

TOWN OF MADISON, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2013

TOWN OF MADISON, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Madison, 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 Madison, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Madison, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Madison, Connecticut, as of June 30, 2013 and the respective changes in

financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison information on pages 43 through 46 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, which 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 Madison, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 on our consideration of the Town of Madison, 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 Madison, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 2, 2013

**TOWN OF MADISON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

This discussion and analysis of the Town of Madison, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2013. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net position of our governmental activities increased by \$1.2 million, or 1.3%.
- During the year, the Town had expenses that were \$1.2 million less than the \$81.9 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$80 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$9 million.
- The resources available for appropriation were \$1.293 million more than budgeted for the General Fund. Expenditures were \$444 thousand less than budgeted for the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities:

- *Governmental Activities* - The Town's basic services are reported here, including general government, public safety, public works, land and building administration, health and welfare, beach and recreation, library and education. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes. For example, the Town established funds like LOCAP (a program to provide maintenance to existing facilities) and other capital projects funds that provide funding for major purchases of emergency equipment and major roads. These funds build up reserves to minimize bonding needs and show that the Town is meeting legal responsibilities for using grants and other money (like grants received for education from the State and Federal governments). The Board of Finance also approved regulations regarding fund balance and debt service. The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V through VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. Internal service funds (the component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Health Internal Service Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased by 1.3% from a year ago from \$93.5 million to \$94.7 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2013	2012
Current and other assets	\$ 29,447,898	\$ 31,650,387
Capital assets, net of accumulated depreciation	118,481,216	116,065,673
Total assets	<u>147,929,114</u>	<u>147,716,060</u>
Long-term debt outstanding	46,032,155	47,506,640
Other liabilities	7,198,857	6,727,231
Total liabilities	<u>53,231,012</u>	<u>54,233,871</u>
Net Position:		
Net investments in capital assets	82,100,206	76,395,822
Restricted	454,774	383,856
Unrestricted	<u>12,143,122</u>	<u>16,702,511</u>
Total Net Position	<u>\$ 94,698,102</u>	<u>\$ 93,482,189</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$4.6 million over last year. This decrease was attributed to capital asset additions of \$2.4 million and a long-term debt reduction of \$3.2 million.

**TABLE 2 CHANGES IN NET
POSITION**

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 3,348,170	\$ 3,300,950
Operating grants and contributions	9,222,289	10,116,605
Capital grants and contributions	475,742	12,342
General revenues:		
Property taxes	67,670,799	66,196,047
Grants and contributions not restricted to specific purposes	1,171,956	1,092,438
Unrestricted investment earnings	(68,343)	617,725
Other general revenues	<u>106,076</u>	<u>136,001</u>
Total revenues	<u>81,926,689</u>	<u>81,472,108</u>
Program expenses:		
General government	2,788,823	3,199,139
Public safety	6,542,550	6,548,536
Public works	6,499,707	5,330,430
Land and building administration	559,205	534,776
Health and welfare	1,759,454	1,769,015
Beach and recreation	1,318,601	1,628,882
Education	58,862,658	56,704,907
Library	1,705,124	1,661,336
Debt service	674,654	663,484
Total program expenses	<u>80,710,776</u>	<u>78,040,505</u>
Increase in Net Position	<u>\$ 1,215,913</u>	<u>\$ 3,431,603</u>

The Town's total revenues were \$81.9 million. The total cost of all programs and services was \$80.7 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

Table 3 presents the cost of each of the Town's four largest programs - general government, public safety, public works and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General government	\$ 2,731,501	\$ 3,199,139	\$ 1,473,115	\$ 1,487,925
Public safety	6,468,666	6,548,536	6,379,977	6,399,035
Public works	6,480,591	5,330,430	5,857,796	5,056,959
Education	58,847,659	56,704,907	49,309,096	47,088,605
Other	6,182,359	6,257,493	4,644,591	4,578,084
Total	\$ 80,710,776	\$ 78,040,505	\$ 67,664,575	\$ 64,610,608

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$18.1 million, a decrease from last year's total of \$20.7 million. This decrease was partially a result of repairs related to storm disasters and expenditures for construction in progress.

Proprietary Funds

The internal service funds' net position decreased by \$69 thousand this year. The Town budgeted the contributions into this fund appropriately for the current year.

General Fund Budgetary Highlights

General property taxes and assessments - property tax revenue was \$609 thousand higher than budgeted due to payments and interest on back taxes and a collection rate that exceeded 98.5%. Despite the economic down turn and reduced interest rates with State of Connecticut Short Term Investments, interest revenue was \$17 thousand more than budgeted. However, due to the market value of long term investments a loss of \$552 thousand on investments was reported.

During the year, the Town experienced significant damage due to Hurricane Sandy and the 2013 Blizzard. Expenditures during this year were in excess of \$400 thousand, which included repairing left over damage from Hurricane Irene in 2011. The Federal Emergency Management Agency (FEMA) has approved various reimbursement applications for the damage related to these storms. During the current year, the Town recorded revenue of \$102 thousand. The Town is still waiting for reimbursements and revenue will be recorded in the appropriate fiscal year as the final approval is determined and the funds are received.

The Special Education Excess Cost grant totaled \$792 thousand and \$648 thousand of this grant was used by the Board of Education for Externally Placed Students. The balance of \$144 thousand was recorded as additional revenue for the Town.

Income from the State of Connecticut for motor vehicle violations was \$18 thousand more than anticipated.

The State of Connecticut created new municipal revenue to be shared with the municipalities. This revenue was pooled into a new Municipal Revenue Sharing Account and distributed to the municipalities. The Town of Madison received \$126 thousand.

Board of Selectman revenues are over budget by \$154 thousand. This includes various insurance rebates and the sale of some scraps from construction projects.

Departmental revenues budgets for the Town Clerk, which includes Document Fees and Real Estate Conveyance Tax, were over budget by \$88 thousand. The revenue budget for the Building Department had a positive variance of \$163 thousand due to new construction.

Beach and recreation revenue were under budget by \$50 thousand due to the following:

1. Pass Revenue is estimated on the previous year sales and is completely dependent upon the communities desire to utilize the town beaches and gym. This year many families purchased one pass rather than two.
2. Facilities Rental Revenue is estimated according to available days and the average fee associated with the rental for the Surf Club, Gymnasium, Arts Barn and Memorial Town Hall. Rentals have fallen off as a result of the current economy.

Recreation Program Revenue (Transfers In) has decreased due to many classes running with the minimum number which only covered the cost of the instructor and supplies. There has been a dramatic drop in participation due to the economy. In addition, some of the operating results from these programs were transferred into a new Town established Equipment Reserve fund.

Town departments made a rigorous effort to curtail expenditures, almost all departments contributed to the positive variance recognized for expenditures totaling \$444 thousand. The Public Works departments showed a positive variance due to savings in energy costs. The Board of Education also under spent their budget by \$168 thousand due to prudent spending.

Special Appropriations during the year totaled \$2,092,008 for the following purposes:

- \$39,875 Construction services at the Senior Center
- \$30,425 Portable radios for Madison Hose Co.1
- \$45,000 Board of Education Special Education Placements Reserve
- \$500,000 Reconstruction of the East Wharf/West Wharf damaged by Hurricane Irene
- \$75,000 Streetlights purchase
- \$250,000 Hurricane Sandy Emergency expenditures
- \$45,000 Safety Equipment Board of Education
- \$30,000 Establish an equipment reserve fund for the Beach and Recreation fund per Board of Finance regulations
- \$218,000 Debt Service Reserve Fund
- \$100,000 Bleachers replacement for Strong Field
- \$36,000 Police Vehicles
- \$34,222 Generator replacement
- \$282,224 Self Contained Breathing Apparatuses
- \$150,000 Blizzard of 2013 damage
- \$160,000 Heart and Hypertension settlements
- \$15,262 Snow removal
- \$40,000 Bleacher replacement for Strong Field
- \$16,000 Police gasoline
- \$25,000 Police Wages- Vacation

Long/Term Capital Maintenance Projects (LOCAP) activity during fiscal year 2012-2013:

- Strong Field Project
- Brown School HVAC Phase III
- Polson Boiler
- Bauer Roof/Siding
- Campus shingles
- Various Energy Enhancements

The Town’s General Fund balance of \$9 million reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$7.9 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes approximately \$1.1 million of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the Town had \$118.4 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and storm sewers - Table 4.

**TABLE 4
CAPITAL ASSETS AT YEAR END (Net of Depreciation) (In millions)**

	Governmental Activities	
	2013	2012
Land	\$ 21.1	\$ 21.1
Construction in progress	2.3	-
Buildings and improvements	74.7	75.6
Equipment and vehicles	3.2	3.1
Infrastructure	<u>17.1</u>	<u>16.2</u>
 Total	 <u>\$ 118.4</u>	 <u>\$ 116.0</u>

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

During the year, the Town began construction on fields at Constitution Park and the Strong Field. In addition major improvements were made to some schools and roads. The Town also purchased various vehicles, including an ambulance.

Long-Term Debt

At June 30, 2013, the Town had \$36.3 million in bonds outstanding versus \$39.4 million last year - a decrease of 7.7% - as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT AT YEAR END (In millions)**

	Governmental Activities	
	2013	2012
General Obligation Bonds (Backed by the Town)	\$ <u>36.3</u>	\$ <u>39.4</u>

The Town’s general obligation bond rating continues to carry an Aaa and AAA rating from Moody’s & Fitch rating agencies, respectively. These ratings have been assigned by these national rating agencies to the Town’s debt in October 2012 and May 2010. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town’s outstanding general obligation debt is significantly below this \$464 million state-imposed limit.

The Town refunded \$9 million of bonds for a net savings of \$862 thousand over the next 19 years.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The Town’s elected and appointed officials were once again faced with a difficult budget season and during the process the Board of Selectmen and Board of Finance made reductions to the requested budgets. The current economy had a sufficient impact on the budget deliberations, as well as, the demands for tax relief for seniors.

The total budget for Madison Public Schools and the Town of Madison for 2013-2014 increased by \$2,147,098 and 2.99% over the prior year. To mitigate the tax increase for residents the Board of Finance used \$100,000 from the fund balance.

The Town’s fiscal year 2013-2014 capital budget includes \$1,222,880 for capital projects, including \$335,000 for Major Roads and \$887,880 for updating fire, safety and communications. In addition, the Town continues to fund the Long-Term Capital Maintenance Projects currently at \$1,140,323 and Planned and Cycled Maintenance for the Town and Madison Public Schools at \$337,938.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town’s long-term liabilities is presented in Note 7 to the financial statements.

CONTACTING THE TOWN’S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Madison, at 8 Campus Drive, Madison, Connecticut 06443.

TOWN OF MADISON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 2,788,823	\$ 983,607	\$ 274,779		\$ (1,530,437)
Public safety	6,542,550	86,663	2,026		(6,453,861)
Public works	6,499,707	15,798	156,997	450,000	(5,876,912)
Land and building administration	559,205	347,015	500		(211,690)
Health and welfare	1,759,454	94,932	108,318		(1,556,204)
Beach and recreation	1,318,601	982,484			(336,117)
Education	58,862,658	837,671	8,675,150	25,742	(49,324,095)
Library	1,705,124				(1,705,124)
Interest on long-term debt	674,654		4,519		(670,135)
Total	\$ 80,710,776	\$ 3,348,170	\$ 9,222,289	\$ 475,742	(67,664,575)
General revenues:					
Property taxes					67,670,799
Grants and contributions not restricted to specific programs					1,171,956
Unrestricted investment loss					(68,343)
Miscellaneous					106,076
Total general revenues					<u>68,880,488</u>
Change in net position					1,215,913
Net Position, at Beginning of Year					<u>93,482,189</u>
Net Position, at End of Year					<u>\$ 94,698,102</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,779,980	\$ 997,000	\$ 2,210,917	\$ 11,987,897
Investments	11,896,594			11,896,594
Receivables, net	962,026		52,987	1,015,013
Due from other funds	671,673	6,544,824	125,927	7,342,424
Due from other governments	303,336	52,087	25,016	380,439
Other assets			200	200
Inventory			23,455	23,455
Total Assets	<u>\$ 22,613,609</u>	<u>\$ 7,593,911</u>	<u>\$ 2,438,502</u>	<u>\$ 32,646,022</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 1,786,432	\$ 182,137	\$ 133,792	\$ 2,102,361
Due to other funds	6,720,609		608,492	7,329,101
Due to other governments			2,989	2,989
Deferred revenue	5,134,656		16,507	5,151,163
Total liabilities	<u>13,641,697</u>	<u>182,137</u>	<u>761,780</u>	<u>14,585,614</u>
Fund Balances:				
Nonspendable			23,455	23,455
Restricted			1,198,493	1,198,493
Committed		5,744,609	454,774	6,199,383
Assigned	1,170,334	1,667,165		2,837,499
Unassigned	7,801,578			7,801,578
Total fund balances	<u>8,971,912</u>	<u>7,411,774</u>	<u>1,676,722</u>	<u>18,060,408</u>
Total Liabilities and Fund Balances	<u>\$ 22,613,609</u>	<u>\$ 7,593,911</u>	<u>\$ 2,438,502</u>	<u>\$ 32,646,022</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position
(Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$ 18,060,408
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 165,234,985
Less accumulated depreciation	<u>(46,753,769)</u>
Net capital assets	118,481,216
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	375,548
Property tax receivables greater than 60 days	677,163
Property tax interest receivable	175,249
Assessments receivable	24,890
Receivable from the state for school construction projects	76,540
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.	2,990,601
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(36,280,000)
Bond issuance cost	144,362
Interest payable on bonds and notes	(275,720)
Deferred amount on premium	318,255
Compensated absences	(1,734,355)
Net other post-employment benefits payable	(2,771,492)
Heart and hypertension	(1,552,519)
Deferred charges on refunding	(419,265)
Termination benefits	<u>(3,592,779)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 94,698,102</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 67,821,393	\$	\$	\$ 67,821,393
Intergovernmental	8,608,695		1,513,079	10,121,774
Charges for services	1,765,948		1,582,222	3,348,170
Income on investments	482,902		2,094	484,996
Contributions and donations		90,346		90,346
Miscellaneous	14,019	6,021	743,438	763,478
Total revenues	<u>78,692,957</u>	<u>96,367</u>	<u>3,840,833</u>	<u>82,630,157</u>
Expenditures:				
Current:				
General government	1,604,228		184,749	1,788,977
Public safety	4,521,060		30,515	4,551,575
Public works	3,735,380			3,735,380
Land and building administration	440,495			440,495
Health and welfare	1,052,851		250,990	1,303,841
Beach and recreation	372,376		629,920	1,002,296
Education	53,737,674		2,023,919	55,761,593
Library	1,317,698			1,317,698
Insurance, employee benefits and miscellaneous	4,582,627		127,136	4,709,763
Capital outlay	98,587	6,365,376		6,463,963
Debt service	4,293,583			4,293,583
Total expenditures	<u>75,756,559</u>	<u>6,365,376</u>	<u>3,247,229</u>	<u>85,369,164</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,936,398</u>	<u>(6,269,009)</u>	<u>593,604</u>	<u>(2,739,007)</u>
Other Financing Sources (Uses):				
Proceeds from sale of refunding bonds	9,200,000			9,200,000
Payment to refunded bond escrow	(9,485,604)			(9,485,604)
Premium on refunding bonds	434,303			434,303
Transfers in	58,100	4,900,177		4,958,277
Transfers out	(4,200,177)		(758,100)	(4,958,277)
Total other financing sources (uses)	<u>(3,993,378)</u>	<u>4,900,177</u>	<u>(758,100)</u>	<u>148,699</u>
Net Change in Fund Balances	(1,056,980)	(1,368,832)	(164,496)	(2,590,308)
Fund Balances at Beginning of Year	<u>10,028,892</u>	<u>8,780,606</u>	<u>1,841,218</u>	<u>20,650,716</u>
Fund Balances at End of Year	<u>\$ 8,971,912</u>	<u>\$ 7,411,774</u>	<u>\$ 1,676,722</u>	<u>\$ 18,060,408</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV) \$ (2,590,308)

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	5,550,204
Depreciation expense	(3,085,881)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets. (48,780)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(35,309)
Property tax receivable - accrual basis change	(113,877)
Property tax interest and lien revenue - accrual basis change	(36,840)
Assessment receivable - accrual basis change	(7,521)
Net pension asset	(2,482)

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 has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	3,330,000
Bond premium	(434,303)
Proceeds from sale of refunding bonds	(9,200,000)
Bond issuance costs	148,699
Payment to refunded bond escrow	9,485,604
Other post-employment benefits obligation	(595,648)
Notes payable	80,000

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 the governmental funds.

Compensated absences	824,936
Accrued interest	37,027
Amortization of deferred charge on refunding	12,502
Amortization of issuance costs	(4,337)
Amortization of bond discounts	15,038
Early retirement incentive	(2,064,563)
Heart and hypertension	20,919

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. (69,167)

Change in Net Position of Governmental Activities (Exhibit II) \$ 1,215,913

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 3,571,208
Due from other funds	393
Total assets	<u>3,571,601</u>
Liabilities:	
Due to other funds	10,000
Risk management claims	571,000
Total liabilities	<u>581,000</u>
Net Position:	
Restricted	50,230
Unrestricted	<u>2,940,371</u>
Total Net Position	<u>\$ 2,990,601</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Internal Service Funds
	<u> </u>
Operating Revenues:	
Employee contributions and charges for services	\$ <u>9,319,807</u>
Operating Expenses:	
Administrative expense	1,010,450
Employee benefits	<u>8,381,903</u>
Total operating expenses	<u>9,392,353</u>
Operating Loss	(72,546)
Nonoperating Revenues:	
Income on investments	<u>3,379</u>
Change in Net Position	(69,167)
Total Net Position, Beginning of Year	<u>3,059,768</u>
Total Net Position, End of Year	<u>\$ <u>2,990,601</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 9,321,355
Cash payments for claims paid	(8,834,817)
Cash payments to providers of benefits	(1,010,450)
Net cash used in operating activities	<u>(523,912)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>3,379</u>
Net Decrease in Cash and Cash Equivalents	(520,533)
Cash and Cash Equivalents, Beginning of Year	<u>4,091,741</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,571,208</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (72,546)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in receivables	1,941
Decrease in due from other funds	(393)
Increase in other liabilities	<u>40,000</u>
Net Cash Used in Operating Activities	<u>\$ (523,912)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,397,656	\$ 906,238
Investments, at fair value:		
U.S. Government obligations	4,025,402	
Marketable equity securities	14,002,224	
Corporate bonds	2,591,706	
Foreign bonds	543,095	
Mutual funds	3,612,510	
Annuities	1,137,603	
Due from other funds		<u>49,465</u>
Total assets	<u>27,310,196</u>	<u>\$ 955,703</u>
Liabilities:		
Due to employees and others		\$ 932,522
Due to other funds	<u>30,000</u>	<u>23,181</u>
Total liabilities	<u>30,000</u>	<u>\$ 955,703</u>
Net Position:		
Held in Trust for Pension Benefits	<u>\$ 27,280,196</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET POSITION

PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

Additions:	
Contributions:	
Employer	\$ 1,254,355
Plan members	337,321
Total contributions	<u>1,591,676</u>
Investment income:	
Interest	740,555
Net appreciation in fair value of investments	1,642,355
Total investment income	<u>2,382,910</u>
Net additions	<u>3,974,586</u>
Deductions:	
Benefits	1,996,236
Administration	214,529
Total deductions	<u>2,210,765</u>
Change in Net Position	1,763,821
Net Position Held in Trust for Pension Benefits - Beginning of Year	<u>25,516,375</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u>\$ 27,280,196</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Madison (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town operates under the provisions of its charter and the General Statutes of the State of Connecticut. The legislative body is the Town Meeting. The executive body is made up of a Board of Selectmen, consisting of a First Selectman, the chief executive officer and four other board members. Election to the Board of Selectmen is for two-year terms. A six-member Board of Finance is responsible for presenting fiscal operating budgets to the Annual Town Meeting. Board of Finance members are elected for four-year terms. A nine-member elected Board of Education is responsible for the operation of the school system.

B. 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

Property taxes, charges for services, licenses 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

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 Town, except those required to be accounted for in another fund.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds or Trust Funds). The major sources of revenue for this fund are General Fund contributions and bond proceeds.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the risk management activities of the Town.

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

The Agency Fund accounts for monies held on behalf of students and amounts held for performance related activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

Property taxes are assessed on property as of October 1. Assessed values are established by the Town Assessor's Office at 70% of appraised value. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Taxes become overdue one month after the installment due date. Interest at the rate of 1.5% per month accrues on all overdue taxes. Liens are effective on the assessment date and are continued by filing on May 1 following the due date.

Section 12-165 of the general statutes of the State of Connecticut requires each municipality to write-off, on an annual basis, the property taxes which are deemed uncollectible. Property taxes receivables as of June 30, 2013 are stated net of allowance for estimated uncollectible amounts of \$48,500.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

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

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

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 and improvements	25-50
Equipment and vehicles	3-20
Infrastructure	10-65

H. Compensated Absences

Under the terms of its various contracts, Town and Board of Education employees are granted vacation and sick leave in varying amounts. Certain employees may carry over a limited number of unused vacation and sick days to subsequent years and, in the event of termination, are reimbursed for these days based upon various formulas. Accumulated vacation and sick leave is recognized as a liability of the Town in the government-wide statement of net position. These liabilities are liquidated by the General Fund.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 also reported as other financing uses.

J. Fund Equity

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investments in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position - This component consists of restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net items that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Madison Board of Finance).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual referendum to vote on the recommended Town budget, including the Board of Education budget, shall be held no later than the 25th of May by use of voting machines. The operating budget includes proposed expenditures and the means of financing them.

The Board of Finance is authorized to make special appropriations of up to \$50,000 to any single agency or department and transfer budgeted amounts up to \$50,000 within departments. Any special appropriation or transfer over \$50,000 must be approved at a Town Meeting.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Additional appropriations approved during the year amounted to \$2,092,008. All unencumbered appropriations lapse at year end, except those for capital projects and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$9,755,742 of the Town's bank balance of \$10,116,489 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,823,219
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>932,523</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 9,755,742</u>

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$7,382,860. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

Investments

As of June 30, 2013, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest Bearing Investments:					
US Treasury Notes	AAA/AA+	\$ 8,548,717	\$	\$ 4,306,424	\$ 4,242,293
US Treasury Notes	AAA/NR	1,438,456		1,438,456	
US Treasury Notes	A2/A	120,007		120,007	
US Treasury Bonds	AAA/AA+	4,641,415		4,641,415	
US Treasury Bonds	AAA/AA+	1,099,573			1,099,573
Government Backed Securities	N/A	73,828			73,828
Foreign Bonds	A2/A	87,444		87,444	
Foreign Bonds	AA1/AA-	83,450		83,450	
Foreign Bonds	AA3/AA-	83,415		83,415	
Foreign Bonds	A1/AA-	82,447		82,447	
Foreign Bonds	AA2/A+	82,286		82,286	
Foreign Bonds	AA1/AA-	124,053		124,053	
Corporate Bonds	A2/A	166,141		166,141	
Corporate Bonds	A3/A-	682,325		682,325	
Corporate Bonds	A1/A+	163,753		163,753	
Corporate Bonds	BAA1/A-	87,599		87,599	
Corporate Bonds	AA3/AA+	124,461		124,461	
Corporate Bonds	AA1/AA+	123,474		123,474	
Corporate Bonds	AA2/AA	79,716		79,716	
Corporate Bonds	A1/A-	118,702		118,702	
Corporate Bonds	A1/AA	246,020		246,020	
Corporate Bonds	A1/AA+	120,169		120,169	
Corporate Bonds	BAA2/A-	80,255		80,255	
Corporate Bonds	A2/A+	120,893		120,893	
Corporate Bonds	A1/A	116,208			116,208
Corporate Bonds	A1/AA+	116,165			116,165
Corporate Bonds	BAA2/BBB	82,112		82,112	
Corporate Bonds	AA3/AA-	81,636		81,636	
Corporate Bonds	A3/A	82,077		82,077	
Total		19,056,797	\$ -	\$ 13,408,730	\$ 5,648,067
Other Investments:					
Equities		14,002,224			
Mutual Funds		3,612,510			
Annuities		1,137,603			
Total Investments		\$ 37,809,134			

N/A Not applicable

NR Not Rated

Interest Rate Risk - The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk - The Town does not have a policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2013, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 178,994	\$	\$	\$ 178,994
Taxes	798,610			798,610
Intergovernmental	303,336	52,087	25,016	380,439
Accounts	11,282		52,987	64,269
Special assessments	21,640			21,640
Gross receivables	<u>1,313,862</u>	<u>52,087</u>	<u>78,003</u>	<u>1,443,952</u>
Less allowance for uncollectibles	<u>48,500</u>			<u>48,500</u>
Net Total Receivables	<u>\$ 1,265,362</u>	<u>\$ 52,087</u>	<u>\$ 78,003</u>	<u>\$ 1,395,452</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 677,162	\$
Accrued property tax interest	175,249	
Special assessments not yet due	24,891	
Property taxes collected in advance		4,180,814
Grant drawdowns prior to meeting all eligibility requirements		16,507
School building grants	<u>76,540</u>	
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 953,842</u>	<u>\$ 4,197,321</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 21,119,276	\$	\$	\$	\$ 21,119,276
Construction in progress	12,381	2,345,643		(12,381)	2,345,643
Total capital assets not being depreciated	<u>21,131,657</u>	<u>2,345,643</u>	<u>-</u>	<u>(12,381)</u>	<u>23,464,919</u>
Capital assets being depreciated:					
Buildings and improvements	100,886,424	1,071,587		12,381	101,970,392
Equipment and vehicles	8,085,393	837,861	(314,158)		8,609,096
Infrastructure	29,895,465	1,295,113			31,190,578
Total capital assets being depreciated	<u>138,867,282</u>	<u>3,204,561</u>	<u>(314,158)</u>	<u>12,381</u>	<u>141,770,066</u>
Less accumulated depreciation for:					
Buildings and improvements	(25,275,167)	(1,958,095)			(27,233,262)
Equipment and vehicles	(4,937,241)	(724,950)	265,378		(5,396,813)
Infrastructure	(13,720,858)	(402,836)			(14,123,694)
Total accumulated depreciation	<u>(43,933,266)</u>	<u>(3,085,881)</u>	<u>265,378</u>	<u>-</u>	<u>(46,753,769)</u>
Total capital assets being depreciated, net	<u>94,934,016</u>	<u>118,680</u>	<u>(48,780)</u>	<u>12,381</u>	<u>95,016,297</u>
Governmental Activities Capital Assets, Net	<u>\$ 116,065,673</u>	<u>\$ 2,464,323</u>	<u>\$ (48,780)</u>	<u>\$ -</u>	<u>\$ 118,481,216</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 287,119
Public safety	557,457
Public works	505,361
Land and building administration	1,755
Health and welfare	66,143
Beach and recreation	31,021
Education	<u>1,637,025</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,085,881</u>

6. INTERFUND ACCOUNTS

At June 30, 2013, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 608,492
General Fund	Agency Fund	23,181
General Fund	Internal Service Fund	10,000
General Fund	Pension Fund	30,000
Capital Projects Fund	General Fund	6,544,824
Internal Service Fund	General Fund	393
Nonmajor Governmental Fund	General Fund	125,927
Agency Fund	General Fund	49,465
		<u>\$ 7,392,282</u>

All interfund receivables and payables represent routine recurring transactions that are temporary in nature.

Interfund transfers:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 4,200,177	\$ 4,200,177
Nonmajor governmental	58,100	700,000	758,100
	<u>\$ 58,100</u>	<u>\$ 4,900,177</u>	<u>\$ 4,958,277</u>
Total Transfers Out			

All transfers represent routine recurring transactions to move resources from one fund to another.

7. LONG-TERM DEBT

General Obligation Bonds

The following is a summary of bond maturities at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,415,000	\$ 1,104,675	\$ 4,519,675
2015	3,505,000	1,004,525	4,509,525
2016	3,585,000	906,878	4,491,878
2017	3,035,000	802,594	3,837,594
2018	3,070,000	691,794	3,761,794
2019	3,105,000	590,906	3,695,906
2020	2,605,000	487,606	3,092,606
2021	2,585,000	403,791	2,988,791
2022	2,595,000	324,563	2,919,563
2023	2,200,000	243,006	2,443,006
2024	1,675,000	179,244	1,854,244
2025	1,110,000	133,519	1,243,519
2026	715,000	106,894	821,894
2027	705,000	87,800	792,800
2028	700,000	68,169	768,169
2029	695,000	47,762	742,762
2030	685,000	26,962	711,962
2031	<u>295,000</u>	<u>5,900</u>	<u>300,900</u>
Total	<u>\$ 36,280,000</u>	<u>\$ 7,216,588</u>	<u>\$ 43,496,588</u>

Current Year Refunding

On November 7, 2012, the Town issued \$9,200,000 in General Obligation Refunding Bonds with interest rates of 2.0 - 3.0% to advance refund \$8,970,000 of outstanding 2002 and 2010 bonds with interest rates of 2.5 - 6.5%. This advance refunding was undertaken to reduce total debt service payments by \$861,958 and resulted in a net present value savings of \$778,131. The net proceeds (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased.

Prior Year Defeasance of Debt

In prior years, the Town had defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2013, \$8,845,000 of defeased bonds remains outstanding.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 39,380,000	\$ 9,200,000	\$ 12,300,000	\$ 36,280,000	\$ 3,415,000
Bond premium		434,303	15,038	419,265	
Less deferred amounts for issuance discounts on refunding	<u>209,851</u>	<u>(515,604)</u>	<u>12,502</u>	<u>(318,255)</u>	
Total bonds payable	<u>39,589,851</u>	<u>9,118,699</u>	<u>12,327,540</u>	<u>36,381,010</u>	<u>3,415,000</u>
Termination benefits	1,528,216	2,064,563		3,592,779	345,307
Compensated absences	2,559,291	1,099	826,035	1,734,355	70,606
Heart and hypertension	1,573,438		20,919	1,552,519	223,397
Note payable	80,000		80,000	-	
Net OPEB obligation	<u>2,175,844</u>	<u>595,648</u>		<u>2,771,492</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 47,506,640</u>	<u>\$ 11,780,009</u>	<u>\$ 13,254,494</u>	<u>\$ 46,032,155</u>	<u>\$ 4,054,310</u>

Legal Debt Limit

The Town's indebtedness does not exceed the legal debt limitations as established 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	\$ 153,232,097	\$ 15,885,000	\$ 137,347,097
Schools	306,464,193	21,018,460	285,445,733
Sewers	255,386,828		255,386,828
Urban renewal	221,335,251		221,335,251
Pension deficit	204,309,462		204,309,462

Total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$476,722,078.

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 23,455	\$ 23,455
Restricted for:				
Grants			658,881	658,881
Endowments			539,612	539,612
Committed to:				
Capital projects		5,744,609		5,744,609
General government			31,236	31,236
Public safety			39,436	39,436
Beach and recreation			58,699	58,699
Health and welfare			222,400	222,400
Education			103,003	103,003
Assigned to:				
Subsequent year's budget	100,000			100,000
Capital projects		1,667,165		1,667,165
General government	50,155			50,155
Public safety	38,292			38,292
Public works	199,773			199,773
Land and building	8,195			8,195
Health and welfare	11,196			11,196
Education	748,556			748,556
Capital outlay	14,167			14,167
Unassigned	<u>7,801,578</u>			<u>7,801,578</u>
Total Fund Balances	<u>\$ 8,971,912</u>	<u>\$ 7,411,774</u>	<u>\$ 1,676,722</u>	<u>\$ 18,060,408</u>

Significant encumbrances at June 30, 2013 are contained in the above table in the assigned category of the General Fund.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but, as of July 1, 1995, has chosen to retain the risks for employee health and medical claims. The Town's claims for risks covered by insurance have not exceeded covered losses during the past three years.

The Health Insurance Internal Service Fund is utilized to report the self-insurance activity. Anthem Blue Cross/Blue Shield administers the plan, for which the Town pays a fee. The Town's general government and the Board of Education, contribute based on estimates made using historical data. The Town covers all claims up to \$150,000 per employee per year with a stop-loss policy covering amounts exceeding the limit. The Town also has an aggregate stop-loss policy that would cover claims exceeding 125% of the total estimated claims for the plan year.

The claims liability of \$571,000 reported in the Internal Service Fund at June 30, 2013 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payment</u>	<u>Liability June 30,</u>
2011-12	\$ 462,710	\$ 7,982,458	\$ 7,914,168	\$ 531,000
2012-13	531,000	8,121,995	8,081,995	571,000

The Town also maintains the risk related to heart and hypertension claims payable to police employees under State benefit requirements. The Town does not maintain a separate cash reserve to cover the benefits provided by the heart and hypertension program and does not prefund the benefits to be paid in future years. Expenditures related to this program are funded annually from General Fund appropriations. The estimated liability at June 30, 2013 is \$1,552,519.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

The Town of Madison is the administrator of three single-employer Public Retirement Systems (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS are considered to be part of the Town of Madison's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds. The Town does not issue stand alone financial statements for the Pension Trust Fund. The plans are established under authority of a Town Meeting, and any changes to the plans must also be approved at a Town Meeting.

At July 1, 2011, PERS membership consisted of:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	24	71	23
Terminated employees entitled to benefit but not yet receiving them	9	37	
Current employees:			
Vested	29	213	66
Nonvested			8
	<u>62</u>	<u>321</u>	<u>97</u>
Total			

Police Department Retirement Plan - The Town of Madison Police Department Retirement Plan (Police Retirement Plan) provides retirement benefits as well as disability benefits. All benefits vest after 10 years of service. Members who retire after age 55 with 10 years of service, or 20 years of service, are entitled to an annuity retirement benefit, payable monthly for life, in an amount equal to 2.5% of average monthly compensation, times years of credited service (maximum 20 years).

Town Employees' Retirement Plan - The retirement plan for Town employees is a noncontributory plan that provides retirement benefits only. However, Town NAGE employees will pay 2.0% of pre-tax salary through payroll deduction to the pension fund. Beginning July 1, 2004, the vesting period was reduced from 10 years to 5 years of credited service. Members who retire at or after age 65 with 10 years of credited service are entitled to an annuity benefit, payable monthly for life, in an amount equal to 2% average compensation (average salary over highest 5 consecutive years) times credited service, with a maximum benefit of 70% of average

compensation. Employees may elect actuarial equivalent options including joint and survivor or contingent annuities. Early retirement is available at age 55 and 10 years of employment at a reduced benefit level.

Volunteer Fire Department Supplemental Retirement Program - In addition to the above, the Town maintains a defined benefit pension plan for the volunteer firemen. All active firemen on July 1, 1989 are eligible for the plan; however, all eligible members, including those over age 60 must complete at least five years of additional service subsequent to July 1, 1989 in order to receive benefits. Firemen joining the department after July 1, 1989 become eligible for the plan on the anniversary date of the plan upon attaining one year of active service if they are also under the age of 60. Benefits vest as follows:

<u>Total Years of Active Service</u>	<u>Percent Benefits</u>
12	50%
16	50%
20	100%

Upon retirement after 20 years of active service and having attained the age of 60, members receive monthly payments of \$250 for 15 years, with the member's beneficiary receiving the remainder of payments in event of the member's death. If the member dies before age 60, the beneficiary will receive the benefits due the member.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the PERS.

Method Used to Value Investments: Investments are reported at fair value. Investments in the following organizations represent 5% or more of net assets available for benefits: Metropolitan Life Insurance Company and Fidelity Institutional Retirement Services Company.

C. Funding Policy

Employer contribution rates are established by the Board of Selectmen and approved by the Board of Finance. Employees covered under the police plan are required to contribute 7.5% of their earnings to the Plan. Police hired after January 1, 2006 are required to contribute 9.0% of their salary. Town and Fire employees hired on or before January 1, 2006 are not required to contribute to their plans. However, Town NAGE employees may voluntarily contribute 2% of their earnings. The Town is required to contribute the remaining amounts necessary to finance the benefits for the participants as determined by its actuaries. The Town's required contributions to the Town, Police and Fire Plans was \$801,343, \$363,200 and \$94,466 for the plan years, respectively.

D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Plans for the current year were as follows:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Annual required contribution	\$ 363,200	\$ 801,343	\$ 94,466
Interest on net pension obligation	(4,296)	(25,946)	
Adjustment to annual required contribution	4,359	23,711	
Annual pension cost	363,263	799,108	94,466
Contributions made	360,370	799,519	94,466
Increase in net pension asset	2,893	(411)	-
Net pension asset, beginning of year	(53,702)	(324,328)	-
Net Pension Asset, End of Year	<u>\$ (50,809)</u>	<u>\$ (324,739)</u>	<u>\$ -</u>

The following is a summary of certain significant actuarial assumptions and other plan information:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Actuarial valuation date	7/1/11	7/1/11	7/1/12
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Frozen Initial Liability
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	16 years	21 years	12 years
Asset valuation method	Fair Value	Fair Value	Fair Value
Actuarial assumptions:			
Investment rate of return	8.0%	8.0%	6.5%
Projected salary increases	4.0%	4.0%	N/A

E. Trend Information

<u>Police</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/11	\$ 280,458	100.10%	\$ (53,831)
6/30/12	341,896	99.96	(53,702)
6/30/13	363,263	99.98	(50,809)
<u>Town</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/11	\$ 641,073	100.65%	\$ (321,287)
6/30/12	725,301	100.42	(324,328)
6/30/13	799,108	100.05	(324,739)

Fire			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/11	\$ 103,836	100%	\$ -
6/30/12	100,176	100	-
6/30/13	94,466	100	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Police						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/06	\$ 9,866,208	\$ 10,570,705	\$ (704,497)	93.34%	\$ 1,703,295	41.36%
7/1/07	10,703,571	10,838,073	(134,502)	98.80	1,629,320	8.30
7/1/08	11,401,835	12,064,850	(663,015)	94.50	1,611,345	41.10
7/1/09	11,491,958	12,764,296	(1,272,338)	88.90	1,697,961	74.93
7/1/10	11,556,512	13,541,062	(1,984,550)	85.34	1,901,249	104.40
7/1/11	11,966,936	13,822,570	(1,855,634)	86.58	2,053,458	90.37

Town						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/06	\$ 9,800,123	\$ 10,726,781	\$ (926,658)	91.40%	\$ 5,321,243	17.41%
7/1/07	10,754,373	11,442,890	(688,517)	94.00	6,050,618	11.38
7/1/08	12,048,208	12,296,712	(248,504)	98.00	6,316,555	3.93
7/1/09	11,969,512	13,093,707	(1,124,195)	91.40	6,651,553	16.90
7/1/10	12,116,917	13,870,912	(1,753,995)	87.40	7,118,814	24.64
7/1/11	12,668,173	14,860,945	(2,192,772)	85.24	7,478,915	29.32

Fire						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/06	\$ 919,660	\$ 1,008,565	\$ (88,905)	91.19%	N/A	N/A
7/1/07	1,026,407	1,146,806	(120,399)	89.50	N/A	N/A
7/1/08	1,778,861	1,847,637	(68,776)	96.30	N/A	N/A
7/1/09	1,761,403	1,823,730	(62,327)	96.58	N/A	N/A
7/1/10	1,776,064	1,821,132	(45,068)	97.46	N/A	N/A
7/1/11	1,945,033	1,974,376	(29,343)	98.51	N/A	N/A

Schedule of Employer Contributions

Fiscal Year Ended	Police		Town		Fire	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/08	\$ 243,146	100.0%	\$ 556,001	100.0%	\$ 68,945	100.0%
6/30/09	181,058	100.0	554,093	100.0	69,169	100.0
6/30/10	228,672	101.0	549,479	100.0	89,874	100.0
6/30/11	280,857	100.0	645,549	99.9	103,836	100.0
6/30/12	341,993	99.9	728,213	100.0	100,176	100.0
6/30/13	363,200	100.0	801,343	99.7	94,466	100.0

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

G. Defined Contribution Plan

The custodial employees of the Board of Education, covered under a collective bargaining agreement with the Teamsters, Chauffeurs, Warehousemen and Helpers Local 443 (an affiliate of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America), participate in the New England Teamsters and Trucking Industry Pension Fund (Fund). For each hour for which a covered employee receives pay, the Board of Education is required to make a contribution of \$3.16, but no more than \$126.40 per week for any one employee. The total Board of Education payroll for the year ended June 30, 2013 covered by this plan amounted to \$1,387,753. The total contribution for the year ended June 30, 2013 amounted to \$293,604.

H. Teachers' Retirement

All Town of Madison teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$23,576,070 or 75.45% of the total Board of Education payroll of \$31,248,505.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General Statutes. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$5,000,676 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Pension Trust Funds

The Town maintains three pension trust funds (Police Department Retirement Plan, Town Employees' Retirement Plan and Volunteer Fire Department Supplemental Retirement Program) to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2013 and the changes in net position for the year then ended.

	Combining Statement of Net Position			
	Employee Retirement Funds			
	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 713,333	\$ 659,131	\$ 25,192	\$ 1,397,656
Investments	<u>11,628,673</u>	<u>13,146,264</u>	<u>1,137,603</u>	<u>25,912,540</u>
Total Assets	<u>12,342,006</u>	<u>13,805,395</u>	<u>1,162,795</u>	<u>27,310,196</u>
Liabilities:				
Due to other funds			30,000	30,000
Net Position Held in Trust for Pension Benefits	<u>\$ 12,342,006</u>	<u>\$ 13,805,395</u>	<u>\$ 1,132,795</u>	<u>\$ 27,280,196</u>

	Combining Statement of Net Position			
	Employee Retirement Funds			
	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 360,370	\$ 799,519	\$ 94,466	\$ 1,254,355
Plan members	<u>190,730</u>	<u>146,591</u>	<u></u>	<u>337,321</u>
Total contributions	<u>551,100</u>	<u>946,110</u>	<u>94,466</u>	<u>1,591,676</u>
Investment income:				
Interest	326,788	362,797	50,970	740,555
Net appreciation in fair value of investments	<u>818,107</u>	<u>748,843</u>	<u>75,405</u>	<u>1,642,355</u>
Net investment income	<u>1,144,895</u>	<u>1,111,640</u>	<u>126,375</u>	<u>2,382,910</u>
Total additions	<u>1,695,995</u>	<u>2,057,750</u>	<u>220,841</u>	<u>3,974,586</u>
Deductions:				
Benefits	1,173,265	750,471	72,500	1,996,236
Administration	<u>110,198</u>	<u>100,087</u>	<u>4,244</u>	<u>214,529</u>
Total deductions	<u>1,283,463</u>	<u>850,558</u>	<u>76,744</u>	<u>2,210,765</u>
Change in Net Position	412,532	1,207,192	144,097	1,763,821
Net position held in trust for pension benefits - Beginning of Year	<u>11,929,474</u>	<u>12,598,203</u>	<u>988,698</u>	<u>25,516,375</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u>\$ 12,342,006</u>	<u>\$ 13,805,395</u>	<u>\$ 1,132,795</u>	<u>\$ 27,280,196</u>

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

In addition to the pension benefits described in Note 10, all Town employees retiring under the Town of Madison's Retiree Medical Program are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town of Madison ordinance for all non-represented employees. Benefits provided are as follows:

Unrepresented Retired Employees

Health Insurance is offered to non-represented, retired employees, between the ages of 55 and 65, receiving pension benefits. The retired employee is responsible to pay the full premium coverage on a timely basis. Premiums are due on the 20th of the month prior to the coverage month.

NAGE RI-215 Building & Grounds Retired Employees

Retiree health insurance shall be offered to retired employees, between the ages of 55 and 65, receiving pension benefits. The retired employee is responsible to pay the full premium coverage on a timely basis. Premium payments are due on the 20th, of the month prior to the coverage month.

AFSCME Police

For employees hired before January 1, 2006, the Town will pay the full cost of retiree medical insurance for the retiree and his/her spouse. Retirees and their spouse must opt for and maintain medical insurance coverage at the time of retirement or they will forfeit this benefit.

For those retired participants hired before January 1, 2006, and their spouses, who reach Medicare/Medicaid eligibility, the Town will provide a supplemental health insurance coverage for both in the form of Anthem Group Plan F with Blue Script Prescription coverage or its equivalent for life at no cost to the retiree or spouse. This is a Medicare Supplementary plan in which Medicare is the primary coverage.

No health insurance is offered to those retirees hired post January 1, 2006.

UPSEU Emergency Dispatchers

No contract language regarding health insurance for retirees.

Board of Education

The Board of Education provides certain post-retirement benefits to retirees through negotiated contracts. Eligibility for benefits is as follows:

Teachers/Administrators: Post-retirement, insurance can be purchased through Medicare eligibility; if not eligible for Medicare.

Para-professionals/Secretaries: If retiring under pension, insurance may be purchased between ages 55-65. Retirees can purchase Medicare Supplementary plan after age 65.

Custodians: Can purchase post-retirement until Medicare eligible.

Cafeteria Workers: No post-retirement benefits.

B. Membership

Membership in the plan consisted of the following at January 1, 2011:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	109
Number of active participants	<u>492</u>
Total	<u><u>601</u></u>

C. Description of Actuarial Assumptions and Methods

The following is a summary of certain significant actuarial assumptions and other PERS information:

	<u>Retiree Medical Program</u>
Actuarial valuation date	January 1, 2011
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	28 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum
Projected salary increases	4.0%/annum

D. Annual OPEB Cost and Net OPEB Obligations

The Town's OPEB cost and net OPEB obligation for the current year were as follows:

	<u>Retiree Medical Program</u>
Annual required contribution	\$ 1,232,000
Interest on net OPEB obligation	87,034
Adjustment to annual required contribution	<u>(98,386)</u>
Annual OPEB cost	1,220,648
Contribution made	<u>625,000</u>
Increase in net OPEB obligation	595,648
Net OPEB obligation, July 1, 2012	<u>2,175,844</u>
Net OPEB Qbligation, June 30, 201	<u><u>\$ 2,771,492</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the last three fiscal years is presented below.

<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/11	\$ 1,133,221	\$ 632,000	55.80%	\$ 1,613,221
6/30/12	1,163,623	601,000	51.65%	2,175,844
6/30/13	1,220,648	625,000	51.20%	2,771,492

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll ((b-a)/c)</u>
1/1/07	\$ -	\$ 13,771,000	\$ 13,771,000	0%	\$ N/A	N/A
1/1/09	-	16,070,000	16,070,000	0%	N/A	N/A
1/1/11	-	16,656,000	16,656,000	0%	28,645,000	58.1%

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 1,135,000	55.7%
2012	1,169,000	51.4%
2013	1,232,000	50.7%

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual healthcare cost trend rate is 5.8% initially with an ultimate rate of 4.4%.

12. CONTINGENT LIABILITIES

The Town has contingent liabilities with respect to pending litigation, claims and disputes which existed at June 30, 2013. The liability with respect to such matters, if any, is not presently determinable; however, it is the opinion of Town Counsel that any liabilities will not have a material effect on the Town's financial position.

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Property taxes:				
Property tax	\$ 67,209,549	\$ 67,209,549	\$ 67,818,959	\$ 609,410
Lien and warrant fees	3,600	3,600	2,434	(1,166)
Total property taxes	<u>67,213,149</u>	<u>67,213,149</u>	<u>67,821,393</u>	<u>608,244</u>
Investment income:				
Interest - property taxes	150,000	150,000	226,197	76,197
Interest on temporary investments	239,300	239,300	256,702	17,402
Coe Park Fund	3	3	3	-
Total interest income	<u>389,303</u>	<u>389,303</u>	<u>482,902</u>	<u>93,599</u>
Intergovernmental revenue:				
General government:				
In lieu of taxes - State-owned property	535,940	535,940	518,013	(17,927)
In lieu of taxes - water	72,650	72,650	73,903	1,253
Elderly Homeowner's Program	108,000	108,000	104,615	(3,385)
Disability exempt	680	680	628	(52)
Additional veterans exempt	22,000	22,000	20,029	(1,971)
Courts	15,000	15,000	32,565	17,565
Local capital improvement program	112,229	112,229	112,229	-
Telecomm. property tax share	48,000	48,000	58,456	10,456
Pequot grant	20,788	20,788	17,829	(2,959)
equipment reimbursement	6,800	6,800	1,720	(5,080)
Municipal revenue sharing	4,000	4,000	126,566	122,566
Fema grant			102,591	102,591
Miscellaneous State/Federal grant	1,000	1,000	2,812	1,812
Total general government	<u>947,087</u>	<u>947,087</u>	<u>1,171,956</u>	<u>224,869</u>
Board of Education:				
Education cost sharing	1,576,061	1,576,061	1,562,083	(13,978)
Transportation	16,553	16,553	25,742	9,189
School building grants - principal	35,309	35,309	35,309	-
School building grants - interest	4,519	4,519	4,519	-
Private school health and welfare	9,500	9,500	16,385	6,885
Total board of education	<u>1,641,942</u>	<u>1,641,942</u>	<u>1,644,038</u>	<u>2,096</u>
Total intergovernmental revenue	<u>2,589,029</u>	<u>2,589,029</u>	<u>2,815,994</u>	<u>226,965</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Licenses, fees and charges for services:				
General government:				
Board of Selectman	\$ 232,101	\$ 232,101	\$ 386,911	\$ 154,810
Town Clerk	508,000	508,000	596,696	88,696
Public Works - landfill	12,500	12,500	15,798	3,298
Police Department	71,550	71,550	79,585	8,035
Fire, ambulance and civil preparedness	2,000	2,000	1,100	(900)
Land Use	13,000	13,000	17,622	4,622
Building Department	166,600	166,600	329,393	162,793
Beach and Recreation	297,500	297,500	247,182	(50,318)
Youth Services	77,012	77,012	84,757	7,745
Miscellaneous Revenue			61,487	61,487
Senior Citizens Council	15,000	15,000	4,694	(10,306)
Health Department	1,700	1,700	2,210	510
Total general government	<u>1,396,963</u>	<u>1,396,963</u>	<u>1,827,435</u>	<u>430,472</u>
Board of education:				
Facilities Rental	20,000	20,000	6,836	(13,164)
Miscellaneous	1,100	1,100	7,183	6,083
Total board of education	<u>21,100</u>	<u>21,100</u>	<u>14,019</u>	<u>(7,081)</u>
Total licenses, fees and charges for goods and services	<u>1,418,063</u>	<u>1,418,063</u>	<u>1,841,454</u>	<u>423,391</u>
Other financing sources:				
Transfer in - Dog Fund	4,100	4,100	4,100	-
Transfer in - Beach and Recreation	113,000	113,000	54,000	(59,000)
Total other financing sources	<u>117,100</u>	<u>117,100</u>	<u>58,100</u>	<u>(59,000)</u>
Total	<u>\$ 71,726,644</u>	<u>\$ 71,726,644</u>	73,019,843	<u>\$ 1,293,199</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

5,000,676

Special education excess cost grant is reported gross for GAAP purposes

792,025

Premium on refunding bonds

434,303

Proceeds from sale of refunding bonds

9,200,000

Cancellation of prior year encumbrances are recognized as budgetary revenue

(61,487)Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Exhibit IV\$ 88,385,360

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Board of Selectmen	\$ 146,863	\$ 152,419	\$ 146,352	\$ 6,067
Human Resources	129,074	134,100	129,557	4,543
Fiscal Services	243,806	250,560	238,132	12,428
Town Counsel	294,000	322,716	322,716	-
Town Clerk	168,667	176,663	174,414	2,249
Election expense (Registrars)	71,550	63,058	61,805	1,253
Assessor's Office	156,864	165,073	164,837	236
Board of Assessment Appeals	625	88	88	-
Tax Collector	157,570	192,256	187,133	5,123
Courts	6,000	6,000	5,926	74
Technology	144,270	145,899	145,520	379
Total	1,519,289	1,608,832	1,576,480	32,352
Public Safety:				
Police Service	2,783,099	2,844,621	2,844,076	545
Animal Control	51,995	52,172	51,791	381
Communications	533,752	578,208	576,409	1,799
Fire/ambulance/civil preparedness	801,979	1,124,833	1,078,311	46,522
Total	4,170,825	4,599,834	4,550,587	49,247
Public Works:				
Public Works	1,370,904	1,465,500	1,445,020	20,480
Highway	742,210	804,058	797,448	6,610
Maintenance	1,302,466	1,286,200	1,219,559	66,641
Landfill	155,659	119,659	116,221	3,438
Total	3,571,239	3,675,417	3,578,248	97,169
Land and Building Administration:				
Land Use Office	232,844	238,176	223,551	14,625
Conservation Commission	3,328	3,328	3,021	307
Economic Development	8,350	8,350	5,011	3,339
Building Department	141,874	145,777	145,614	163
Town Campus Operations	56,500	56,500	51,120	5,380
Total	442,896	452,131	428,317	23,814
Health and Welfare:				
Department of Health	182,089	185,611	175,985	9,626
VNA	20,000	20,000	20,000	-
Youth Services	620,438	639,565	628,006	11,559
Community Support Services	20,520	20,520	20,449	71
Senior Citizen Council	211,730	222,977	213,896	9,081
Total	1,054,777	1,088,673	1,058,336	30,337
Beach and Recreation	368,169	373,690	372,376	1,314

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Board of Education:				
Public Schools	\$ 42,106,422	\$ 42,151,422	\$ 41,983,688	\$ 167,734
Private Schools	300,699	300,699	294,120	6,579
Health Benefit	5,868,208	5,868,208	5,868,208	-
Total	<u>48,275,329</u>	<u>48,320,329</u>	<u>48,146,016</u>	<u>174,313</u>
Library	<u>1,317,698</u>	<u>1,317,698</u>	<u>1,317,698</u>	<u>-</u>
Employee Benefits - Town	<u>3,681,681</u>	<u>3,662,681</u>	<u>3,650,628</u>	<u>12,053</u>
Miscellaneous:				
General Insurance	264,470	265,021	265,011	10
Contingency	100,000	2,998	-	2,998
Other	351,240	139,245	126,238	13,007
Total	<u>715,710</u>	<u>407,264</u>	<u>391,249</u>	<u>16,015</u>
Capital Outlay:				
Beach and Recreation	7,500	7,500	7,178	322
Fire/ambulance/civil preparedness	24,000	56,807	56,706	101
Public Works	10,000	10,000	9,709	291
Youth Services	360	360	262	98
Maintenance		39,875	34,190	5,685
General Government	2,500	2,500	1,637	863
Total	<u>44,360</u>	<u>117,042</u>	<u>109,682</u>	<u>7,360</u>
Debt Service:				
General Government	1,698,625	1,698,625	1,698,625	-
Board of Education	2,446,259	2,446,259	2,446,259	-
Total	<u>4,144,884</u>	<u>4,144,884</u>	<u>4,144,884</u>	<u>-</u>
Total expenditures	<u>69,306,857</u>	<u>69,768,475</u>	<u>69,324,501</u>	<u>443,974</u>
Transfers to other funds:				
Reserve Fund	<u>2,569,787</u>	<u>4,200,177</u>	<u>4,200,177</u>	<u>-</u>
Total	<u>\$ 71,876,644</u>	<u>\$ 73,968,652</u>	<u>73,524,678</u>	<u>\$ 443,974</u>

Budgetary expenditures are different than GAAP expenditures because:

Loss on investments	552,750
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	5,000,676
Special education excess cost grant is reported gross for GAAP purposes	648,056
Bond issuance costs	148,699
Payment to refunded bond escrow agent	9,485,604
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	<u>81,878</u>

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV\$ 89,442,341

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 8,779,980	\$ 10,102,788
Investments	11,896,594	12,200,221
Uncollected property taxes, net of allowance for uncollectible amounts	750,110	871,053
Assessments receivable	21,640	29,161
Due from State and Federal governments	303,336	376,101
Accounts receivable	11,282	37,290
Interest receivable	178,994	215,834
Due from other funds	<u>671,673</u>	<u>950,806</u>
Total Assets	<u>\$ 22,613,609</u>	<u>\$ 24,783,254</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 1,786,432	\$ 1,061,084
Property taxes collected in advance	4,180,814	4,514,025
Due to other funds	6,720,609	8,022,433
Deferred revenue	953,842	1,156,820
Total liabilities	<u>13,641,697</u>	<u>14,754,362</u>
Fund balance:		
Assigned for encumbrances	1,070,334	1,213,696
Assigned for subsequent year's budget	100,000	150,000
Unassigned	7,801,578	8,665,196
Total fund balance	<u>8,971,912</u>	<u>10,028,892</u>
Total Liabilities and Fund Balance	<u>\$ 22,613,609</u>	<u>\$ 24,783,254</u>

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

Grand List	Uncollected Taxes July 1, 2012	Lawful Corrections		Over Payments	Transfers to Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2013	
		Additions	Deductions				Taxes	Interest	Fees		Total
2011	\$ 68,098,235	\$ 32,764	\$ 204,879	\$ 22	\$	\$ 67,926,142	\$ 67,571,381	\$ 144,587	\$ 752	\$ 67,716,720	\$ 354,761
2010	457,631	207	59,478	19,331		417,691	284,570	49,568	1,442	335,580	133,121
2009	163,689		36,834	6,562		133,417	46,197	21,297	168	67,662	87,220
2008	102,271		35,203	6,331		73,399	(12,356)	5,033	48	(7,275)	85,755
2007	79,978		33,728	6,066		52,316	(16,915)	3,141	24	(13,750)	69,231
2006	68,798	38			45,114	23,722	608	395		1,003	23,114
2005	17,974	254		(47)		18,181	207	288		495	17,974
2004	8,390	100				8,490	100	113		213	8,390
2003	8,125					8,125				-	8,125
2002	2,400					2,400				-	2,400
2001	1,324	52				1,376	52	94		146	1,324
2000	1,880					1,880				-	1,880
1999	1,789	328				2,117	328	757		1,085	1,789
1998	1,722	351				2,073	351	874		1,225	1,722
1997	1,804					1,804		50		50	1,804
Total	\$ 69,016,010	\$ 34,094	\$ 370,122	\$ 38,265	\$ 45,114	\$ 68,673,133	67,874,523	\$ 226,197	\$ 2,434	\$ 68,103,154	\$ 798,610

Property taxes receivable considered available:

June 30, 2012

(128,512)

June 30, 2013

72,948

Property Tax Revenues

\$ 67,818,959

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF BOARD OF EDUCATION EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
11th Course Stipends	\$ 26,125	\$ 26,125	\$ 26,125	\$ -
Certified teachers	21,176,279	20,961,525	20,921,644	39,881
Certified administrators	2,275,883	2,485,485	2,483,965	1,520
Extra pay/extra duty	145,624	144,772	144,335	437
Co-curricular salaries	322,555	322,555	321,485	1,070
Early retirement	328,678	327,481	327,481	-
Directors/managers	236,599	237,082	237,082	-
Office staff	1,358,600	1,353,798	1,343,546	10,252
Paraprofessional	1,197,711	1,261,674	1,261,055	619
Custodians	1,423,770	1,391,246	1,387,753	3,493
Media staff	198,374	198,757	198,035	722
Security	123,355	123,355	117,022	6,333
School health services	364,428	355,642	351,332	4,310
Athletic trainer	33,351	33,351	33,351	-
Attendance incentive	12,318	12,318	8,953	3,365
Occupational Therapist	312,257	345,404	341,984	3,420
Substitute teachers	240,000	327,190	326,889	301
Certified substitutes/special education	20,000	22,000	21,932	68
Substitutes/school health services	12,000	16,081	15,998	83
Paraprofessional substitutes	10,000	8,000	6,039	1,961
Classified substitutes	25,000	5,000	4,649	351
Overtime	94,827	65,660	62,985	2,675
Custodial/casual labor	39,752	55,567	53,599	1,968
Life insurance	52,652	51,019	51,019	-
Social security	479,411	440,808	440,634	174
Medicare	409,782	373,285	373,284	1
FAS administration	9,195	9,383	9,376	7
Pension administration	750,058	745,043	745,043	-
Unemployment	140,000	117,446	117,446	-
Worker's compensation	287,587	228,114	228,113	1
Disability insurance	71,347	69,125	69,125	-
Labor and legal services	106,500	278,556	267,285	11,271
Program evaluation	53,489	76,642	76,193	449
Staff development	135,289	150,809	151,227	(418)

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF BOARD OF EDUCATION EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
NEASC Accreditation Services	\$ 3,705	\$	\$	\$ -
Student support services	87,751	74,403	71,790	2,613
Adult education	70,000	70,000	70,000	-
Professional/technical services	485,892	593,977	593,648	329
Athletic medical	7,100	6,627	6,397	230
Disposal/recycling	75,600	55,670	55,601	69
Snow removal	59,000	61,987	61,987	-
Repairs and maintenance	277,470	307,772	306,024	1,748
Technical/infrastructure	22,000	13,253	13,253	-
Emergency maintenance	50,000	47,013	46,621	392
Kitchen maintenance	13,401	21,401	21,359	42
Treatment plant repairs	26,000	18,000	17,281	719
Repair/contracts	36,500	41,700	41,628	72
Alarm services	15,872	1,672	977	695
Telephone maintenance	14,024	7,524	7,291	233
Rental agreements	15,700	15,725	15,435	290
Tree services	8,828	8,828	8,828	-
Purchase services	600	850	650	200
Student activity transportation	96,901	87,471	87,471	-
Regular transportation	1,626,900	1,566,900	1,566,642	258
Fuel transportation	320,000	284,529	284,529	-
School choice transportation	68,850	47,462	46,934	528
Special education transportation	939,562	939,562	939,562	-
General insurance	254,737	254,778	254,772	6
Educator's legal insurance	21,863	21,863	21,863	-
Student insurance	13,500	13,500	13,500	-
Telecommunications	164,853	114,353	104,462	9,891
Postage	23,860	21,382	21,340	42
Reports/public relations	7,438	5,580	5,579	1
Legal notices and ads	2,000	158	158	-
Printing and binding	53,873	36,967	35,171	1,796
Printing/instructional supplies	82,826	56,617	56,616	1
External placement - public	382,777	319,314	319,314	-
Tuition/Typicals	(30,000)	(65,845)	(65,945)	100
External placement - private	880,509	866,759	866,759	-
School choice tuition	68,476	60,395	60,382	13
Extended year services	85,247	70,800	70,435	365
External placement/regular ed	10,000	392	392	-

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

SCHEDULE OF BOARD OF EDUCATION EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
Travel - staff	\$ 21,045	\$ 26,708	\$ 25,629	\$ 1,079
Travel - Board of Education	320	320		320
Miscellaneous purchased services	5,900	4,520	4,420	100
Office supplies	39,368	34,406	34,401	5
Instructional supplies	440,958	400,276	399,909	367
Instructional software	18,000	3,869	3,869	-
Custodial and maintenance supplies	82,132	106,555	104,995	1,560
Maintenance supplies	78,000	86,500	84,392	2,108
Field maintenance	92,900	95,400	94,803	597
Gas services	332,346	205,506	202,829	2,677
Heating fuel	196,095	167,430	167,429	1
Water	36,783	35,183	34,899	284
Electricity	903,510	856,581	822,932	33,649
Equipment maintenance	14,672	18,672	17,172	1,500
Textbooks - replacement	54,850	42,911	42,901	10
Textbooks - new	109,000	141,865	141,612	253
Media supplies	70,531	74,053	72,541	1,512
Periodicals	26,608	23,427	22,078	1,349
Print collection	52,824	52,824	52,466	358
Staff uniforms	5,258	8,541	8,497	44
Uniforms/student groups	22,500	19,236	19,236	-
Supplies	63,835	56,835	55,527	1,308
Equipment	133,595	204,835	203,658	1,177
Software	187,500	141,933	141,745	188
Equipment-lease purchase	31,000	39,120	39,120	-
Computer hardware	206,000	479,909	479,908	1
Furniture and fixtures		82,000	81,889	111
Public safety	6,623	49,318	49,318	-
Dues, fees and memberships	50,658	60,852	58,623	2,229
Athletic event fees	7,200	7,200	7,200	-
Total*	\$ 42,106,422	\$ 42,196,422	\$ 42,028,688	\$ 167,734

* Total includes an additional appropriation of \$45,000 for a transfer to the Capital Projects Fund

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	<u>Special Revenue</u>								
	<u>Dog</u>	<u>Shellfish Commission</u>	<u>Grants and Miscellaneous Projects</u>	<u>Cafeteria</u>	<u>Special Education Grants</u>	<u>Town Aid Road</u>	<u>Police Seizure</u>	<u>Beach and Recreation Program</u>	<u>Beach and Recreation Grants</u>
ASSETS									
Cash and cash equivalents	\$ 54,191	\$ 65,654	\$ 432,577	\$ 97,911	\$ 533,636	\$ 191,400	\$ 25	\$ 100	\$
Accounts receivable				52,987					
Due from other funds			13,364			102	652	72,387	24,435
Due from other governments			3,300	19,408	2,308				
Prepayment			200						
Inventory				23,455					
Total Assets	\$ 54,191	\$ 65,654	\$ 449,441	\$ 193,761	\$ 535,944	\$ 191,502	\$ 677	\$ 72,487	\$ 24,435
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$	\$	\$ 7,426	\$ 26,181	\$ 82,266	\$	\$	\$ 13,788	\$ 432
Due to other funds	21,650	34,418		121,485	421,486				
Due to other governments	2,989								
Deferred revenue					16,507				
Total liabilities	24,639	34,418	7,426	147,666	520,259	-	-	13,788	432
Fund balance:									
Nonspendable				23,455					
Restricted			442,015		200	191,502			24,003
Committed	29,552	31,236		22,640	15,485		677	58,699	
Total fund balance	29,552	31,236	442,015	46,095	15,685	191,502	677	58,699	24,003
Total Liabilities and Fund Balances	\$ 54,191	\$ 65,654	\$ 449,441	\$ 193,761	\$ 535,944	\$ 191,502	\$ 677	\$ 72,487	\$ 24,435

(Continued on next page)

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2013

	Special Revenue							
	Toy Fund	Partnership for Success	Meals on Wheels	Madison Board of Education Donations	Emergency Kits	Ryerson Video Production	Island Avenue Classical CD	Total
ASSETS								
Cash and cash equivalents	\$ 17,600		\$ 216,600	\$ 61,700	\$ 57	\$ 117	\$ 16	\$ 1,671,584
Accounts receivable								52,987
Due from other funds		8,294		6,414				125,648
Due from other governments								25,016
Prepayment								200
Inventory								23,455
Total Assets	\$ 17,600	\$ 8,294	\$ 216,600	\$ 68,114	\$ 57	\$ 117	\$ 16	\$ 1,898,890
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$ 1,434	\$	\$ 2,265	\$	\$	\$	\$ 133,792
Due to other funds	8,393		1,060					608,492
Due to other governments								2,989
Deferred revenue								16,507
Total liabilities	8,393	1,434	1,060	2,265	-	-	-	761,780
Fund balance:								
Nonspendable								23,455
Restricted				1,161				658,881
Committed	9,207	6,860	215,540	64,688	57	117	16	454,774
Total fund balance	9,207	6,860	215,540	65,849	57	117	16	1,137,110
Total Liabilities and Fund Balances	\$ 17,600	\$ 8,294	\$ 216,600	\$ 68,114	\$ 57	\$ 117	\$ 16	\$ 1,898,890

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2013

Permanent

	<u>Emma J. Mellon</u>	<u>Augustus M. Dowd</u>	<u>Walter H. Coe Park</u>	<u>Daniel Hand Trust</u>	<u>Charlotte Dowd Scholarship</u>	<u>Harold C. Strong Trust</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 121	\$ 5,000	\$ 1,012	\$ 4,400	\$ 301,300	\$ 227,500	\$ 539,333	\$ 2,210,917
Accounts receivable							-	52,987
Due from other funds				91	137	51	279	125,927
Due from other governments							-	25,016
Prepayment							-	200
Inventory							-	23,455
Total Assets	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,491</u>	<u>\$ 301,437</u>	<u>\$ 227,551</u>	<u>\$ 539,612</u>	<u>\$ 2,438,502</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$ -	\$ 133,792
Due to other funds							-	608,492
Due to other governments							-	2,989
Deferred revenue							-	16,507
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,780</u>
Fund balance:								
Nonspendable							-	23,455
Restricted	121	5,000	1,012	4,491	301,437	227,551	539,612	1,198,493
Committed							-	454,774
Total fund balance	<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,491</u>	<u>301,437</u>	<u>227,551</u>	<u>539,612</u>	<u>1,676,722</u>
Total Liabilities and Fund Balances	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,491</u>	<u>\$ 301,437</u>	<u>\$ 227,551</u>	<u>\$ 539,612</u>	<u>\$ 2,438,502</u>

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

Special Revenue

	<u>Dog</u>	<u>Shellfish Commission</u>	<u>Grants and Miscellaneous Projects</u>	<u>Cafeteria Fund</u>	<u>Special Education Grants</u>	<u>Town Aid Road</u>	<u>Police Seizure</u>	<u>Beach and Recreation Program</u>	<u>Beach and Recreation Grants</u>
Revenues:									
Intergovernmental	\$	\$ 500	\$ 184,433	\$ 127,728	\$ 966,395	\$ 156,997	\$ 2,026	\$	\$
Charges for services	5,978	3,271		837,671				708,223	27,079
Income on investments	118		130			357			
Contribution			30,948						
Miscellaneous	1,135		76,453						
Total revenues	<u>7,231</u>	<u>3,771</u>	<u>291,964</u>	<u>965,399</u>	<u>966,395</u>	<u>157,354</u>	<u>2,026</u>	<u>708,223</u>	<u>27,079</u>
Expenditures:									
General government						184,749			
Public safety	25,857						4,658		
Health and welfare		8,131	157,200						
Beach and recreation								606,474	23,446
Education			20,307	955,793	988,571				
Miscellaneous			105,239						
Total expenditures	<u>25,857</u>	<u>8,131</u>	<u>282,746</u>	<u>955,793</u>	<u>988,571</u>	<u>184,749</u>	<u>4,658</u>	<u>606,474</u>	<u>23,446</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,626)</u>	<u>(4,360)</u>	<u>9,218</u>	<u>9,606</u>	<u>(22,176)</u>	<u>(27,395)</u>	<u>(2,632)</u>	<u>101,749</u>	<u>3,633</u>
Other Financing Uses									
Transfers out	<u>(4,100)</u>							<u>(104,000)</u>	
Net Change in Fund Balances	<u>(22,726)</u>	<u>(4,360)</u>	<u>9,218</u>	<u>9,606</u>	<u>(22,176)</u>	<u>(27,395)</u>	<u>(2,632)</u>	<u>(2,251)</u>	<u>3,633</u>
Fund Balances, Beginning of Year	<u>52,278</u>	<u>35,596</u>	<u>432,797</u>	<u>36,489</u>	<u>37,861</u>	<u>218,897</u>	<u>3,309</u>	<u>60,950</u>	<u>20,370</u>
Fund Balances, End of Year	<u>\$ 29,552</u>	<u>\$ 31,236</u>	<u>\$ 442,015</u>	<u>\$ 46,095</u>	<u>\$ 15,685</u>	<u>\$ 191,502</u>	<u>\$ 677</u>	<u>\$ 58,699</u>	<u>\$ 24,003</u>

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TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Special Revenue

	Toy Fund	Partnership for Success	Meals on Wheels	Madison Board of Education Donations	Emergency Kits	Ryerson Video Production	Island Avenue Classical CD	Total
Revenues:								
Intergovernmental	\$	\$ 75,000	\$	\$	\$	\$	\$	\$ 1,513,079
Charges for services								1,582,222
Income on investments				94				699
Contribution	2,370		122,000	52,549				207,867
Miscellaneous			228	7,755				85,571
Total revenues	<u>2,370</u>	<u>75,000</u>	<u>122,228</u>	<u>60,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,389,438</u>
Expenditures:								
General government								184,749
Public safety								30,515
Health and welfare		85,659						250,990
Beach and recreation								629,920
Education				58,645				2,023,316
Miscellaneous	2,200		19,697					127,136
Total expenditures	<u>2,200</u>	<u>85,659</u>	<u>19,697</u>	<u>58,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,246,626</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>170</u>	<u>(10,659)</u>	<u>102,531</u>	<u>1,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,812</u>
Other Financing Uses								
Transfers out								(108,100)
Net Change in Fund Balances	170	(10,659)	102,531	1,753	-	-	-	34,712
Fund Balances, Beginning of Year	<u>9,037</u>	<u>17,519</u>	<u>113,009</u>	<u>64,096</u>	<u>57</u>	<u>117</u>	<u>16</u>	<u>1,102,398</u>
Fund Balances, End of Year	<u>\$ 9,207</u>	<u>\$ 6,860</u>	<u>\$ 215,540</u>	<u>\$ 65,849</u>	<u>\$ 57</u>	<u>\$ 117</u>	<u>\$ 16</u>	<u>\$ 1,137,110</u>

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TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

	Permanent						Total Nonmajor Governmental Funds	
	Emma J. Mellon	Augustus M. Dowd	Walter H. Coe Park	Daniel Hand Trust	Charlotte Dowd Scholarship	Harold C. Strong Trust		Total
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ -	\$ 1,513,079
Charges for services							-	1,582,222
Income on investments				6	492	897	1,395	2,094
Contribution						450,000	450,000	657,867
Miscellaneous							-	85,571
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>492</u>	<u>450,897</u>	<u>451,395</u>	<u>3,840,833</u>
Expenditures:								
General government							-	184,749
Public safety							-	30,515
Health and welfare							-	250,990
Beach and recreation							-	629,920
Education					603		603	2,023,919
Miscellaneous							-	127,136
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>603</u>	<u>-</u>	<u>603</u>	<u>3,247,229</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>(111)</u>	<u>450,897</u>	<u>450,792</u>	<u>593,604</u>
Other Financing Uses								
Transfers out						(650,000)	(650,000)	(758,100)
Net Change in Fund Balances	-	-	-	6	(111)	(199,103)	(199,208)	(164,496)
Fund Balances, Beginning of Year	<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,485</u>	<u>301,548</u>	<u>426,654</u>	<u>738,820</u>	<u>1,841,218</u>
Fund Balances, End of Year	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,491</u>	<u>\$ 301,437</u>	<u>\$ 227,551</u>	<u>\$ 539,612</u>	<u>\$ 1,676,722</u>

TOWN OF MADISON, CONNECTICUT

RESERVE FUND (CAPITAL PROJECTS)

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2013

Project	Total Appropriations	Expenditures and Encumbrances	Unexpended Balance June 30, 2013
Reserve Fund:			
Technology	\$ 102,173	\$ 50,535	\$ 51,638
Major roads	2,234,193	1,383,659	850,534
Construction capital	662,664	313,141	349,523
Madison Fire Department:			
Truck replacement	567,221		567,221
Hose replacement	301,599	299,820	1,779
North Madison Fire Department:			
Truck replacement	477,381	44,550	432,831
Hose replacement	30,236	1,873	28,363
Ambulance	303,887	295,450	8,437
Planned/cycled maintenance - BOE	564,592	554,261	10,331
Planned/cycled maintenance - Town	359,966	98,373	261,593
Facilities reserve	3,736,207	2,930,838	805,369
Communication equipment	25,501	10,374	15,127
Vehicle replacement	94,779	90,785	3,994
North Madison water tanks	221,558		221,558
Town vehicles	414,080	221,873	192,207
Town center renovation	9,462	6,268	3,194
Beach and recreation capital	80,000	7,265	72,735
Nathan lane bus parking	109,800	109,800	-
Energy assistance - utilities	222		222
Severance pay	289,689	288,646	1,043
Self-insurance	85,661	71,810	13,851
Revaluation	303,311	83,926	219,385
DEF contribution pension	45,000		45,000
Open space reserve	217,012	50,000	167,012
Debt service reserve	678,000	318,744	359,256
BOE External Placements	245,000		245,000
GASB 45 reserve	32,115	1,060	31,055
Planning reserve	97,193	32,155	65,038
Total Reserve Fund	\$ 12,288,502	\$ 7,265,206	\$ 5,023,296

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2013 WITH COMPARATIVE TOTALS FOR 2012

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2013</u>	<u>2012</u>
Assets:				
Cash and cash equivalents	\$ 3,510,978	\$ 60,230	\$ 3,571,208	\$ 4,091,741
Accounts receivable			-	1,941
Due from other funds	393		393	-
Total assets	<u>3,511,371</u>	<u>60,230</u>	<u>3,571,601</u>	<u>4,093,682</u>
Liabilities:				
Risk management claims	571,000		571,000	531,000
Due to other funds		10,000	10,000	502,914
	<u>571,000</u>	<u>10,000</u>	<u>581,000</u>	<u>1,033,914</u>
Net Position:				
Restricted		50,230	50,230	43,724
Unrestricted	<u>2,940,371</u>		<u>2,940,371</u>	<u>3,016,044</u>
Total Net Position	<u>\$ 2,940,371</u>	<u>\$ 50,230</u>	<u>\$ 2,990,601</u>	<u>\$ 3,059,768</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETSFOR THE YEAR ENDED JUNE 30, 2013 WITH
COMPARATIVE TOTALS FOR 2012

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2013</u>	<u>2012</u>
Operating revenues:				
Employee contributions and charges for services	\$ 9,053,393	266,414	\$ 9,319,807	\$ 9,246,961
Operating expenses:				
Administrative expense	1,010,450		1,010,450	917,019
Employee benefits	8,121,995	259,908	8,381,903	8,242,669
Total operating expenses	<u>9,132,445</u>	<u>259,908</u>	<u>9,392,353</u>	<u>9,159,688</u>
Operating Income (Loss)	(79,052)	6,506	(72,546)	87,273
Nonoperating Revenue:				
Interest income	3,379		3,379	2,573
Change in Net Position	(75,673)	6,506	(69,167)	89,846
Net Position at Beginning of Year	<u>3,016,044</u>	<u>43,724</u>	<u>3,059,768</u>	<u>2,969,922</u>
Net Position at End of Year	<u>\$ 2,940,371</u>	<u>\$ 50,230</u>	<u>\$ 2,990,601</u>	<u>\$ 3,059,768</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Health Benefits	Flexible Spending	Total	
			2013	2012
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 9,054,941	\$ 266,414	\$ 9,321,355	\$ 9,935,969
Cash payments for claims paid	(8,574,909)	(259,908)	(8,834,817)	(7,671,465)
Cash payments to providers of benefits	(1,010,450)		(1,010,450)	(917,019)
Net cash provided by (used in) operating activities	<u>(530,418)</u>	<u>6,506</u>	<u>(523,912)</u>	<u>1,347,485</u>
Cash Flows from Investing Activities:				
Income on investments	<u>3,379</u>		<u>3,379</u>	<u>2,573</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(527,039)	6,506	(520,533)	1,350,058
Cash and Cash Equivalents at Beginning of Year	<u>4,038,017</u>	<u>53,724</u>	<u>4,091,741</u>	<u>2,741,683</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,510,978</u></u>	<u><u>\$ 60,230</u></u>	<u><u>\$ 3,571,208</u></u>	<u><u>\$ 4,091,741</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (79,052)	\$ 6,506	\$ (72,546)	\$ 87,273
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Decrease in receivables	1,941		1,941	685,562
Decrease in due to other funds				
Decrease in due from other funds	(393)		(393)	3,446
Decrease in due to other funds	(492,914)		(492,914)	-
Increase in other liabilities	<u>40,000</u>		<u>40,000</u>	<u>571,204</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (530,418)</u></u>	<u><u>\$ 6,506</u></u>	<u><u>\$ (523,912)</u></u>	<u><u>\$ 1,347,485</u></u>

TOWN OF MADISON, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	<u>Performance Bonds</u>	<u>Police Explorers Post 492</u>	<u>Student Activities</u>	<u>Alumni Activities</u>	<u>Summer School</u>	<u>Athletic Registrations</u>	<u>DHHS Athletics</u>	<u>Total</u>
Assets:								
Cash and cash equivalents	\$ 432,098	\$ 7,752	\$ 413,845	\$ 4,023	\$ 6,904	\$	\$ 41,616	\$ 906,238
Due from other funds	<u>300</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>49,165</u>	<u></u>	<u>49,465</u>
Total Assets	<u>\$ 432,398</u>	<u>\$ 7,752</u>	<u>\$ 413,845</u>	<u>\$ 4,023</u>	<u>\$ 6,904</u>	<u>\$ 49,165</u>	<u>\$ 41,616</u>	<u>\$ 955,703</u>
Liabilities:								
Due to employees, students or others	\$ 432,398	\$ 6,478	\$ 413,845	\$ 4,023	\$ 3,855	\$ 49,165	\$ 22,758	\$ 932,522
Due to other funds	<u></u>	<u>1,274</u>	<u></u>	<u></u>	<u>3,049</u>	<u></u>	<u>18,858</u>	<u>23,181</u>
Total Liabilities	<u>\$ 432,398</u>	<u>\$ 7,752</u>	<u>\$ 413,845</u>	<u>\$ 4,023</u>	<u>\$ 6,904</u>	<u>\$ 49,165</u>	<u>\$ 41,616</u>	<u>\$ 955,703</u>

TOWN OF MADISON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 433,917	\$	\$ 1,819	\$ 432,098
Due from other funds	<u>300</u>	<u> </u>	<u> </u>	<u>300</u>
Total Assets	<u>\$ 434,217</u>	<u>\$ -</u>	<u>\$ 1,819</u>	<u>\$ 432,398</u>
Liabilities:				
Due to employees, students or others	<u>\$ 434,217</u>	<u>\$ -</u>	<u>\$ 1,819</u>	<u>\$ 432,398</u>
Police Explorers Post 492				
Assets:				
Cash and cash equivalents	<u>\$ 7,752</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,752</u>
Liabilities:				
Due to employees, students or others	\$ 6,478	\$	\$	\$ 6,478
Due to other funds	<u>1,274</u>	<u> </u>	<u> </u>	<u>1,274</u>
Total Liabilities	<u>\$ 7,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,752</u>
Student Activities				
Assets:				
Cash and cash equivalents	<u>\$ 340,972</u>	<u>\$ 72,873</u>	<u>\$</u>	<u>\$ 413,845</u>
Liabilities:				
Due to employees, students or others	<u>\$ 340,972</u>	<u>\$ 72,873</u>	<u>\$ -</u>	<u>\$ 413,845</u>
Alumni Activities				
Assets:				
Cash and cash equivalents	<u>\$ 4,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,023</u>
Liabilities:				
Due to employees, students or others	<u>\$ 4,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,023</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Summer School				
Assets:				
Cash and cash equivalents	\$ 6,904	\$	\$	\$ 6,904
Due from other funds	<u>2,312</u>	<u></u>	<u>2,312</u>	<u>-</u>
Total Assets	<u>\$ 9,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,904</u>
Liabilities:				
Due to other funds	<u>\$ 9,216</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 6,904</u>
Athletic Registrations				
Assets:				
Due from other funds	<u>\$ 64,274</u>	<u>\$ -</u>	<u>\$ 15,109</u>	<u>\$ 49,165</u>
Liabilities:				
Due to employees, students or others	<u>\$ 64,274</u>	<u>\$ -</u>	<u>\$ 15,109</u>	<u>\$ 49,165</u>
DHHS Athletics				
Assets:				
Cash and cash equivalents	<u>\$ 28,673</u>	<u>\$ 13,999</u>	<u>\$ 1,056</u>	<u>\$ 41,616</u>
Liabilities:				
Due to employees, students or others	\$ 23,814	\$	\$ 1,056	\$ 22,758
Due to other funds	<u>4,859</u>	<u>13,999</u>	<u></u>	<u>18,858</u>
Total Liabilities	<u>\$ 28,673</u>	<u>\$ 13,999</u>	<u>\$ 1,056</u>	<u>\$ 41,616</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 822,241	\$ 86,872	\$ 2,875	\$ 906,238
Due from other funds	<u>66,886</u>	<u>-</u>	<u>17,421</u>	<u>49,465</u>
Total Assets	<u>\$ 889,127</u>	<u>\$ 86,872</u>	<u>\$ 20,296</u>	<u>\$ 955,703</u>
Liabilities:				
Due to employees and others	\$ 873,778	\$ 72,873	\$ 17,984	\$ 928,667
Due to other funds	<u>15,349</u>	<u>13,999</u>	<u>2,312</u>	<u>27,036</u>
Total Liabilities	<u>\$ 889,127</u>	<u>\$ 86,872</u>	<u>\$ 20,296</u>	<u>\$ 955,703</u>

TOWN OF MADISON, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2013

Total tax collections (including interest and lien fees) received for year ended June 30, 2013					\$ <u>68,103,154</u>
Base					\$ <u><u>68,103,154</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 153,232,097	\$	\$	\$	\$
4-1/2 times base		306,464,193			
3-3/4 times base			255,386,828		
3-1/4 times base				221,335,251	
3 times base					<u>204,309,462</u>
Total debt limitation	<u>153,232,097</u>	<u>306,464,193</u>	<u>255,386,828</u>	<u>221,335,251</u>	<u>204,309,462</u>
Indebtedness:					
Bonds and notes payable	15,185,000	21,095,000			
Bonds authorized and unissued	700,000				
School building grants receivable		<u>(76,540)</u>			
Net indebtedness	<u>15,885,000</u>	<u>21,018,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 137,347,097</u>	<u>\$ 285,445,733</u>	<u>\$ 255,386,828</u>	<u>\$ 221,335,251</u>	<u>\$ 204,309,462</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation \$476,722,078.