



April 20, 2016

MEMORANDUM TO PROSPECTIVE BIDDERS

**Re: TOWN OF WOODBURY, CONNECTICUT
\$2,835,000 General Obligation Bond Anticipation Notes**

**Dated: May 10, 2016
Due: November 1, 2016**

**Date of Sale: Thursday, April 28, 2016
Time of Sale: 11:30 A.M. (Eastern Time)**

As per the Notice of Sale, written proposals for the Notes must be in the form of proposal attached hereto and enclosed in sealed envelopes marked "Proposal for Notes", and addressed to William J. Butterly, First Selectman, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut 06798. Please note that a representative of Phoenix Advisors, LLC will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(203) 283-1110 no later than 11:30 A.M. on Thursday, April 28, 2016.**

The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.

The General Purpose Financial Statements have been excerpted from the Annual Financial Report of the Town of Woodbury, Connecticut as of June 30, 2015. These excerpts are included in this package. Copies of the complete reports for June 30, 2015 are available upon request from Phoenix Advisors, LLC, Attention: Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 283-1110.

We trust we may be of service.

PHOENIX ADVISORS, LLC



BAN Sale Term Sheet

\$2,835,000

Town of Woodbury, Connecticut General Obligation Bond Anticipation Notes

Date of Sale:	Thursday, April 28, 2016 at 11:30 A.M. (Eastern Time).
Location of Sale:	First Selectman's Office, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut 06798.
Issuer:	Town of Woodbury, Connecticut (the "Town").
Issue:	\$2,835,000 General Obligation Bond Anticipation Notes (the "Notes").
Dated Date:	May 10, 2016
Principal and Interest Due:	At maturity on November 1, 2016
Purpose:	The Notes are being issued to finance various capital projects.
Denominations:	In minimum denominations of \$100,000 or multiples thereof, plus any odd amount.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
Credit Rating:	No application for a rating on this Note issue has been made to any credit rating agency. The Town has an outstanding bond rating of "Aa2" from Moody's Investors Service.
Basis of Award:	Lowest Net Interest Cost (NIC), as of dated date.
Form of Legal Opinion and Tax Exemption:	See "Appendix – Opinion of Bond Counsel and Tax Exemption" attached.
Bank Qualification:	The Notes shall be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	U.S Bank National Association of Hartford, Connecticut, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
Option for No Book Entry:	A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See "Option for No Book Entry" in Notice of Sale.
Financial Advisor:	Phoenix Advisors, LLC of Milford, Connecticut will act as Financial Advisor. Telephone (203) 283-1110.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about May 10, 2016. Delivery of the Notes will be made against payment in immediately available Federal Funds.
Issuer Official:	Questions concerning the Town should be directed to Manuel Gomes, Fiscal Officer, Town Office Building, 281 Main Street South, Woodbury, Connecticut 06798, Telephone: (203) 263-2449 or Mr. Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Milford, Connecticut, Telephone: (203) 283-1110.

NOTICE OF SALE
\$2,835,000
Town of Woodbury, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

SEALED PROPOSALS will be received by the Town of Woodbury, Connecticut, at the Office of the First Selectman, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut until **11:30 A.M. Eastern Time on THURSDAY,**

APRIL 28, 2016

for the purchase of \$2,835,000 Bond Anticipation Notes of the Town of Woodbury, dated May 10, 2016, maturing on November 1, 2016 (the "Notes").

The Town will designate the Notes as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$100,000 or any integral multiple thereof, plus any odd amount, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Option For No Book Entry. A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying

Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Town any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Woodbury Notes." All proposals should be addressed to Mr. William J. Butterly, Jr., First Selectman, Woodbury Town Hall, 281 Main Street South, Woodbury, Connecticut 06798

Basis of Award. As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. Unless the successful bidder on the Notes is designated as the Certifying Agent, Registrar and Paying Agent for the Notes as provided in "Option For No Book Entry" above, the Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will also act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; and (c)

a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and the Notes are "qualified tax-exempt obligations"; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

No Continuing Disclosure or Official Statement. Since the Notes mature not more than nine months from the date of issue and are in denominations of \$100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Town will not provide an official statement nor enter into a Continuing Disclosure Agreement with respect to the Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE NOTES THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF THE NOTES WERE SOLD. The successful bidder may specify that the Bonds as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Notes to any other investor.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on May 10, 2016.

More Information. For more information regarding this issue and the Town reference is made to the Town's financial statements. Proposal forms and copies of the Town's financial statements may be obtained from Mr. Barry J. Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460 (telephone: (203) 283-1110) or from Mr. Manuel I. Gomes, Treasurer, Town of Woodbury, 281 Main Street South, Woodbury, Connecticut 06798 (telephone: (203) 263-2449).

WILLIAM J. BUTTERLY, JR.,
First Selectman

MANUEL I. GOMES,
Treasurer

April 20, 2016

PROPOSAL FOR NOTES

April 28, 2016

Mr. William J. Butterly, Jr.
First Selectman
Woodbury Town Hall
281 Main Street South
Woodbury, Connecticut 06798

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated April 20, 2016 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$2,835,000 Bond Anticipation Notes of the Town of Woodbury, dated May 10, 2016, maturing November 1, 2016, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

Name of Bidder: _____

Address of Bidder: _____

Signature of Officer or
Authorized Agent of Bidder: _____

Telephone Number: _____

☐ We request that the Notes not be issued in book-entry form, but be registered in the name of the bidder, as provided in the Notice of Sale.

☐ ***Only if submitting request that Notes not be issued in book-entry form:*** We request to be designated as the Certifying Agent, Registrar and Paying Agent for the Notes, as provided in the Notice of Sale.

TOWN OF WOODBURY, CONNECTICUT
\$2,835,000 BOND ANTICIPATION NOTES
DATED MAY 10, 2016; MATURING NOVEMBER 1, 2016
APPENDIX - OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in any information distributed in connection with the note issue (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Woodbury
Woodbury, Connecticut

We have represented the Town of Woodbury, Connecticut as Bond Counsel in connection with the issuance by the Town of \$2,835,000 Bond Anticipation Notes, dated as of May 10, 2016.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Woodbury is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Notes will be excluded from gross income for Federal income tax purposes. The representations and agreements also provide that the Notes are designated or deemed designated as "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; (2) the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) the Notes are "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Notes. Failure to comply with any of these requirements may cause the interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not "private activity bonds" so that interest on the Notes will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes will be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such notes.

GENERAL.

The opinion of Bond Counsel is rendered as of its date and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention, or any changes in law or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

TOWN OF WOODBURY, CONNECTICUT

FINANCIAL INFORMATION

Excerpted from the
Annual Financial Statements of
The Town of Woodbury, Connecticut
Year Ended June 30, 2015

Independent Auditor's Report

Board of Finance
Town of Woodbury, 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 Woodbury, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 Woodbury, Connecticut, as of June 30, 2015, 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 and the pension and other post-employment benefit schedules on pages 6 through 13 and pages 50 through 55, respectively, 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 of Woodbury, Connecticut's basic financial statements. The introductory section, supplemental schedules and trend information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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 supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and trend information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

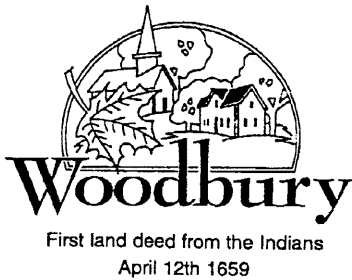
In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015, on our consideration of the Town of Woodbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Woodbury, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut
November 9, 2015

TOWN OF WOODBURY

281 Main Street South
Woodbury, Connecticut 06798



TELEPHONE: (203) 263-2141
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Management's Discussion and Analysis Year Ended June 30, 2015

As management of the Town of Woodbury, we offer readers of the Town of Woodbury's financial statements this narrative overview and analysis of the financial activities of the Town of Woodbury for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$18,307,375 (*net position*). Of this amount, \$396,436 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$86,857. The increase is due substantially to a large road donation during the fiscal year offset by increased expenses for other post-employment benefits (OPEB) and pension.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,825,076, an increase of \$437,317 in comparison with the prior year. This increase is a result of positive operations in the general fund. \$2,456,089 of the total fund balance is nonspendable, restricted, committed or assigned, leaving an *unassigned fund balance* in the amount of \$3,368,987.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,378,697, an increase of \$290,590 in comparison with the prior year. This represents 10.7% of total budgetary general fund expenditures and transfers out.
- During the fiscal year, the Town implemented GASB 68 related to pensions. GASB 68 required that the net pension liability be recorded on the government-wide financial statements. The result of implementing GASB 68 was a prior period adjustment as of July 1, 2014 to record the net pension liability of \$4,331,395. The current year pension expense was \$807,931 and the net pension liability at June 30, 2015 was \$5,539,408.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Woodbury'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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

Management's Discussion and Analysis (continued)

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

You will need to consider other nonfinancial factors; however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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 occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, parks and recreation, library and education.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. The Town establishes funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. 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 a 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 14 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 bonded projects fund, both of which are considered to be major funds. Data from the other 12 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 in Schedules 4 and 5 of this report.

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

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits G and H). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining statements and schedules can be found in Schedules 4 and 5 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's combined net position increased by less than 0.5% from a year ago – increasing from \$18,220,518 to \$18,307,375 (after the restatement for the net pension liability).

By far the largest portion of net position (89.7%) of the Town reflects its investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, equipment and vehicles and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary Statement of Net Position
June 30, 2015 and 2014

	2015	2014 (as restated)
Current and other assets	\$ 8,820,081	\$ 7,698,915
Capital assets (net)	<u>20,895,027</u>	<u>20,966,098</u>
Total assets	<u>29,715,108</u>	<u>28,665,013</u>
Deferred outflows of resources	<u>798,051</u>	
Other liabilities outstanding	1,538,586	931,651
Long-term liabilities outstanding	<u>10,667,198</u>	<u>9,512,844</u>
Total liabilities	<u>12,205,784</u>	<u>10,444,495</u>
Net position:		
Net investment in capital assets	16,416,427	16,131,638
Restricted	1,494,512	1,444,133
Unrestricted	<u>396,436</u>	<u>644,747</u>
Total net position	<u><u>\$ 18,307,375</u></u>	<u><u>\$ 18,220,518</u></u>

A portion of the Town's net position (8.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (2.2%) may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities increased the Town's net position by \$86,857. Key elements of this decrease are as follows:

**Statement of Changes in Net Position
Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,339,364	\$ 865,637
Operating grants and contributions	1,426,779	1,520,212
Capital grants and contributions	761,018	48,705
General revenues:		
Property taxes	29,381,524	29,375,439
Grants and contributions not restricted to specific programs	29,137	6,536
Investment income	55,405	67,798
Miscellaneous	<u>51,750</u>	<u>44,939</u>
Total revenues	<u>33,044,977</u>	<u>31,929,266</u>
Expenses:		
General government	2,407,275	2,365,409
Public safety	3,206,307	2,880,776
Public works	3,376,459	3,373,155
Health and welfare	253,856	232,656
Parks and recreation	542,045	500,201
Library	878,248	883,742
Education	22,021,433	22,010,784
Interest expense	128,861	143,057
Other	<u>143,636</u>	<u>194,933</u>
Total expenses	<u>32,958,120</u>	<u>32,584,713</u>
Change in net position	86,857	(655,447)
Net position - July 1 (as restated)	18,220,518	23,407,850
Restatement for net pension liability	<u>-</u>	<u>(4,531,885)</u>
Net position - June 30	<u>\$ 18,307,375</u>	<u>\$ 18,220,518</u>

- The \$712,313 increase in capital grants and contributions was substantially due to a road donated to the Town in the current year.
- The \$473,727 increase in charges for services was substantially due to increased revenue from police private duty as a result of various road and other projects during the year.

- Public safety expenses increased by \$325,531, which is substantially due to the increase in police salary costs related to increased hours for police private duty work. See above, this expense is offset by increase in revenues.

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 a 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 \$5,825,076. \$2,456,089 is not available for new spending because it has already been classified as 1) nonspendable as endowments of the permanent trust funds (\$323,045), 2) restricted (\$1,171,467), 3) committed (\$401,634) and 4) assigned (\$559,943).

The total fund balance increased by \$437,317 to \$5,825,076. This increase is substantially due to positive operations in the general fund.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,378,697. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 10.7% of total general fund budgetary expenditures and transfers out.

The increase in the other governmental funds' fund balance for the fiscal year was largely due to the increase in charges for services related to police private duty.

Bonded Projects Fund. This fund accounts for financial resources to be used for bond funded capital projects. The bonded projects fund had capital outlay expenditures of \$237,673, which were largely for telecommunications system installed during current year. These expenditures had been funded in the prior year.

General Fund Budgetary Highlights

There was \$38,540 of additional appropriations as of June 30, 2015 funded by transfers in from permanent funds for road surveys.

There were budget transfers out from fringe benefits and contingency of \$50,327 and \$80,000, respectively. These budget transfers were used to fund items such as legal, police, and snow removal.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2015 amounts to \$20,895,027 (net of accumulated depreciation). This investment in capital assets includes land, collections, buildings and improvements, machinery, equipment and vehicles, infrastructure and construction in progress. The total decrease in the Town's investment in capital assets for the current fiscal year was \$71,071 (0.3%). This decrease is due to depreciation of assets for the fiscal year offset by capital assets acquisitions during the year. Only those assets which cost \$5,000 or more with a useful life exceeding two years are capitalized. Assets costing less than \$5,000 are expensed.

Major capital asset events during the current fiscal year included the following:

- Acceptance of donated road (\$527,605 placed in service)
- Completion of telecommunications/telephone project (\$252,572 placed in service)
- Sale of 2 vehicles and 2 pieces of equipment with an original cost of \$83,590 with a loss on disposal of \$17,080

**Capital Assets
(Net of Accumulated Depreciation)**

	<u>2015</u>	<u>2014</u>
Land	\$ 5,783,350	\$ 5,783,350
Construction in progress	64,966	72,215
Collections	33,900	33,900
Buildings and improvements	6,771,023	6,986,473
Machinery, equipment and vehicles	3,826,762	3,814,568
Infrastructure	<u>4,415,026</u>	<u>4,275,592</u>
Total	<u>\$ 20,895,027</u>	<u>\$ 20,966,098</u>

Additional information on the Town's capital assets can be found in Note III. C.

Management's Discussion and Analysis (continued)

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$4,285,000. The Town did not issue any bonds or BANs during the year. All debt is backed by the full faith and credit of the Town.

Outstanding Debt Long - Term Obligations

	<u>2015</u>	<u>2014</u>
General obligation bonds	<u>\$ 4,285,000</u>	<u>\$ 4,675,000</u>

The Town maintains an "Aa2" rating from Moody's Investor Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including tax collections from Woodlake Tax District. The current debt limitation for the Town is \$213,531,654, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III. E.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the State is currently 5.5%, which is a decrease from a rate of 6.6% a year ago. This is higher than the national average of 5.2%. The Town's inflation rate was 4.1%.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut's economy continues to lag behind the national economy which has affected the amount of intergovernmental revenues the Town will receive in fiscal year 2016 and thereafter.

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

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 financial information should be addressed to the Fiscal Office, Town of Woodbury, 281 Main Street South, Woodbury, CT 06798.

Basic Financial Statements

Town of Woodbury, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2015

Assets

Current assets:

Cash	\$ 4,418,968
Investments	829,085
Receivables (net):	
Property taxes	663,858
Intergovernmental	369,787
Other	90,771
	<hr/>
Total current assets	6,372,469

Noncurrent assets:

Restricted assets:

Temporarily restricted:

Investments	714,025
-------------	---------

Permanently restricted:

Investments	323,045
-------------	---------

Total restricted assets	<hr/> 1,037,070
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Receivables (net):

Property taxes	<hr/> 1,410,542
----------------	-----------------

Capital assets (net of accumulated depreciation):

Land	5,783,350
Construction in progress	64,966
Collections	33,900
Buildings and improvements	6,771,023
Machinery, equipment and vehicles	3,826,762
Infrastructure	4,415,026

Total capital assets (net of accumulated depreciation)	<hr/> 20,895,027
--	------------------

Total noncurrent assets	<hr/> 23,342,639
-------------------------	------------------

Total assets	<hr/> 29,715,108
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Deferred outflows of resources

Deferred outflows related to pension	<hr/> 798,051
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(Continued)

Town of Woodbury, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2015

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 350,317
Accrued payroll	56,739
Accrued interest payable	29,260
Performance bonds	270,680
Unearned revenue	338,963
Bonds and notes payable	390,000
Capital leases payable	50,953
Compensated absences	51,674
	<hr/>
Total current liabilities	1,538,586

Noncurrent liabilities:

Bonds, notes and related liability	4,006,350
Capital leases payable	31,297
Compensated absences	206,697
Net pension liability	5,539,408
Net OPEB obligation	883,446
	<hr/>
Total noncurrent liabilities	10,667,198

Total liabilities	<hr/> 12,205,784 <hr/>
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Net Position

Net investment in capital assets	16,416,427
Restricted for:	
Endowments:	
Nonexpendable	323,045
Expendable	443,344
General government	6,005
Public safety	68,140
Public works	454,150
Health and welfare	13,960
Parks and recreation	36,964
Library	148,904
Unrestricted	396,436
	<hr/>
Total net position	\$ 18,307,375

(Concluded)

See Notes to Financial Statements.

Exhibit B

Town of Woodbury, Connecticut

Statement of Activities
Governmental Activities
Year Ended June 30, 2015

16

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 2,407,275	\$ 367,170	\$ 76,770	\$ -	\$ (1,963,335)
Public safety	3,206,307	601,115	8,259	-	(2,596,933)
Public works	3,376,459	150,561	354,315	761,018	(2,110,565)
Health and welfare	253,856	25,535	13,800	-	(214,521)
Parks and recreation	542,045	187,251	20,618	-	(334,176)
Library	878,248	7,732	10,091	-	(860,425)
Education	22,021,433	-	942,926	-	(21,078,507)
Interest expense	128,861	-	-	-	(128,861)
Other	143,636	-	-	-	(143,636)
Total	<u>\$ 32,958,120</u>	<u>\$ 1,339,364</u>	<u>\$ 1,426,779</u>	<u>\$ 761,018</u>	<u>\$ (29,430,959)</u>
General revenues:					
Property taxes					\$ 29,381,524
Grants and contributions not restricted to specific programs					29,137
Investment income					55,405
Miscellaneous					<u>51,750</u>
Total general revenues					<u>29,517,816</u>
Change in net position					86,857
Net position - July 1, 2014 (as restated)					<u>18,220,518</u>
Net position - June 30, 2015					<u>\$ 18,307,375</u>

See Notes to Financial Statements.

Town of Woodbury, Connecticut

Balance Sheet
Governmental Funds
June 30, 2015

	General	Bonded Projects	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash	\$ 4,102,613	\$ -	\$ 316,355	\$ 4,418,968
Investments	703,849	-	891,625	1,595,474
Restricted investments	270,681	-	-	270,681
Due from other funds	53,691	6,791	728,087	788,569
Receivables:				
Property taxes	1,523,356	-	-	1,523,356
Intergovernmental	369,787	-	-	369,787
Other	90,771	-	-	90,771
Total assets	<u>\$ 7,114,748</u>	<u>\$ 6,791</u>	<u>\$ 1,936,067</u>	<u>\$ 9,057,606</u>
<u>Liabilities</u>				
Accounts payable	\$ 350,317	\$ -	\$ -	\$ 350,317
Accrued payroll	56,739	-	-	56,739
Due to other funds	732,147	15,151	41,271	788,569
Unearned revenue	338,963	-	-	338,963
Performance bonds	270,680	-	-	270,680
Total liabilities	<u>1,748,846</u>	<u>15,151</u>	<u>41,271</u>	<u>1,805,268</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	<u>1,427,262</u>	<u>-</u>	<u>-</u>	<u>1,427,262</u>
<u>Fund Balances</u>				
Nonspendable	-	-	323,045	323,045
Restricted	-	-	1,171,467	1,171,467
Committed	-	-	401,634	401,634
Assigned	559,943	-	-	559,943
Unassigned	3,378,697	(8,360)	(1,350)	3,368,987
Total fund balances	<u>3,938,640</u>	<u>(8,360)</u>	<u>1,894,796</u>	<u>5,825,076</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,114,748</u>	<u>\$ 6,791</u>	<u>\$ 1,936,067</u>	<u>\$ 9,057,606</u>

(Continued)

Town of Woodbury, Connecticut

Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2015

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balance (Exhibit C, Page 1)	\$ 5,825,076
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	20,966,098
Current year additions (net of construction in progress)	1,103,208
Depreciation expense	(1,153,199)
Disposal of assets	(21,080)

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

Property tax interest and lien accrual	688,044
Property tax - accrual basis change	1,427,262
Allowance for doubtful accounts	(137,000)
Deferred outflows related to pension	798,051

Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds, notes and related liability	(4,396,350)
Capital leases	(82,250)
Compensated absences	(258,371)
Net pension liability	(5,539,408)
Net OPEB obligations	(883,446)
Accrued interest payable	(29,260)

Net position of governmental activities	<u>\$ 18,307,375</u>
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(Concluded)

Town of Woodbury, Connecticut

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

	<u>General</u>	<u>Bonded Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 29,274,806	\$ -	\$ -	\$ 29,274,806
Intergovernmental	1,400,020	31,807	214,413	1,646,240
Charges for services	605,711	-	733,653	1,339,364
Contributions	-	-	43,089	43,089
Income from investments	20,581	584	15,641	36,806
Net change in fair value of investments	-	-	18,599	18,599
Other	51,750	-	-	51,750
Total revenues	<u>31,352,868</u>	<u>32,391</u>	<u>1,025,395</u>	<u>32,410,654</u>
Expenditures:				
Current:				
General government	1,563,575	-	151,958	1,715,533
Public safety	1,639,089	-	380,183	2,019,272
Public works	1,750,677	-	1,467	1,752,144
Health and welfare	114,942	-	26,065	141,007
Parks and recreation	354,777	-	28,745	383,522
Library	605,679	-	8,191	613,870
Education	22,021,433	-	-	22,021,433
Fringe benefits	1,911,762	-	-	1,911,762
Other	143,636	-	-	143,636
Debt service	528,750	-	-	528,750
Capital outlay	281,051	237,673	322,710	841,434
Total expenditures	<u>30,915,371</u>	<u>237,673</u>	<u>919,319</u>	<u>32,072,363</u>
Excess (deficiency) of revenues over expenditures	<u>437,497</u>	<u>(205,282)</u>	<u>106,076</u>	<u>338,291</u>
Other financing sources (uses):				
Sale of town property	4,000	-	-	4,000
Capital leases	-	-	95,026	95,026
Transfers in	65,123	-	12,820	77,943
Transfers out	(12,820)	(3,826)	(61,297)	(77,943)
Net other financing sources (uses)	<u>56,303</u>	<u>(3,826)</u>	<u>46,549</u>	<u>99,026</u>
Net change in fund balances	493,800	(209,108)	152,625	437,317
Fund balances - July 1, 2014	<u>3,444,840</u>	<u>200,748</u>	<u>1,742,171</u>	<u>5,387,759</u>
Fund balances - June 30, 2015	<u>\$ 3,938,640</u>	<u>\$ (8,360)</u>	<u>\$ 1,894,796</u>	<u>\$ 5,825,076</u>

See Notes to Financial Statements.

Town of Woodbury, Connecticut

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

Amounts reported for governmental activities in the statement of activities (Exhibit B) are due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ 437,317

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

Capital outlay	575,603
Depreciation expense	<u>(1,153,199)</u>

Total	<u>(577,596)</u>
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The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Loss on disposal of assets	(21,080)
Capital asset donations	<u>527,605</u>

Total	<u>506,525</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property tax - accrual basis change	43,794
Change in property tax interest and lien revenue	96,424
Change in property tax interest and lien allowance for doubtful accounts	<u>(33,500)</u>

Total	<u>106,718</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt incurred:	
Capital leases	(95,026)

Principal repayments:	
General obligation bonds	390,000
Capital leases	<u>54,336</u>

Total	<u>349,310</u>
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(Continued)

Town of Woodbury, Connecticut

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

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

Bond premium	\$ 6,550
Compensated absences	(12,318)
Pension expense	(409,962)
Net OPEB obligation	(323,026)
Accrued interest payable	3,339
	<hr/>
Total	(735,417)
	<hr/>
Change in net position of governmental activities (Exhibit B)	\$ 86,857
	<hr/>
	(Concluded)

Town of Woodbury, Connecticut

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	\$ 29,083,381	\$ 29,083,381	\$ 29,274,806	\$ 191,425
Intergovernmental revenues	1,429,748	1,429,748	1,400,020	(29,728)
Charges for services	523,940	523,940	605,711	81,771
Income from investments	44,000	44,000	20,581	(23,419)
Other	35,000	35,000	51,750	16,750
Total revenues	31,116,069	31,116,069	31,352,868	236,799
Expenditures:				
Current:				
General government	1,606,771	1,677,081	1,594,238	82,843
Public safety	1,659,143	1,664,554	1,622,115	42,439
Public works	1,755,759	1,930,705	1,859,764	70,941
Health and welfare	114,398	115,893	115,066	827
Parks and recreation	408,182	405,430	351,393	54,037
Library	640,189	632,142	607,616	24,526
Education	22,085,290	22,085,290	22,021,433	63,857
Fringe benefits	1,963,037	1,912,710	1,911,762	948
Other expenditures	224,374	151,878	143,636	8,242
Contingency	80,000	-	-	-
Debt service	528,750	528,750	528,750	-
Capital appropriations	296,176	283,356	281,051	2,305
Total expenditures	31,362,069	31,387,789	31,036,824	350,965
Excess (deficiency) of revenues over expenditures	(246,000)	(271,720)	316,044	587,764
Other financing sources (uses):				
Appropriation of fund balance	225,000	225,000	-	(225,000)
Sale of town property	-	-	4,000	4,000
Cancellation of encumbrances	-	-	13,982	13,982
Transfers in	21,000	59,540	65,123	5,583
Transfers out	-	(12,820)	(12,820)	-
Net other financing sources (uses)	246,000	271,720	70,285	(201,435)
Net change in fund balance	\$ -	\$ -	386,329	\$ 386,329
Fund balance - July 1, 2014			3,313,107	
Fund balance - June 30, 2015			\$ 3,699,436	

See Notes to Financial Statements.

Town of Woodbury, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust Fund	Private- Purpose Trust Funds
	<u> </u>	<u> </u>
<u>Assets</u>		
Investments:		
Mutual funds:		
Equity	\$ 3,261,884	\$ -
Money market	207,938	-
Bond	2,067,381	-
Pooled fixed income	<u>-</u>	<u>147,645</u>
Total investments	<u>5,537,203</u>	<u>147,645</u>
Total assets	<u>5,537,203</u>	<u>147,645</u>
<u>Net Position</u>		
Net position held in trust for pension benefits and other purposes	<u>\$ 5,537,203</u>	<u>\$ 147,645</u>

Town of Woodbury, Connecticut
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2015

	Pension Trust Fund	Private- Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 397,969	\$ -
Employees	52,899	-
	<u> </u>	<u> </u>
Total contributions	450,868	-
	<u> </u>	<u> </u>
Investment income (loss):		
Net change in fair value of investments	106,612	-
Interest and dividends	100,759	5,257
	<u> </u>	<u> </u>
Total investment income (loss)	207,371	5,257
Investment expenses	(21,793)	-
	<u> </u>	<u> </u>
Net investment income (loss)	185,578	5,257
	<u> </u>	<u> </u>
Total additions	636,446	5,257
	<u> </u>	<u> </u>
Deductions:		
Benefits, including refunds of member contributions:	457,492	-
Awards	-	450
	<u> </u>	<u> </u>
Total deductions	457,492	450
	<u> </u>	<u> </u>
Change in net position	178,954	4,807
Net position - July 1, 2014	5,358,249	142,838
	<u> </u>	<u> </u>
Net position - June 30, 2015	<u>\$ 5,537,203</u>	<u>\$ 147,645</u>

See Notes to Financial Statements.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**History and organization**

The Town of Woodbury, Connecticut (the "Town") operates under a local charter effective December 7, 2001. The legislative power of the Town is vested in a Board of Selectmen, Town Meeting and Board of Finance. The Town provides the following services: General Government, Public Safety, Public Works, Health and Welfare, Parks and Recreation and Library.

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

B. Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Tax revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. For reimbursement grants, the Town considers revenues to be available if they are collected within one year 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 claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General 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.

The Bonded Projects Fund accounts for resources to be used for capital projects.

Additionally, the Town reports the following fund types:

The Pension Trust Fund accounts for the activities of the Town Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Private-Purpose Trust Funds are used to account for resources legally held in trust for the benefits of individuals and private organization.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town of Woodbury pension plan have been determined on the same basis as they are reported by the Town of Woodbury pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity

1. Deposits and investments

Deposits - The Town considers cash as cash on hand, demand deposits and money market accounts.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Allowable investments under the pension fund's investment policy consist of marketable equity and fixed income securities conforming to investment guidelines that include mutual funds, exchange traded funds or other comingled investment vehicles that invest in such securities. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 5% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. Woodbury's Town Retirement and Pension Board are responsible for overall investment policy. Any change in investment manager must have their approval.

Investments for the Town are reported at fair value. The State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and payables**a. Interfunds**

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).

b. Property taxes and other receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 3% to 14% percent of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within 60 days of June 30, have been recorded as deferred inflows of resources since they are not considered to be available to finance expenditures of the current year. Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**3. Restricted assets**

The restricted assets of the Town are restricted for performance bonds and endowment purposes determined by the donor requests.

4. Capital assets

Capital assets, which include property, plant, 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 government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has chosen to capitalize collections consisting primarily of art. The collections are not being depreciated as they are considered inexhaustible works of art.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50-75
Building improvements	10-40
Machinery, equipment and vehicles	5-20
Infrastructure	10-25

5. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 (expense/expenditure) until then. The Town reports deferred outflows of resources related to pension for experience losses, changes in assumptions, and return on investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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 (revenue) until that time. The government only has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenue from several sources: property taxes, grants, user charges and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**6. 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. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

7. Compensated absences

Employees accumulate, by prescribed formula, vacation, sick and personal days for subsequent use or for payment upon termination or retirement. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources; for example, as a result of employee resignations and retirements.

8. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

9. Fund equity and net position

In the government-wide financial statements, net position is classified into the following categories:

Net Investment in Capital Assets

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes is excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Town, which is not restricted.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action by the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded through resolutions approved by Town Meeting, Board of Finance or contractual obligations.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or by a properly approved purchase order.

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Board of Selectmen or Board of Finance has provided otherwise in its commitment or assignment actions.

The Town adopted a minimum fund balance policy for the general fund. The policy requires the Board of Finance to prepare annual budgets that provide for the unassigned fund balance to be approximately 10% of the total operating general fund expenditures.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**10. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

11. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Budgets and budgetary accounting**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to the annual Town Meeting at which taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the proposed budget is submitted for approval to vote by voting machine. This process is repeated until the annual budget is approved.
- Each office, board or commission may, subject to the approval of the First Selectman, transfer budgeted amounts within departments not to exceed \$5,000. Transfers of budgeted amounts between departments greater than \$5,000 must be approved by the Board of Finance.
- The Board of Finance can approve additional appropriations for a department, provided such additional appropriations do not exceed .2% of the total annual budget. Appropriations in excess of .2% of the total annual budget must be approved by vote of a Town Meeting. There was \$38,540 of additional appropriations as of June 30, 2015 funded from transfers in from permanent funds.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- 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 (Exhibit F) as expenditures in the current year. Generally, aside from the capital projects funds, all unencumbered appropriations lapse at year end. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**B. Budget - GAAP reconciliation**

A reconciliation of expenditures and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	<u>Expenditures</u>	<u>Fund Balance</u>
Balance, budgetary basis (Exhibit F) June 30, 2015	\$ 31,036,824	\$ 3,699,436
Encumbrances outstanding at June 30, 2014 liquidated during the year ended June 30, 2015	109,990	-
Encumbrances outstanding at June 30, 2014 and 2015	-	7,761
Encumbrances outstanding at June 30, 2015 charged to budgetary expenditures	(252,182)	252,182
Accrued payroll	<u>20,739</u>	<u>(20,739)</u>
Balance, GAAP basis (Exhibit D), June 30, 2015	<u>\$ 30,915,371</u>	<u>\$ 3,938,640</u>

C. Donor-restricted endowments

The Town has received certain endowments for the public library. The amounts are reflected in fund balance as restricted for permanent funds. Investment income (including appreciation) is approved for expenditure by the Library Board. At June 30, 2015, the amount of appreciation included in restricted fund balance for the library funds totaled \$233,657.

D. Capital project authorizations

The following is a summary of certain capital projects at June 30, 2015:

<u>Capital Project</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2015</u>
Appropriations continued in force	\$ 226,269	\$ 213,449	\$ 12,820
Bonded projects	<u>1,850,000</u>	<u>1,937,459</u>	<u>(87,459)</u>
	<u>\$ 2,076,269</u>	<u>\$ 2,150,908</u>	<u>\$ (74,639)</u>

E. Deficit fund balance

The following individual fund had a deficit balance at June 30, 2015:

Signs Fund	\$ 1,350
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Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

III. Detailed Notes

A. Cash and investments

Deposits - Custodial Credit Risk - Custodial credit risk is risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$510,763 of the Town's bank balance of \$4,471,698 (including certificates of deposit and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 434,687
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>76,076</u>
Total amount subject to custodial credit risk	<u>\$ 510,763</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

At June 30, 2015, the Town's investments (including restricted investments) consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

Type of Investment	Fair Value	Investment Maturities (in years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Mutual funds:					
Equity	\$ 3,789,425	\$ 3,789,425	\$ -	\$ -	\$ -
Money market	295,083	-	295,083	-	-
Bond	2,067,381	-	-	516,597	1,550,784
Pooled fixed income	1,154,961	-	1,154,961	-	-
Common stock	<u>244,153</u>	<u>244,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,551,003</u>	<u>\$ 4,033,578</u>	<u>\$ 1,450,044</u>	<u>\$ 516,597</u>	<u>\$ 1,550,784</u>

Interest rate risk - To minimize interest rate risk, the Town's policy requires the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Operating funds should primarily be invested in shorter-term securities, money market mutual funds or similar investment pools.

Credit risk - The Town's policy states that credit risk will be minimized by limiting investments to the safest types of securities and pre-qualifying the financial institutions with which the Town will do business. The Town is only allowed to invest in those types of investments that are covered by the State of Connecticut Municipal Investment Act. The investment portfolio must be diversified so that potential losses on individual securities will be minimized.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

<u>Average Rating</u>	<u>Pooled Fixed Income</u>	<u>Bond Mutual Funds</u>	<u>Money Market Funds</u>
AAA	\$ 974,530	\$ -	\$ -
AA	-	1,032,378	-
BBB	-	1,035,003	-
Unrated	<u>180,431</u>	<u>-</u>	<u>295,083</u>
Total	<u>\$ 1,154,961</u>	<u>\$ 2,067,381</u>	<u>\$ 295,083</u>

Custodial credit risk - The Town does not have a formal policy with respect to custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
Common stock	<u>\$ 244,153</u>	<u>\$ 244,153</u>	<u>\$ -</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2015, including the applicable allowances for uncollectible accounts, are presented below.

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest & Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 487,474</u>	<u>\$ 176,384</u>	<u>\$ 663,858</u>
Long-term portion	<u>\$ 1,035,882</u>	<u>\$ 511,660</u>	<u>\$ 1,547,542</u>
Less allowance for uncollectibles	<u>(37,500)</u>	<u>(99,500)</u>	<u>(137,000)</u>
Net long-term portion	<u>\$ 998,382</u>	<u>\$ 412,160</u>	<u>\$ 1,410,542</u>
Total receivable	<u>\$ 1,485,856</u>	<u>\$ 588,544</u>	<u>\$ 2,074,400</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**C. Capital assets**

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 5,783,350	\$ -	\$ -	\$ 5,783,350
Construction in progress	72,215	245,323	252,572	64,966
Collections	<u>33,900</u>	<u>-</u>	<u>-</u>	<u>33,900</u>
Total capital assets, not being depreciated	<u>5,889,465</u>	<u>245,323</u>	<u>252,572</u>	<u>5,882,216</u>
Capital assets, being depreciated:				
Buildings and improvements	9,994,953	-	-	9,994,953
Machinery, equipment and vehicles	8,019,411	540,457	83,590	8,476,278
Infrastructure	<u>13,259,048</u>	<u>570,000</u>	<u>-</u>	<u>13,829,048</u>
Total capital assets, being depreciated	<u>31,273,412</u>	<u>1,110,457</u>	<u>83,590</u>	<u>32,300,279</u>
Total capital assets	<u>37,162,877</u>	<u>1,355,780</u>	<u>336,162</u>	<u>38,182,495</u>
Less accumulated depreciation for:				
Buildings and improvements	3,008,480	215,450	-	3,223,930
Machinery, equipment and vehicles	4,204,843	507,183	62,510	4,649,516
Infrastructure	<u>8,983,456</u>	<u>430,566</u>	<u>-</u>	<u>9,414,022</u>
Total accumulated depreciation	<u>16,196,779</u>	<u>1,153,199</u>	<u>62,510</u>	<u>17,287,468</u>
Total capital assets, being depreciated, net	<u>15,076,633</u>	<u>(42,742)</u>	<u>21,080</u>	<u>15,012,811</u>
Capital assets, net	<u>\$ 20,966,098</u>	<u>\$ 202,581</u>	<u>\$ 273,652</u>	<u>\$ 20,895,027</u>

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

General government	\$ 148,438
Public safety	319,741
Public works	557,566
Health and welfare	92,155
Parks and recreation	17,997
Library	<u>17,302</u>
Total depreciation expense	<u>\$ 1,153,199</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**D. Interfund accounts****1. Interfund payables and receivables**

The amounts due from and due to other funds were as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Major funds:			
General fund:			
Bonded projects	N/A	\$ 15,151	\$ 6,791
Road projects fund	N/A	-	1,417
Open space fund	N/A	-	407,759
Energy projects fund	N/A	-	1,410
Capital nonrecurring fund	N/A	-	12,899
General government fund	N/A	-	33,985
Public safety fund	N/A	-	267,886
Permanent fund	N/A	<u>38,540</u>	<u>-</u>
Total general fund		<u>53,691</u>	<u>732,147</u>
Bonded projects	General fund	<u>6,791</u>	<u>15,151</u>
Nonmajor funds:			
Health and welfare fund	Signs fund	1,350	-
Public safety fund	General fund	267,886	-
Parks and recreation fund	General government fund	1,381	-
Signs fund	Health and welfare fund	-	1,350
General government fund	Parks and recreation fund	-	1,381
General government fund	General fund	33,985	-
Road projects fund	General fund	1,417	-
Open space fund	General fund	407,759	-
Energy projects fund	General fund	1,410	-
Capital nonrecurring fund	General fund	12,899	-
Permanent fund	General fund	<u>-</u>	<u>38,540</u>
Total nonmajor funds		<u>728,087</u>	<u>41,271</u>
Grand total		<u>\$ 788,569</u>	<u>\$ 788,569</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**2. Interfund transfers**

A summary of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund:			
Public safety fund	N/A	\$ 22,352	\$ -
Bonded projects	N/A	3,826	-
Capital nonrecurring fund	N/A	405	12,820
Permanent fund		<u>38,540</u>	<u>-</u>
Total general fund		<u>65,123</u>	<u>12,820</u>
Bonded projects	General Fund	<u>-</u>	<u>3,826</u>
Nonmajor funds:			
Public safety fund	General Fund	-	22,352
Capital nonrecurring fund	General Fund	12,820	405
Permanent fund		<u>-</u>	<u>38,540</u>
Total nonmajor funds		<u>12,820</u>	<u>61,297</u>
Grand total		<u>\$ 77,943</u>	<u>\$ 77,943</u>

Transfers are used to account for the financing by the general fund of various programs and activities in the bonded projects and nonmajor funds.

E. Changes in long-term obligations**1. Summary of changes**

The following is a summary of changes in long-term obligations during the fiscal year:

<u>Description</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance July 1, 2014 (as restated)</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
<u>Bonds/Notes</u>									
General obligation bonds:									
General purpose	2,795,000	12/01/06	12/01/26	3.5-5.5%	\$ 1,815,000	\$ -	\$ 140,000	\$ 1,675,000	\$ 140,000
General purpose	3,110,000	11/15/12	08/15/30	2-3%	<u>2,860,000</u>	<u>-</u>	<u>250,000</u>	<u>2,610,000</u>	<u>250,000</u>
Total bonds/notes					4,675,000	-	390,000	4,285,000	390,000
Other liability:									
Bond premium					<u>117,900</u>	<u>-</u>	<u>6,550</u>	<u>111,350</u>	<u>-</u>
Total bonds/notes and related liability					4,792,900	-	396,550	4,396,350	390,000
Capital leases payable					41,560	95,026	54,336	82,250	50,953
Compensated absences					246,053	271,383	259,065	258,371	51,674
Net pension liability					4,331,395	1,844,459	636,446	5,539,408	
Net OPEB obligation					<u>560,420</u>	<u>490,706</u>	<u>167,680</u>	<u>883,446</u>	
Total long-term obligations					<u>\$ 9,972,328</u>	<u>\$ 2,701,574</u>	<u>\$ 1,514,077</u>	<u>\$ 11,159,825</u>	<u>\$ 492,627</u>

All long-term liabilities are generally liquidated by the general fund.

In September 2015, the Town issued bond anticipation notes in the amount of \$1,060,000 with a coupon rate of 1.250% and a true interest cost of .509% maturing May 2016.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

The following is a summary of debt maturities:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 390,000	\$ 124,250
2017	390,000	110,712
2018	390,000	98,137
2019	355,000	86,000
2020	985,000	67,825
2021	140,000	52,700
2022	140,000	47,100
2023	140,000	41,500
2024	240,000	34,900
2025	240,000	27,300
2026	240,000	19,700
2027	235,000	12,200
2028	100,000	7,500
2029	100,000	5,438
2030	100,000	3,313
2031	<u>100,000</u>	<u>1,124</u>
Totals	<u>\$ 4,285,000</u>	<u>\$ 739,699</u>

2. Statutory debt limitations

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 68,635,175	\$ 5,108,446	\$ 63,526,729
Schools	137,270,349	214,822	137,055,527
Sewers	114,391,958	-	114,391,958
Urban renewal	99,139,697	-	99,139,697
Pension deficit	91,513,566	-	91,513,566

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$213,531,654.

As a member of Regional School District No. 14 (the "District"), the Town is contingently liable for its pro rata share of the District's debt. At June 30, 2015, the District's debt was \$283,500. The Town's pro rata share was \$214,822.

Debt of the Woodlake Tax District, a special taxing district located within the Town, is legally considered underlying debt of the Town. At June 30, 2015, the Woodlake Tax District had \$823,446 in outstanding debt.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**3. Authorized/unissued debt**

The Town had authorized unissued debt for general purposes in the amount of \$6,217,500.

4. Capital leases

The Town has entered into a lease agreement for the purchase of police vehicles. The annual payments for the agreement are provided for by annual general fund appropriations.

The assets acquired through capital leases are as follows:

Asset:	
Machinery, equipment and vehicles	\$ 218,691
Less accumulated depreciation	<u>(29,638)</u>
Total	<u>\$ 189,053</u>

This year, \$16,578 was included in depreciation expense.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease and the present value of the future minimum lease payments at June 30, 2015:

Year Ending	
<u>June 30,</u>	
2016	\$ 55,370
2017	33,018
Less amount representing interest	<u>(6,138)</u>
Present value of minimum lease payments	<u>\$ 82,250</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**F. Fund balances**

Fund Balance Component	General Fund	Bonded Projects	Nonmajor Funds	Total
<u>Nonspendable:</u>				
Permanent fund principal	\$ -	\$ -	\$ 323,045	\$ 323,045
<u>Restricted:</u>				
General government	-	-	6,005	6,005
Public safety	-	-	68,140	68,140
Public works:				
Open space	-	-	418,125	418,125
Road maintenance	-	-	133,441	133,441
Pomperaug River project	-	-	29,888	29,888
Other	-	-	6,137	6,137
Health and welfare:				
Support of the poor	-	-	28,208	28,208
Other	-	-	13,960	13,960
Parks and recreation	-	-	36,964	36,964
Education - science and music	-	-	91,767	91,767
Library	-	-	338,832	338,832
Total restricted	-	-	1,171,467	1,171,467
<u>Committed:</u>				
General government:				
Records preservation	-	-	33,985	33,985
Public safety:				
Private duty police	-	-	268,863	268,863
Other	-	-	1,355	1,355
Public works:				
Capital replacement	-	-	12,820	12,820
Other	-	-	15,338	15,338
Health and welfare - elderly programs	-	-	67,581	67,581
Parks and recreation	-	-	1,692	1,692
Total committed	-	-	401,634	401,634
<u>Assigned:</u>				
Subsequent year's budget	300,000	-	-	300,000
General government - Finance computers	16,788	-	-	16,788
General government - Other	24,454	-	-	24,454
Public safety - Animal control	5,511	-	-	5,511
Public works - Road maintenance	182,638	-	-	182,638
Health and welfare	150	-	-	150
Parks and recreation - Program expenses	2,633	-	-	2,633
Library - Books and software	27,769	-	-	27,769
Total assigned	559,943	-	-	559,943
<u>Unassigned</u>	3,378,697	(8,360)	(1,350)	3,368,987
Total	\$ 3,938,640	\$ (8,360)	\$ 1,894,796	\$ 5,825,076

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The Town of Woodbury is a member of the Connecticut Interlocal Risk Management Agency ("CIRMA"), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's workers' compensation pool, a risk sharing pool, which began on July 1, 1980. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. CIRMA's workers' compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in prior years.

B. Commitments and litigation

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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

Town of Woodbury, Connecticut

Notes to Financial Statements

June 30, 2015

C. Pension plan**1. Plan description****Plan administration**

The Town administers the Town of Woodbury Employees' Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time employees of the Town, including elected and appointed officials who receive a salary from the Town and work more than twenty weeks for the Town, and police officers. The Pension Plan Article XI grants the authority to establish and amend the benefit terms to the Board of Selectmen, which only become effective after approval at a Town Meeting. The plan is considered to be a part of the Town's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The plan does not issue stand-alone financial statements.

Management of the plan is vested in the Retirement Board, which consists of five members, one of whom shall be a member of the Board of Finance, appointed by the Board of Selectmen.

Plan membership

At July 1, 2015, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>48</u>
Total	<u><u>95</u></u>

2. Benefit provisions

The plan provides retirement, disability and death benefits. Retirement benefits for Town and Police employees are calculated as 2 percent of the member's final average salary times the member's years of service. Town plan members with 15 years of continuous service are eligible to retire at age 55 at a reduced benefit amount. Police plan members can retire at full benefits when their age and year of service total 75 (rule of 75). Police with 15 years of continuous service are also eligible to retire at age 55 at a reduced benefit amount.

All plan members, who are determined to have a total and permanent disability, are eligible for disability benefits after 15 years of service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits will be paid, if a member reached their 55th birthday and had at least 5 years of service and if survived by a spouse to whom they had been married for at least 12 months, equal to the joint and survivor option benefit calculation.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015

A plan member who leaves Town service may withdraw his or her contributions, or if they have completed 5 years of service, will be entitled to an accrued termination benefit at normal retirement date.

Benefit terms have previously provided for annual cost-of-living adjustments to member's retirement allowance subsequent to the member's retirement date for retirees who have retired before certain dates as follows: prior to July 1, 2002, 2% for each year retired before July 1, 2002 up to 10%; prior to December 31, 1991, 2% for each year retired before December 31, 1991 up to 8%; and prior to July 1, 1980, 2% for each year retired before July 1, 1980 up to 20%.

3. Contributions

Article VIII of the pension plan provides that after July 1, 2000, members will contribute 2% of their annual base compensation (excluding overtime and any other extra compensation).

The Town is required to contribute the amount determined by the actuary, considering the member contributions.

For the year ended June 30, 2015, the average active member contribution rate was 2.0% of annual base compensation, and the Town's average contribution rate was 15.88% of annual payroll.

4. Investments

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60%
Fixed income	35%
Cash equivalents	<u>5%</u>
Total	<u>100%</u>

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**5. Concentrations**

There were no investments in any one organization that represents 5% or more of the pension plan's net position.

6. Rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

7. Net pension liability

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

Total pension liability	\$ 11,076,611
Plan fiduciary net position	<u>(5,537,203)</u>
Net pension liability	<u>\$ 5,539,408</u>
Plan fiduciary net position as percentage of the total pension liability	<u>49.99%</u>

8. Actuarial assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Asset valuation method	Fair value
Post-retirement increases	Ad hoc (none for 2015)
Inflation	1.625%
Salary increase	3.25%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality rates	1994 Group Annuity Mortality Table, with current and future mortality improvement estimated by projecting improvement to the valuation year using scale AA.

Town of Woodbury, Connecticut

Notes to Financial Statements

June 30, 2015

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Mutual funds:	
Domestic equity	9.25%
International equity	9.75%
Fixed income (bonds)	4.25%

The total weighted average expected rate of return is 7.4%.

9. Discount rate

The discount rate used to measure the total pension liability was 7.25%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (<u>6.25%</u>)	Current Discount (<u>7.25%</u>)	1% Increase (<u>8.25%</u>)
Net pension liability	\$ 6,825,615	\$ 5,539,408	\$ 4,445,936

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**11. Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

For the year ended June 30, 2015, the Town recognized pension expense of \$807,931. The Town reported deferred outflows of resources related to pensions from the following sources:

Differences between expected and actual experience	\$ 170,766
Changes of assumptions	492,375
Net difference between projected and actual earnings on pension plan investments	<u>134,910</u>
Total	<u>\$ 798,051</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was also 5 years.

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

Year Ending June 30:	
2016	\$ 199,513
2017	199,513
2018	199,513
2019	<u>199,512</u>
Total	<u>\$ 798,051</u>

D. Other post-employment benefits plan**1. Plan description**

The Town administers one single-employer, post retirement healthcare plan for certain employees of the Town. The plan provides medical and dental benefits to eligible retirees and their spouses. The plan does not issue stand alone financial reports.

2. Benefit provisions and contributions**a. Benefit provisions**

The Town plan provides for medical and dental benefits for all eligible Public works, Police, Supervisors and White Collar retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Town of Woodbury, Connecticut

Notes to Financial Statements

June 30, 2015

b. Employer contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town's total plan contributions were \$167,680.

c. Employee contributions

There are no employee contributions to the plan.

3. Funded status and funding progress

The funded status of the plan as of July 1, 2015 was as follows:

Actuarial Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability (AAL)	(A-B) Over (Under) Funded AAL	(A/B) Funded AAL Ratio	(C) Covered Payroll	[(A-B)/C] Over (Under) Funded AAL as a Percentage of Covered Payroll
July 1, 2015	\$ -	\$5,654,730	\$(5,654,730)	0.0%	N/A	-

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress ("RSI"), immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

4. Actuarial methods and assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and 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 employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The data presented in the schedule of funding progress and schedule of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plan as of the latest valuation date is as follows:

Valuation date	July 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Remaining amortization period	26 years
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare inflation rate:	
Initial	5.00%
Ultimate	5.00%
Projected salary increases	N/A

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**5. Annual OPEB cost and net OPEB obligation (NOO)**

The changes in the NOO were as follows:

	<u>Town</u>
Annual required contribution	\$ 500,068
Interest on net OPEB obligation	22,417
Adjustment to annual required contribution	<u>(31,779)</u>
Annual OPEB cost	490,706
Contributions made	<u>167,680</u>
Change in net OPEB obligation	323,026
Net OPEB obligation - July 1, 2014	<u>560,420</u>
Net OPEB obligation - June 30, 2015	<u><u>\$ 883,446</u></u>

6. Three year trend information

<u>Year Ending June 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 490,706	34.2%	\$ 883,446
2014	500,831	35.2%	560,420
2013	183,422	87.9%	236,030

The July 1, 2015 actuarial valuation report reflects a best estimate of the potential impact of the Patient Protection and Affordable Care Act. Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. Specifically, the valuation reflects the anticipated Cadillac Tax that will go into effect in 2018. The excise tax has been valued as 40% of the difference between the trended per capita claims cost and the excise tax threshold.

Town of Woodbury, Connecticut

Notes to Financial Statements
June 30, 2015**E. Prior period adjustment**

The government-wide net position was restated as follows:

Net position, as previously reported as of June 30, 2014	\$ 22,752,403
To remove net pension asset previously recorded	(200,490)
To record beginning net pension liability (NPL)	<u>(4,331,395)</u>
Net position, as restated as of July 1, 2014	<u>\$ 18,220,518</u>

**Required
Supplementary
Information**

Supplemental Schedules

Town of Woodbury, Connecticut
Town of Woodbury Employees' Pension Plan

Required Supplementary Information
Schedule of Changes in Net Pension Liability

Last Two Years

	<u>2015</u>	<u>2014</u>
Total pension liability:		
Service cost	\$ 291,476	\$ 300,651
Interest	724,057	583,884
Difference between expected and actual experience	213,457	
Changes in assumptions	615,469	
Benefit payments, including refunds of member contributions	<u>(457,492)</u>	<u>(462,130)</u>
Net change in total pension liability	1,386,967	422,405
Total pension liability - July 1	<u>9,689,644</u>	<u>9,267,239</u>
Total pension liability - June 30 (a)	<u>11,076,611</u>	<u>9,689,644</u>
Plan fiduciary net position:		
Contributions - employer	397,969	400,000
Contributions - member	52,899	46,330
Net investment income	185,578	724,619
Benefit payments, including refunds of member contributions	<u>(457,492)</u>	<u>(462,130)</u>
Net change in plan fiduciary net position	178,954	708,819
Plan fiduciary net position - July 1	<u>5,358,249</u>	<u>4,649,430</u>
Plan fiduciary net position - June 30 (b)	<u>5,537,203</u>	<u>5,358,249</u>
Net pension liability (asset) - June 30 (a)-(b)	<u><u>\$ 5,539,408</u></u>	<u><u>\$ 4,331,395</u></u>

Town of Woodbury, Connecticut

Town of Woodbury Employees' Pension Plan

**Required Supplementary Information
Schedule of Net Pension Liability**

Last Two Years

	<u>2015</u>	<u>2014</u>
Total pension liability	\$ 11,076,611	\$ 9,689,644
Plan fiduciary net position	<u>(5,537,203)</u>	<u>(5,358,249)</u>
Net pension liability	<u>\$ 5,539,408</u>	<u>\$ 4,331,395</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.99%</u>	<u>55.30%</u>
Covered-employee payroll	<u>\$ 2,506,767</u>	<u>\$ 2,365,952</u>
Net pension liability as a percentage of covered-employee payroll	<u>220.98%</u>	<u>183.07%</u>

Schedule of Investment Returns

	<u>2015</u>	<u>2014</u>
Annual Money weighted rate of return, net investment expense	<u>3.80%</u>	<u>15.82%</u>

Town of Woodbury, Connecticut

Town of Woodbury Employees' Pension Plan

Required Supplementary Information
Schedule of ContributionsLast 10 Fiscal Years

Fiscal year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution excess (deficiency)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2015	\$ 397,969	\$ 397,969	\$ -	\$ 2,506,767	15.88%
2014	397,969	400,000	(2,031)	2,365,952	16.91%
2013	351,584	400,000	(48,416)	2,204,601	18.14%
2012	329,048	325,248	3,800	2,417,030	13.46%
2011	325,248	325,248	-	2,535,079	12.83%
2010	353,220	353,220	-	2,491,718	14.18%
2009	276,203	250,000	26,203	2,045,941	12.22%
2008	232,572	301,359	(68,787)	2,221,770	13.56%
2007	231,904	270,006	(38,102)	1,824,245	14.80%
2006	201,870	210,005	(8,135)	1,688,216	12.44%

Town of Woodbury, Connecticut

Town of Woodbury Employees' Pension Plan

Notes to Required Supplementary Information

June 30, 2015

2015

Changes of benefit terms.	None
Changes of assumptions.	<p>2015 - The discount rate increased from 6.50% per annum to 6.57% per annum.</p> <p>2015 - The mortality assumption was changed from the 1951 Group Annuity Mortality Table projected to 1970 using male rates for males and male rates with a 5 year setback for females as of June 30, 2014 to the 1994 Group Annuity Mortality Table projected to 2015 using Scale AA as of June 30, 2015 to better reflect future mortality expectations.</p> <p>2014 - None</p>
Method and assumptions used in calculations of actuarially determined contribution	<p>2014 - The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2014, one year prior to the end of the fiscal year in which contributions are reported.</p>

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar
Asset Valuation Method	Fair value
Inflation	1.625%
Salary Increases	3.25%
Investment Rate of Return	7.25%, net of pension plan investment expense, including inflation

Town of Woodbury, Connecticut

Town of Woodbury Other Post-Employment Benefit Plan

Required Supplementary Information
Schedule of Funding Progress

	A	B	(A-B)	(A/B)	C	[(A-B)/C]
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL as a Percentage of Covered Payroll
2009	\$ -	\$ 1,051,206	\$ (1,051,206)	0.0%	N/A	-
2011	-	1,445,723	(1,445,723)	0.0%	N/A	-
2013	-	5,175,133	(5,175,133)	0.0%	N/A	-
2014	-	5,199,233	(5,199,233)	0.0%	N/A	-
2015	-	5,654,730	(5,654,730)	0.0%	N/A	-

Schedule of Employer Contributions

Fiscal Year End June 30	Annual Required Contributions	Actual Contributions	Percentage Contributed
2010	\$ 140,432	\$ 99,447	70.8%
2011	145,250	96,478	66.4%
2012	187,805	116,471	62.0%
2013	187,805	161,304	85.9%
2014	504,774	176,441	35.0%
2015	500,068	167,680	33.5%

Town of Woodbury, Connecticut

Town of Woodbury Other Post-Employment Benefit Plan

Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms.	None
Changes of assumptions.	<p>2014: The July 1, 2013 actuarial valuation report reflects a best estimate of the potential impact of the Patient Protection and Affordable Care Act. Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. Specifically, the valuation reflects the anticipated Cadillac Tax that will go into effect in 2018. The excise tax has been valued as 40% of the difference between the trended per capita claims cost and the excise tax threshold.</p>

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	26 years
Investment Rate of Return	4.00%
Healthcare Inflation rate - Initial	5.00%
Healthcare Inflation rate - Ultimate	5.00%