1,240</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	11,250	4,041	725	10	(6,699)	8	30
OTHER FINANCING SOURCES							
Transfers in	-	-	500	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,250	4,041	1,225	10	(6,699)	8	30
Fund balances - beginning	<u>(11,250)</u>	<u>156,859</u>	<u>12,061</u>	<u>3,558</u>	<u>31,582</u>	<u>3,158</u>	<u>11,407</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 160,900</u>	<u>\$ 13,286</u>	<u>\$ 3,568</u>	<u>\$ 24,883</u>	<u>\$ 3,166</u>	<u>\$ 11,437</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Nonmajor Permanent Funds</u>		
	<u>Brown & Brown Fund</u>	<u>Total Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 566,708
Charges for services	-	-	59,176
Interest income	65	(4,551)	(3,746)
Other	-	1,930	48,113
Total revenues	<u>65</u>	<u>(2,621)</u>	<u>670,251</u>
EXPENDITURES			
Current:			
General government	-	-	4,862
Public safety	-	-	123,554
Public works	-	-	264,808
Community services	-	1,240	54,476
Health and welfare	-	-	17,500
Education	-	2,000	279,190
Recreation	-	-	10,802
Capital outlays	-	-	127,563
Total expenditures	<u>-</u>	<u>3,240</u>	<u>882,755</u>
Excess (deficiency) of revenues over expenditures	65	(5,861)	(212,504)
OTHER FINANCING SOURCES			
Transfers in	-	500	162,784
Transfers out	-	-	(500)
Total other financing sources	<u>-</u>	<u>500</u>	<u>162,284</u>
Net change in fund balances	65	(5,361)	(50,220)
Fund balances - beginning	<u>25,121</u>	<u>86,887</u>	<u>880,481</u>
Fund balances - ending	<u>\$ 25,186</u>	<u>\$ 81,526</u>	<u>\$ 830,261</u>

See accompanying Independent Auditor's Report.

FIDUCIARY FUNDS

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2016

	<u>Driveway Bonds Fund</u>	<u>Zoning Board Bond Fund</u>	<u>Seniors Activity Fund</u>	<u>Andover Elementary Student Activity Fund</u>	<u>Total Agency Funds</u>
ASSETS					
Cash and cash equivalents	\$ 28,482	\$ 12,210	\$ 3,896	\$ 28,244	\$ 72,832
Due from other funds	-	-	-	3,870	3,870
Total assets	<u>\$ 28,482</u>	<u>\$ 12,210</u>	<u>\$ 3,896</u>	<u>\$ 32,114</u>	<u>\$ 76,702</u>
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 364	\$ 364
Due to others	28,482	12,210	3,896	31,750	76,338
Total liabilities	<u>\$ 28,482</u>	<u>\$ 12,210</u>	<u>\$ 3,896</u>	<u>\$ 32,114</u>	<u>\$ 76,702</u>

See accompanying Independent Auditor's Report.

TOWN OF ANDOVER, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES *(Continued)*
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance, July 1, 2015	Additions	Deletions	Balance, June 30, 2016
Driveway Bonds Fund				
Assets				
Cash and cash equivalents	\$ 27,408	\$ 4,074	\$ 3,000	\$ 28,482
Total assets	<u>\$ 27,408</u>	<u>\$ 4,074</u>	<u>\$ 3,000</u>	<u>\$ 28,482</u>
Liabilities				
Due to others	\$ 27,408	\$ 4,074	\$ 3,000	\$ 28,482
Total liabilities	<u>\$ 27,408</u>	<u>\$ 4,074</u>	<u>\$ 3,000</u>	<u>\$ 28,482</u>
Zoning Board Bond Fund				
Assets				
Cash and cash equivalents	\$ 12,178	\$ 32	\$ -	\$ 12,210
Total assets	<u>\$ 12,178</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 12,210</u>
Liabilities				
Due to others	\$ 12,178	\$ 32	\$ -	\$ 12,210
Total liabilities	<u>\$ 12,178</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 12,210</u>
Seniors Activity Fund				
Assets				
Cash and cash equivalents	\$ 4,047	\$ 3,153	\$ 3,304	\$ 3,896
Total assets	<u>\$ 4,047</u>	<u>\$ 3,153</u>	<u>\$ 3,304</u>	<u>\$ 3,896</u>
Liabilities				
Due to others	\$ 4,047	\$ 3,153	\$ 3,304	\$ 3,896
Total liabilities	<u>\$ 4,047</u>	<u>\$ 3,153</u>	<u>\$ 3,304</u>	<u>\$ 3,896</u>
Andover Elementary Student Activity Fund				
Assets				
Cash and cash equivalents	\$ 34,854	\$ 26,932	\$ 33,542	\$ 28,244
Due from other funds	-	3,870	-	3,870
Total assets	<u>\$ 34,854</u>	<u>\$ 30,802</u>	<u>\$ 33,542</u>	<u>\$ 32,114</u>
Liabilities				
Due to other funds	\$ 2,336	\$ -	\$ 1,972	\$ 364
Due to others	32,518	30,802	31,570	31,750
Total liabilities	<u>\$ 34,854</u>	<u>\$ 30,802</u>	<u>\$ 33,542</u>	<u>\$ 32,114</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 78,487	\$ 34,191	\$ 39,846	\$ 72,832
Due from other funds	-	3,870	-	3,870
Total assets	<u>\$ 78,487</u>	<u>\$ 38,061</u>	<u>\$ 39,846</u>	<u>\$ 76,702</u>
Liabilities				
Due to other funds	\$ 2,336	\$ -	\$ 1,972	\$ 364
Due to others	76,151	38,061	37,874	76,338
Total liabilities	<u>\$ 78,487</u>	<u>\$ 38,061</u>	<u>\$ 39,846</u>	<u>\$ 76,702</u>

See accompanying Independent Auditor's Report.