

TOWN OF MADISON, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014, 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, 2014 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 4 through 10, the budgetary comparison information on pages 47 through 50, the schedules of changes in the Town's net pension liability and related ratios, the schedules of employer contributions, and the schedules of investment returns - Pension Trust Funds on pages 51 through 59 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Madison, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 2, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those

financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014 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, 2014

**TOWN OF MADISON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. 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 \$3.4 million, or 3.6%.
- During the year, the Town had expenses that were \$3.4 million less than the \$86.1 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$83 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$10 million.
- The resources available for appropriation were \$1.535 million more than budgeted for the General Fund. Expenditures were \$804 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 capital projects funds that provide funding for major purchases and construction of capital assets, including 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 3.6% from a year ago from \$94.7 million to \$98.1 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	
	2014	2013
Current and other assets	\$ 31,543,412	\$ 29,447,898
Capital assets, net of accumulated depreciation	117,072,281	118,481,216
Total assets	<u>148,615,693</u>	<u>147,929,114</u>
Deferred outflow of resources:		
Deferred charge on refunding	<u>301,505</u>	<u>318,255</u>
Long-term debt outstanding	43,125,153	46,032,155
Other liabilities	2,018,219	2,699,788
Total liabilities	<u>45,143,372</u>	<u>48,731,943</u>
Deferred inflow of resources:		
Advance property tax collections	<u>5,629,156</u>	<u>4,180,814</u>
Net Position:		
Net investments in capital assets	84,111,236	82,100,206
Restricted	489,294	539,612
Unrestricted	<u>13,544,140</u>	<u>12,058,284</u>
Total Net Position	<u>\$ 98,144,670</u>	<u>\$ 94,698,102</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 increased by \$1.5 million over last year. This increase was attributed to a pension asset increase of \$750 thousand and a payables decrease of \$1 million.

TABLE 2 - CHANGES IN NET POSITION

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 3,294,335	\$ 3,348,170
Operating grants and contributions	10,385,962	9,222,289
Capital grants and contributions	322,728	475,472
General revenues:		
Property taxes	70,161,343	67,670,799
Grants and contributions not restricted to specific purposes	1,203,803	1,171,956
Unrestricted investment earnings	544,862	(68,343)
Other general revenues	198,504	106,076
Total revenues	<u>86,111,537</u>	<u>81,926,419</u>
Program expenses:		
General government	2,480,403	2,788,823
Public safety	6,489,538	6,542,550
Public works	6,327,154	6,499,707
Land and building administration	535,491	559,205
Health and welfare	1,837,599	1,759,454
Beach and recreation	1,480,895	1,318,601
Education	60,683,012	58,862,658
Library	1,757,918	1,705,124
Debt service	<u>1,072,959</u>	<u>674,654</u>
Total program expenses	<u>82,664,969</u>	<u>80,710,776</u>
Increase in Net Position	<u>\$ 3,446,568</u>	<u>\$ 1,215,643</u>

The Town's total revenues were \$86.1 million. The total cost of all programs and services was \$82.7 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	
	2014	2013	2014	2013
General government	\$ 2,480,403	\$ 2,731,501	\$ 1,172,779	\$ 1,473,115
Public safety	6,489,538	6,468,666	6,365,519	6,379,977
Public works	6,327,154	6,480,591	6,004,007	5,857,796
Education	60,683,012	58,847,659	50,129,847	49,309,096
Other	6,684,862	6,182,359	4,989,792	4,644,591
Total	\$ 82,664,969	\$ 80,710,776	\$ 68,661,944	\$ 67,664,575

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 \$19.1 million, an increase from last year's total of \$18.1 million. This increase was partially a result revenues received over projected and actual expenditures below what was budgeted.

Proprietary Funds

The internal service funds' net position decreased by \$9 thousand this year. The Town maintains a healthy net position in the Health Self Insurance Fund.

General Fund Budgetary Highlights

General property taxes and assessments - property tax revenue was \$831 thousand higher than budgeted due to payments and interest on back taxes and a collection rate that exceeded 98.5%. Despite the economic downturn in the past and the low interest rates with State of Connecticut Short Term Investments, interest revenue was \$57 thousand more than budgeted.

Town experienced significant damage due to Hurricane Irene in 2011, Hurricane Sandy in 2012 and the Blizzard in 2013. 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 \$165 thousand. The Town is still waiting for reimbursements of costs incurred, 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 \$1.053 million all of which was used by the Board of Education for Externally Placed and high cost Students.

Last year, 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. Based on last year, the Town of Madison budgeted \$125 thousand but only received \$88 thousand during the current fiscal year.

Board of Selectman revenues are over budget by \$53 thousand. This includes various insurance rebates and other miscellaneous revenue.

The revenue for the Town Clerk's Department, including Document Fees and Real Estate Conveyance Tax, were over budget by \$81 thousand. The revenue budget for the Building Department also had a positive variance of \$137 thousand due to new construction.

Beach and recreation revenue were under budget by \$23 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.
3. Recreation Program Revenue (Transfers In) was in line with the budget. Operating results from the Beach and Recreation Programs are now distributed between the General Fund and the 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 \$804 thousand. The Public Works departments showed a positive variance due to savings in energy costs. The Town's legal expenditures were lower than expected. The Board of Education also under spent their budget by \$232 thousand due to prudent spending.

Special Appropriations during the year totaled \$918,000 for the following purposes:

- \$45,000 Board of Education Special Education Placements Reserve
- \$450,000 Reconstruction of the East Wharf damaged by Hurricane Irene
- \$219,000 Heart and Hypertension settlements
- \$22,000 Police gasoline
- \$20,000 Police Wages- Special Duty OT
- \$42,000 Public Works Equipment Repairs
- \$40,000 Communication Project
- \$80,000 Snow Removal

Long-Term Capital Maintenance Projects (LOCAP) activity during fiscal year 2013-2014:

- Planning and Engineering on approved projects
- Town Campus Roof
- Daniel Hand High School Synthetic Turf
- Polson School Boiler
- Brown School Locker Replacement
- Various Energy Enhancements

The Town's General Fund balance of \$10.2 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$9.1 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. The Town assigned \$300 thousand of the \$9.1 million to offset the 2014-2015 fiscal year's budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the Town had \$117.1 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	
	2014	2013
Land	\$ 21.1	\$ 21.1
Construction in progress	1.0	2.30
Buildings and improvements	75.3	74.7
Equipment and vehicles	3.1	3.2
Infrastructure	<u>16.6</u>	<u>17.1</u>
Total	<u>\$ 117.1</u>	<u>\$ 118.4</u>

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

During the year, the Town continued construction on fields at Salt Meadow Park and the Strong Field. In addition major improvements were made to some schools and roads. The Town also purchased various vehicles and emergency equipment during the year.

Long-Term Debt

At June 30, 2014, the Town had \$32.9 million in bonds outstanding versus \$36.3 million last year - a decrease of 9.4% - as shown in Table 5.

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

	Governmental Activities	
	2014	2013
General Obligation Bonds (Backed by the Town)	<u>\$ 32.9</u>	<u>\$ 36.3</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. In September 2014, Fitch reaffirmed the Town’s AAA rating. 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 \$493 million state-imposed limit.

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 2014-2015 increased by \$1,727,302 and 2.33% over the prior year. To mitigate the tax increase for residents the Board of Finance used \$300,000 from the fund balance.

The Town's fiscal year 2014-2015 capital budget includes \$1,379,000 for capital projects, including \$335,000 for Major Roads and \$1,044,000 for updating fire, safety and communications. In addition, the Town continues to fund the Long-Term Capital Maintenance Projects currently at \$1,204,533 and Planned and Cycled Maintenance for the Town and Madison Public Schools at \$362,938.

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 NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 16,940,642
Investments	12,223,304
Receivables, net	1,172,176
Due from fiduciary funds	46,041
Inventory	32,874
Net pension asset	1,128,375
Capital assets:	
Capital assets not being depreciated	22,104,504
Capital assets being depreciated, net	94,967,777
Total assets	<u>148,615,693</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>301,505</u>
Liabilities:	
Accounts and other payables	1,974,530
Due to fiduciary funds	35,129
Unearned revenue	8,560
Due within one year	4,445,927
Due in more than one year	38,679,226
Total liabilities	<u>45,143,372</u>
Deferred Inflows of Resources:	
Advance property tax collections	<u>5,629,156</u>
Total deferred inflows of resources	<u>5,629,156</u>
Net Position:	
Net investments in capital assets	84,111,236
Restricted for:	
Trust purposes:	
Nonexpendable	489,294
Unrestricted	<u>13,544,140</u>
Total Net Position	<u>\$ 98,144,670</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 2,480,403	\$ 801,745	\$ 183,151	\$ 322,728	\$ (1,172,779)
Public safety	6,489,538	112,942	11,077		(6,365,519)
Public works	6,327,154	9,481	313,666		(6,004,007)
Land and building administration	535,491	404,374	500		(130,617)
Health and welfare	1,837,599	64,604	179,813		(1,593,182)
Beach and recreation	1,480,895	1,016,901			(463,994)
Education	60,683,012	884,288	9,668,877		(50,129,847)
Library	1,757,918				(1,757,918)
Interest on long-term debt	1,072,959		28,878		(1,044,081)
Total	\$ 82,664,969	\$ 3,294,335	\$ 10,385,962	\$ 322,728	(68,661,944)
General revenues:					
Property taxes					70,161,343
Grants and contributions not restricted to specific programs					1,203,803
Unrestricted investment earnings					544,862
Miscellaneous					198,504
Total general revenues					<u>72,108,512</u>
Change in net position					3,446,568
Net Position at Beginning of Year					<u>94,698,102</u>
Net Position at End of Year					<u>\$ 98,144,670</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 9,353,769	\$ 997,000	\$ 3,043,070	\$ 13,393,839
Investments	12,223,304			12,223,304
Receivables, net	921,798		664	922,462
Due from other funds	1,255,320	5,889,099	201,806	7,346,225
Due from other governments	165,217	52,087	32,410	249,714
Inventory			32,874	32,874
Total Assets	<u>\$ 23,919,408</u>	<u>\$ 6,938,186</u>	<u>\$ 3,310,824</u>	<u>\$ 34,168,418</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities:				
Accounts and other payables	\$ 1,068,287		\$ 81,898	\$ 1,150,185
Due to other funds	6,126,343	30,375	1,168,904	7,325,622
Due to other governments			3,132	3,132
Unearned revenue			8,560	8,560
Total liabilities	<u>7,194,630</u>	<u>30,375</u>	<u>1,262,494</u>	<u>8,487,499</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	640,227			640,227
Unavailable revenue - special assessments	161,855			161,855
Unavailable revenue - special assessments interest	18,091			18,091
Unavailable revenue - loans receivable	50,800			50,800
Advance property tax collections	5,629,156			5,629,156
Total deferred inflows of resources	<u>6,500,129</u>	<u>-</u>	<u>-</u>	<u>6,500,129</u>
Fund Balances:				
Nonspendable			32,874	32,874
Restricted			1,303,643	1,303,643
Committed		5,969,714	711,813	6,681,527
Assigned	1,423,049	938,097		2,361,146
Unassigned	8,801,600			8,801,600
Total fund balances	<u>10,224,649</u>	<u>6,907,811</u>	<u>2,048,330</u>	<u>19,180,790</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,919,408</u>	<u>\$ 6,938,186</u>	<u>\$ 3,310,824</u>	<u>\$ 34,168,418</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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 (Exhibit III)	\$ 19,180,790
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 166,988,041	
Less accumulated depreciation	<u>(49,915,760)</u>	
Net capital assets		117,072,281

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

Net pension asset	1,128,375
Property tax receivables greater than 60 days	640,227
Property tax interest receivable	161,855
Assessments receivable	18,091
Receivable from the state for school construction projects	50,800

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.

2,981,112

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	(32,865,000)
Deferred charge on refunding	301,505
Interest payable on bonds	(265,213)
Deferred amount on premium	(397,550)
Compensated absences	(1,790,813)
Net other post-employment benefits payable	(3,503,347)
Heart and hypertension	(1,287,755)
Termination benefits	<u>(3,280,688)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 98,144,670</u></u>
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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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 70,211,672	\$	\$	\$ 70,211,672
Intergovernmental	9,664,222		1,658,283	11,322,505
Charges for services	1,671,700		1,651,398	3,323,098
Income on investments	542,898		1,555	544,453
Contributions and donations		316,291		316,291
Miscellaneous	8,344	6,437	429,066	443,847
Total revenues	<u>82,098,836</u>	<u>322,728</u>	<u>3,740,302</u>	<u>86,161,866</u>
Expenditures:				
Current:				
General government	1,378,431		182,716	1,561,147
Public safety	4,312,333		35,732	4,348,065
Public works	3,945,330			3,945,330
Land and building administration	404,715			404,715
Health and welfare	1,046,714		253,621	1,300,335
Beach and recreation	384,517		621,715	1,006,232
Education	55,604,951		2,021,684	57,626,635
Library	1,311,324			1,311,324
Insurance, employee benefits and miscellaneous	4,481,641		90,773	4,572,414
Capital outlay	43,008	4,563,210		4,606,218
Debt service	4,359,069			4,359,069
Total expenditures	<u>77,272,033</u>	<u>4,563,210</u>	<u>3,206,241</u>	<u>85,041,484</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,826,803</u>	<u>(4,240,482)</u>	<u>534,061</u>	<u>1,120,382</u>
Other Financing Sources (Uses):				
Transfers in	67,100	3,736,519	46,746	3,850,365
Transfers out	(3,641,166)		(209,199)	(3,850,365)
Total other financing sources (uses)	<u>(3,574,066)</u>	<u>3,736,519</u>	<u>(162,453)</u>	<u>-</u>
Net Change in Fund Balances	1,252,737	(503,963)	371,608	1,120,382
Fund Balances at Beginning of Year	<u>8,971,912</u>	<u>7,411,774</u>	<u>1,676,722</u>	<u>18,060,408</u>
Fund Balances at End of Year	<u>\$ 10,224,649</u>	<u>\$ 6,907,811</u>	<u>\$ 2,048,330</u>	<u>\$ 19,180,790</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, 2014

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)	\$ 1,120,382
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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	1,784,254
Depreciation expense	(3,191,391)

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.	(1,798)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(25,741)
Property tax receivable - accrual basis change	(36,935)
Property tax interest and lien revenue - accrual basis change	(13,394)
Assessment receivable - accrual basis change	(6,799)

Net pension asset change	752,827
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction 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	3,415,000
Bond premium	21,715
Other post-employment benefits obligation	(731,855)

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	(56,458)
Accrued interest	10,507
Amortization of issuance costs	(144,362)
Amortization of bond discounts	(16,750)
Early retirement incentive	312,091
Heart and hypertension	264,764

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.	<u>(9,489)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,446,568</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 3,546,803
Due from other funds	309
Total assets	<u>3,547,112</u>
Liabilities:	
Due to other funds	10,000
Risk management claims	556,000
Total liabilities	<u>566,000</u>
Net Position:	
Restricted	39,270
Unrestricted	<u>2,941,842</u>
Total Net Position	<u>\$ 2,981,112</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, 2014

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating Revenues:	
Employee contributions and charges for services	\$ <u>9,134,850</u>
Operating Expenses:	
Administrative expense	1,087,000
Employee benefits	<u>8,060,002</u>
Total operating expenses	<u>9,147,002</u>
Operating Loss	(12,152)
Nonoperating Revenues:	
Income on investments	<u>2,663</u>
Change in Net Position	(9,489)
Total Net Position, Beginning of Year	<u>2,990,601</u>
Total Net Position, End of Year	\$ <u><u>2,981,112</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, 2014

	Governmental Activities <hr/> Internal Service Funds <hr/>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 9,134,934
Cash payments for claims paid	(8,075,002)
Cash payments to providers of benefits	(1,087,000)
Net cash used in operating activities	<hr/> <u>(27,068)</u>
Cash Flows from Investing Activities:	
Income on investments	<hr/> 2,663
Net Decrease in Cash and Cash Equivalents	(24,405)
Cash and Cash Equivalents, Beginning of Year	<hr/> 3,571,208
Cash and Cash Equivalents, End of Year	\$ <hr/> <u><u>3,546,803</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (12,152)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Decrease in due from other funds	84
Decrease in other liabilities	<hr/> (15,000)
Net Cash Used in Operating Activities	\$ <hr/> <u><u>(27,068)</u></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, 2014

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 27,010	\$ 862,652
Investments, at fair value:		
U.S. Government obligations	4,405,911	
Marketable equity securities	19,266,190	
Corporate bonds	2,851,438	
Foreign bonds	515,068	
Mutual funds	4,292,511	
Accounts receivable	344,788	
Due from other funds		<u>35,129</u>
 Total assets	<u>31,702,916</u>	<u>\$ 897,781</u>
 Liabilities:		
Due to employees and others		\$ 851,740
Due to other funds		<u>46,041</u>
 Total liabilities	<u>-</u>	<u>\$ 897,781</u>
 Net Position:		
Held in Trust for Pension Benefits	<u>\$ 31,702,916</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, 2014

Additions:

Contributions:

Employer	\$ 2,192,635
Plan members	192,902
Total contributions	<u>2,385,537</u>

Investment income:

Interest	798,082
Net appreciation in fair value of investments	3,532,409
Total investment income	<u>4,330,491</u>

Net additions	<u>6,716,028</u>
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Deductions:

Benefits	2,065,931
Administration	227,377
Total deductions	<u>2,293,308</u>

Change in Net Position	4,422,720
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Net Position Held in Trust for Pension Benefits - Beginning of Year	<u>27,280,196</u>
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Net Position Held in Trust for Pension Benefits - End of Year	<u>\$ 31,702,916</u>
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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, 2014 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. The advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. 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.

J. 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 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. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

K. 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 - This represents 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 \$918,000. 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 also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is 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*, \$9,296,188 of the Town’s bank balance of \$9,718,063 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,471,654
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>824,534</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 9,296,188</u>

Cash Equivalents

At June 30, 2014, 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.

	Standard and Poor’s
State Short-Term Investment Fund (STIF)	AAAm

Investments

As of June 30, 2014, 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	\$ 4,320,190		\$ 4,024,724	\$ 295,466
US Treasury bonds	AAA/AA+	11,474,547	1,388,574	8,200,177	1,885,796
Government backed securities	N/A	80,659		28,569	52,090
Corporate bonds	A2/A3	378,186		378,186	
Corporate bonds	A1	263,996			263,996
Corporate bonds	A1-AA2	806,541		806,541	
Corporate bonds	A3	5,108	5,108		
Corporate bonds	A2/A3	215,975		215,975	
Corporate bonds	BAA/BBB-	510,805		510,805	
Corporate bonds	BAA2/BBB+	564,917		564,917	
Corporate bonds	AA2/AA	17,054		17,054	
Corporate bonds	NR	88,856		88,856	
Foreign bonds	A2	515,068		515,068	
Total		19,241,902	\$ 1,393,682	\$ 15,350,872	\$ 2,497,348
Other investments:					
Equities		19,266,190			
Mutual Funds		4,292,511			
Government bonds FMA - Strips		753,819			
Total Investments		\$ 43,554,422			

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 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, 2014, 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	\$ 165,600	\$	\$	\$ 165,600
Taxes	772,768			772,768
Intergovernmental	165,217	52,087	32,410	249,714
Accounts	17,090		345,452	362,542
Special assessments	14,840			14,840
Gross receivables	<u>1,135,515</u>	<u>52,087</u>	<u>377,862</u>	<u>1,565,464</u>
Less allowance for uncollectibles	<u>48,500</u>			<u>48,500</u>
Net Total Receivables	<u>\$ 1,087,015</u>	<u>\$ 52,087</u>	<u>\$ 377,862</u>	<u>\$ 1,516,964</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 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	2,345,643	542,496		(1,902,911)	985,228
Total capital assets not being depreciated	<u>23,464,919</u>	<u>542,496</u>	<u>-</u>	<u>(1,902,911)</u>	<u>22,104,504</u>
Capital assets being depreciated:					
Buildings and improvements	101,970,392	742,022		1,902,911	104,615,325
Equipment and vehicles	8,609,096	499,736	(31,198)		9,077,634
Infrastructure	31,190,578				31,190,578
Total capital assets being depreciated	<u>141,770,066</u>	<u>1,241,758</u>	<u>(31,198)</u>	<u>1,902,911</u>	<u>144,883,537</u>
Less accumulated depreciation for:					
Buildings and improvements	(27,233,262)	(2,078,122)			(29,311,384)
Equipment and vehicles	(5,396,813)	(672,108)	29,400		(6,039,521)
Infrastructure	(14,123,694)	(441,161)			(14,564,855)
Total accumulated depreciation	<u>(46,753,769)</u>	<u>(3,191,391)</u>	<u>29,400</u>	<u>-</u>	<u>(49,915,760)</u>
Total capital assets being depreciated, net	<u>95,016,297</u>	<u>(1,949,633)</u>	<u>(1,798)</u>	<u>1,902,911</u>	<u>94,967,777</u>
Governmental Activities Capital Assets, Net	<u>\$ 118,481,216</u>	<u>\$ (1,407,137)</u>	<u>\$ (1,798)</u>	<u>\$ -</u>	<u>\$ 117,072,281</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 221,668
Public safety	558,883
Public works	554,997
Land and building administration	1,755
Health and welfare	66,145
Beach and recreation	118,012
Education	<u>1,669,931</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>3,191,391</u></u>

6. INTERFUND ACCOUNTS

At June 30, 2014, 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	\$ 1,168,904
General Fund	Agency Fund	46,041
General Fund	Internal Service Fund	10,000
General Fund	Capital Project	30,375
Capital Projects Fund	General Fund	5,889,099
Internal Service Fund	General Fund	309
Nonmajor Governmental Fund	General Fund	201,806
Agency Fund	General Fund	<u>35,129</u>
		<u><u>\$ 7,381,663</u></u>

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

Interfund transfers:

	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Funds</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$	\$ 3,616,641	\$ 24,525	\$ 3,641,166
Nonmajor Governmental	67,100	119,878	22,221	209,199
	<u>\$ 67,100</u>	<u>\$ 3,736,519</u>	<u>\$ 46,746</u>	<u>\$ 3,850,365</u>

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, 2014:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	295,000	5,900	300,900
Total	<u>\$ 32,865,000</u>	<u>\$ 6,111,913</u>	<u>\$ 38,976,913</u>

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, 2014, \$8,145,000 of defeased bonds remains outstanding.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 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	\$ 36,280,000	\$	\$ 3,415,000	\$ 32,865,000	\$ 3,505,000
Bond premium	419,265		21,715	397,550	
Total bonds payable	<u>36,699,265</u>	<u>-</u>	<u>3,436,715</u>	<u>33,262,550</u>	<u>3,505,000</u>
Termination benefits	3,592,779		312,091	3,280,688	849,050
Compensated absences	1,734,355	69,032	12,574	1,790,813	91,877
Heart and hypertension	1,552,519		264,764	1,287,755	
Net OPEB obligation	<u>2,771,492</u>	<u>731,855</u>		<u>3,503,347</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 46,350,410</u>	<u>\$ 800,887</u>	<u>\$ 4,026,144</u>	<u>\$ 43,125,153</u>	<u>\$ 4,445,927</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	\$ 158,490,902	\$ 13,755,000	\$ 144,735,902
Schools	316,981,805	19,059,201	297,922,604
Sewers	264,151,504		264,151,504
Urban renewal	228,931,303		228,931,303
Pension deficit	211,321,203		211,321,203

Total overall statutory debt limit for the Town is equal to seven time's annual receipts from taxation or \$493,082,807.

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 32,874	\$ 32,874
Restricted for:				
Grants			814,349	814,349
Endowments			489,294	489,294
Committed to:				
Capital projects		5,969,714		5,969,714
General government			29,797	29,797
Public safety			41,947	41,947
Beach and recreation			69,372	69,372
Health and welfare			467,425	467,425
Education			103,272	103,272
Assigned to:				
Subsequent year's budget	300,000			300,000
Capital projects encumbrances		938,097		938,097
General government encumbrances	41,454			41,454
Public safety encumbrances	32,516			32,516
Public works encumbrances	24,326			24,326
Land and building encumbrances	11,100			11,100
Health and welfare encumbrances	7,803			7,803
Education encumbrances	1,001,225			1,001,225
Capital outlay encumbrances	4,625			4,625
Unassigned	8,801,600			8,801,600
Total Fund Balances	\$ 10,224,649	\$ 6,907,811	\$ 2,048,330	\$ 19,180,790

Significant encumbrances at June 30, 2014 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 \$556,000 reported in the Internal Service Fund at June 30, 2014 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>
2012-13	\$ 531,000	\$ 8,121,995	\$ 8,081,995	\$ 571,000
2013-14	571,000	7,788,566	7,803,566	556,000

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, 2014 is \$1,287,755.

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.

Management of the Town Employees’ Plan rests with the Employee Retirement Board, which consists of five members, one being the Selectman designated as Pension Liaison (Chairman).

Management of the Firemen’s Benefit Plan rests with the Firemen’s Benefit Committee, which consists of 7 members. One member from North Madison Fire Company, one member from Madison Hose Company, four members-at-large, and the Selectman designated as Pension Liaison.

Management of the Police Pension Plan rests with the Police Retirement Board, which consists of five members. The members shall be a Police Union Representative, three members-at-large, and the Selectman designated as Pension Liaison.

At July 1, 2013, PERS membership consisted of:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	35	82	22
Terminated employees entitled to benefit but not yet receiving them	8	48	2
Current employees:			
Vested	27	208	75
Nonvested			3
	<hr/>	<hr/>	<hr/>
Total	<u>70</u>	<u>338</u>	<u>102</u>

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. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments: Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

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 \$861,970, \$465,297 and \$115,368 for the plan years, respectively.

Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation		
	Town	Police	Fire
Domestic equity	45%	62%	45%
International equity	10%		15%
Fixed income	45%	35%	35%
Cash		3%	5%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.47%, 15.42%, and 6.0% for the Town, Police and Fire plans respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability

1. Town Plan

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014, were as follows:

Total pension liability	\$	20,591,324	
Plan fiduciary net position		<u>16,703,296</u>	
Net pension liability	\$	<u><u>3,888,028</u></u>	
Plan fiduciary net position as a percentage of the total pension liability			81.12%

The Town's net pension liability will be required to be recorded on the government wide statement of net position at June 30, 2015.

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

Inflation	2.75%
Salary increases	Age related table
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - small cap	4.63%
Domestic equity - large cap	4.39%
International equity	4.39%
Emerging markets equity	4.88%
High yield bonds	3.90%
Fixed income	1.95%
Real estate	3.90%
Cash	0.49%

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Town Net Pension Liability	\$ 6,406,183	\$ 3,888,028	\$ 2,104,455

2. Police Plan

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability at June 30, 2014, were as follows:

Total pension liability	\$ 17,145,801
Plan fiduciary net position	<u>13,680,896</u>
Net pension liability	<u>\$ 3,464,905</u>
Plan fiduciary net position as a percentage of the total pension liability	79.79%

The net pension liability will be required to be recorded on the government wide statement of net position at June 30, 2015.

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

Inflation	2.75%
Salary increases	3.5%
Investment rate of return	7.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2014.

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

real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	4.49%
International equity	4.39%
Emerging markets equity	4.88%
High yield bonds	3.90%
Fixed income	1.95%
Real estate	3.90%
Cash	0.49%

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.25%, as well as what the Police's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Police Net Pension Liability	\$ 5,365,616	\$ 3,464,905	\$ 1,894,134

3. Volunteer Firemen's Plan

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability at June 30, 2014, were as follows:

Total pension liability	\$ 1,863,439
Plan fiduciary net position	<u>1,318,724</u>
Net pension liability	<u>\$ 544,715</u>
Plan fiduciary net position as a percentage of the total pension liability	70.77%

The net pension liability will be required to be recorded on the government wide statement of net position at June 30, 2015.

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

Inflation	N/A
Salary increases	N/A
Investment rate of return	6.0%

Mortality rates were based on the 2014 430(h)(3)(A) Optional Combined Mortality Table.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013-June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	10.30%
International equity	9.80%
Fixed income	4.30%
Real estate	8.80%
Cash	3.50%

Discount Rate: The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 6%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

	<u>1% Decrease 5.00%</u>	<u>Current Discount Rate 6.00%</u>	<u>1% Increase 7.00%</u>
Firemen's Net Pension Liability \$	771,541 \$	544,715 \$	381,185

E. Annual Pension Cost and Net Pension Obligations

In accordance with GASB Statement No. 27, 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	\$ 465,297	\$	\$ 115,368
Interest on net pension obligation	(3,684)	(23,544)	
Adjustment to annual required contribution	3,741	20,660	
Annual pension cost	465,354	859,086	115,368
Contributions made	465,297	1,611,970	115,368
(Increase) decrease in net pension asset	57	(752,884)	-
Net pension (asset) liability, beginning of year	(50,809)	(324,739)	-
Net pension (Asset) Liability, End of Year	\$ (50,752)	\$ (1,077,623)	\$ -

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	7/1/13	7/1/13	7/1/13
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	20 years	25 years	17 years
Asset valuation method	Fair Value	Fair Value	Fair Value
Actuarial assumptions:			
Investment rate of return	7.25%	7.25%	6.0%
Projected salary increases	2.75-4.25%	2.75-4.25%	N/A

F. Trend Information

<u>Police</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset)</u>
6/30/12	\$ 341,896	99.96%	\$ (53,702)
6/30/13	363,263	99.98	(50,809)
6/30/14	465,354	99.99	(50,752)
<u>Town</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension (Asset)</u>
6/30/12	\$ 725,301	100.42%	\$ (324,328)
6/30/13	799,108	100.05	(324,739)
6/30/14	859,086	147.50	(1,077,623)

Fire

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension (Asset)
6/30/12	\$ 100,176	100.00%	\$ -
6/30/13	94,466	100.00	-
6/30/14	115,368	100.00	-

G. 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)
7/1/07	\$ 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
7/1/12	12,205,627	16,513,486	(4,307,859)	73.91	1,684,653	255.71
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)
7/1/07	\$ 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
7/1/12	13,109,757	16,798,286	(3,688,529)	78.04	7,111,945	51.86
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)
7/1/07	\$ 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
7/1/12	2,191,920	1,863,439	328,481	117.63	N/A	N/A

H. 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, 2014 covered by this plan amounted to \$1,426,749. The total contribution for the year ended June 30, 2014 amounted to \$288,078.

I. 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 \$22,793,706 or 72.99% of the total Board of Education payroll of \$31,230,369.

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 \$5,762,927 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, 2014 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	\$	\$	\$ 27,010	\$ 27,010
Investments	13,680,896	16,358,508	1,291,714	31,331,118
Accounts receivable		344,788		344,788
Total assets	<u>13,680,896</u>	<u>16,703,296</u>	<u>1,318,724</u>	<u>31,702,916</u>
Net Position Held in Trust for Pension Benefits	<u>\$ 13,680,896</u>	<u>\$ 16,703,296</u>	<u>\$ 1,318,724</u>	<u>\$ 31,702,916</u>

**Combining Statement of Net Position
Employee Retirement Funds**

	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 465,297	\$ 1,611,970	\$ 115,368	\$ 2,192,635
Plan members	183,100	9,802		192,902
Total contributions	<u>648,397</u>	<u>1,621,772</u>	<u>115,368</u>	<u>2,385,537</u>
Investment income:				
Interest	382,145	397,730	18,207	798,082
Net appreciation in fair value of investments	1,565,029	1,814,986	152,394	3,532,409
Net investment income	<u>1,947,174</u>	<u>2,212,716</u>	<u>170,601</u>	<u>4,330,491</u>
Total additions	<u>2,595,571</u>	<u>3,834,488</u>	<u>285,969</u>	<u>6,716,028</u>
Deductions:				
Benefits	1,153,224	833,373	79,334	2,065,931
Administration	103,457	103,214	20,706	227,377
Total deductions	<u>1,256,681</u>	<u>936,587</u>	<u>100,040</u>	<u>2,293,308</u>
Change in Net Position	1,338,890	2,897,901	185,929	4,422,720
Net position held in trust for pension benefits - Beginning of Year	<u>12,342,006</u>	<u>13,805,395</u>	<u>1,132,795</u>	<u>27,280,196</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u>\$ 13,680,896</u>	<u>\$ 16,703,296</u>	<u>\$ 1,318,724</u>	<u>\$ 31,702,916</u>

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

In addition to the pension benefits, 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, 2013:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	91
Number of active participants	<u>473</u>
Total	<u><u>564</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, 2013
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	27 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum
Projected salary increases	3.5%/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	\$ 1,386,353
Interest on net OPEB obligation	110,860
Adjustment to annual required contribution	<u>(137,752)</u>
Annual OPEB cost	1,359,461
Contribution made	<u>627,606</u>
Increase in net OPEB obligation	731,855
Net OPEB obligation, July 1, 2013	<u>2,771,492</u>
Net OPEB Obligation, June 30, 2014	\$ <u><u>3,503,347</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>
6/30/12	\$ 1,163,623	\$ 601,000	51.65%	\$ 2,175,844
6/30/13	1,220,648	625,000	51.20%	2,771,492
6/30/14	1,359,461	627,606	46.17%	3,503,347

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>
1/1/09	\$ -	\$ 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%
1/1/13	-	19,559,073	19,559,073	0%	28,079,157	69.7%

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%
2014	1,386,353	45.3%

In the January 1, 2013 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, 2014. 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, 2014

	Budgeted Amounts		Actual	Budget
	Original	Final		Comparison Over (Under)
Property taxes:				
Property tax	\$ 69,376,811	\$ 69,376,811	\$ 70,207,401	\$ 830,590
Lien and warrant fees	3,600	3,600	4,271	671
Total property taxes	<u>69,380,411</u>	<u>69,380,411</u>	<u>70,211,672</u>	<u>831,261</u>
Investment income:				
Interest - property taxes	150,000	150,000	241,085	91,085
Interest on temporary investments	245,100	245,100	301,810	56,710
Coe Park Fund	3	3	3	-
Total interest income	<u>395,103</u>	<u>395,103</u>	<u>542,898</u>	<u>147,795</u>
Intergovernmental revenue:				
General government:				
In lieu of taxes - State-owned property	520,000	520,000	487,447	(32,553)
In lieu of taxes - water	74,000	74,000	79,609	5,609
Elderly Homeowner's Program	100,717	100,717	101,728	1,011
Disability exempt	580	580	575	(5)
Additional veterans exempt	17,644	17,644	23,393	5,749
Courts	28,600	28,600	22,697	(5,903)
Local capital improvement program	112,229	112,229	112,229	-
Telecomm. property tax share	50,000	50,000	57,194	7,194
Pequot grant	20,788	20,788	15,247	(5,541)
Municipal revenue sharing	125,000	125,000	87,568	(37,432)
Fema grant			164,951	164,951
Miscellaneous State/Federal grant	2,000	2,000	51,165	49,165
Total general government	<u>1,051,558</u>	<u>1,051,558</u>	<u>1,203,803</u>	<u>152,245</u>
Board of Education:				
Education cost sharing	1,576,061	1,576,061	1,581,349	5,288
Transportation	16,553	16,553	18,177	1,624
School building grants - principal	25,741	25,741	25,785	44
School building grants - interest	3,093	3,093	3,093	-
Private school health and welfare	9,500	9,500	15,427	5,927
Total board of education	<u>1,630,948</u>	<u>1,630,948</u>	<u>1,643,831</u>	<u>12,883</u>
Total intergovernmental revenue	<u>2,682,506</u>	<u>2,682,506</u>	<u>2,847,634</u>	<u>165,128</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, 2014

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Licenses, fees and charges for services:				
General government:				
Board of Selectman	\$ 189,509	\$ 189,509	\$ 242,812	\$ 53,303
Town Clerk	478,300	478,300	558,933	80,633
Public Works - landfill	10,400	10,400	9,481	(919)
Police Department	66,600	66,600	104,628	38,028
Fire, ambulance and civil preparedness	2,000	2,000	2,050	50
Land Use	12,000	12,000	15,178	3,178
Building Department	251,500	251,500	389,196	137,696
Beach and Recreation	284,500	284,500	261,913	(22,587)
Youth Services	77,012	77,012	80,625	3,613
Miscellaneous Revenue			109,437	109,437
Senior Citizens Council	17,000	17,000	5,134	(11,866)
Health Department	1,700	1,700	1,750	50
Total general government	<u>1,390,521</u>	<u>1,390,521</u>	<u>1,781,137</u>	<u>390,616</u>
Board of education:				
Facilities Rental	6,000	6,000	4,795	(1,205)
Miscellaneous	2,100	2,100	3,549	1,449
Total board of education	<u>8,100</u>	<u>8,100</u>	<u>8,344</u>	<u>244</u>
Total licenses, fees and charges for goods and services	<u>1,398,621</u>	<u>1,398,621</u>	<u>1,789,481</u>	<u>390,860</u>
Other financing sources:				
Transfer in - Dog Fund	4,100	4,100	4,100	-
Transfer in - Beach and Recreation	63,000	63,000	63,000	-
Total other financing sources	<u>67,100</u>	<u>67,100</u>	<u>67,100</u>	<u>-</u>
Total	<u>\$ 73,923,741</u>	<u>\$ 73,923,741</u>	75,458,785	<u>\$ 1,535,044</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

5,762,927

Special education excess cost grant is reported gross for GAAP purposes

1,053,661

Cancellation of prior year encumbrances are recognized as budgetary revenue

(109,437)Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Exhibit IV\$ 82,165,936

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, 2014

	Budgeted Amounts		Actual	Encumbered	Actual	Variance Favorable (Unfavorable)
	Original	Final				
General Government:						
Board of Selectmen	\$ 150,550	\$ 152,063	\$ 146,487	\$ 2,721	\$ 149,208	\$ 2,855
Human Resources	136,212	143,986	117,080	143	117,223	26,763
Fiscal Services	254,833	263,830	251,123		251,123	12,707
Town Counsel	294,000	270,149	123,716	11,475	135,191	134,958
Town Clerk	170,053	175,008	172,156		172,156	2,852
Election expense (Registrars)	56,220	56,220	43,515		43,515	12,705
Assessor's Office	162,226	169,348	164,641	3,100	167,741	1,607
Board of Assessment Appeals	6,075	3,525	606		606	2,919
Tax Collector	159,270	171,275	169,544		169,544	1,731
Courts	6,000	6,000	5,984		5,984	16
Technology	148,940	150,187	149,522	89	149,611	576
Total	1,544,379	1,561,591	1,344,374	17,528	1,361,902	199,689
Public Safety:						
Police Service	2,791,612	2,916,775	2,885,250	51	2,885,301	31,474
Animal Control	51,075	52,984	52,833		52,833	151
Communications	584,608	579,338	546,873	32,465	579,338	-
Fire/ambulance/civil preparedness	816,191	806,141	793,866		793,866	12,275
Total	4,243,486	4,355,238	4,278,822	32,516	4,311,338	43,900
Public Works:						
Public Works	1,393,278	1,472,834	1,403,835	6,739	1,410,574	62,260
Highway	742,210	904,210	896,167	4,431	900,598	3,612
Maintenance	1,373,341	1,410,103	1,313,344	12,677	1,326,021	84,082
Landfill	155,659	126,659	125,690	479	126,169	490
Total	3,664,488	3,913,806	3,739,036	24,326	3,763,362	150,444
Land and Building Administration:						
Land Use Office	232,854	241,731	220,712	2,250	222,962	18,769
Conservation Commission	3,328	3,328	1,429	1,899	3,328	-
Economic Development	8,350	8,350	1,500	1,525	3,025	5,325
Building Department	119,461	121,375	120,588	117	120,705	670
Town Campus Operations	56,500	56,500	51,190	5,309	56,499	1
Total	420,493	431,284	395,419	11,100	406,519	24,765
Health and Welfare:						
Department of Health	163,781	153,967	130,362	7,100	137,462	16,505
Youth Services	627,968	653,582	634,006	703	634,709	18,873
Community Support Services	25,495	25,495	20,921		20,921	4,574
Senior Citizen Council	233,646	245,480	242,935		242,935	2,545
Total	1,050,890	1,078,524	1,028,224	7,803	1,036,027	42,497
Beach and Recreation	373,381	380,461	379,168	-	379,168	1,293

(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, 2014

	Budgeted Amounts		Actual	Encumbered	Actual	Variance Favorable (Unfavorable)
	Original	Final				
Board of Education:						
Public Schools	\$ 42,882,567	\$ 43,482,567	\$ 42,249,994	\$ 1,000,164	\$ 43,250,158	\$ 232,409
Private Schools	306,714	306,714	290,748	1,061	291,809	14,905
Health Benefit	6,099,915	5,499,915	5,498,020		5,498,020	1,895
Total	<u>49,289,196</u>	<u>49,289,196</u>	<u>48,038,762</u>	<u>1,001,225</u>	<u>49,039,987</u>	<u>249,209</u>
Library	<u>1,311,324</u>	<u>1,311,324</u>	<u>1,311,324</u>		<u>1,311,324</u>	<u>-</u>
Employee Benefits - Town	<u>4,056,906</u>	<u>4,056,906</u>	<u>4,027,828</u>	<u>6,000</u>	<u>4,033,828</u>	<u>23,078</u>
Miscellaneous:						
General Insurance	282,653	306,504	306,504		306,504	-
Contingency	100,000	4,857			-	4,857
Other	418,760	197,265	140,083		140,083	57,182
Total	<u>801,413</u>	<u>508,626</u>	<u>446,587</u>	<u>-</u>	<u>446,587</u>	<u>62,039</u>
Capital Outlay:						
Beach and Recreation	12,500	12,500	12,362		12,362	138
Fire/ambulance/civil preparedness	26,000	26,000	16,656	3,285	19,941	6,059
Public Works	10,000	13,000	12,138	800	12,938	62
Youth Services	550	550	462		462	88
General Government	2,500	2,500	1,390	540	1,930	570
Total	<u>51,550</u>	<u>54,550</u>	<u>43,008</u>	<u>4,625</u>	<u>47,633</u>	<u>6,917</u>
Debt Service:						
General Government	1,698,625	1,698,625	1,698,625		1,698,625	-
Board of Education	2,660,444	2,660,444	2,660,444		2,660,444	-
Total	<u>4,359,069</u>	<u>4,359,069</u>	<u>4,359,069</u>	<u>-</u>	<u>4,359,069</u>	<u>-</u>
Total expenditures	<u>71,166,575</u>	<u>71,300,575</u>	<u>69,391,621</u>	<u>1,105,123</u>	<u>70,496,744</u>	<u>803,831</u>
Transfers to other funds:						
Partnership for Success Fund	24,525	24,525	24,525		24,525	
Reserve Fund	<u>2,832,641</u>	<u>3,616,641</u>	<u>3,616,641</u>		<u>3,616,641</u>	<u>-</u>
Total	<u>\$ 74,023,741</u>	<u>\$ 74,941,741</u>	<u>\$ 73,032,787</u>	<u>\$ 1,105,123</u>	<u>74,137,910</u>	<u>\$ 803,831</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement

System for Town teachers are not budgeted

5,762,927

Special education excess cost grant is reported gross for GAAP purposes

1,053,661

Change in payroll accrual

120,853

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

(162,152)

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues,

Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 80,913,199

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - TOWN PLAN
LAST FISCAL YEAR**

	<u>2014</u>
Total pension liability:	
Service cost	\$ 520,276
Interest	1,432,090
Changes of benefit terms	(168,054)
Benefit payments, including refunds of member contributions	(836,712)
Net change in total pension liability	<u>947,600</u>
Total pension liability - beginning	<u>19,643,724</u>
Total pension liability - ending	<u>20,591,324</u>
Plan fiduciary net position:	
Contributions - employer	1,611,970
Contributions - member	9,802
Net investment income	2,131,674
Benefit payments, including refunds of member contributions	(836,712)
Administrative expense	(18,833)
Net change in plan fiduciary net position	<u>2,897,901</u>
Plan fiduciary net position - beginning	<u>13,805,395</u>
Plan fiduciary net position - ending	<u>16,703,296</u>
Net Pension Liability - Ending	<u>\$ 3,888,028</u>
Plan fiduciary net position as a percentage of the total pension liability	81.12%
Covered-employee payroll	\$ 7,111,945
Net pension liability as a percentage of covered-employee payroll	54.67%

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - TOWN PLAN
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 605,788	\$ 620,561	\$ 522,268	\$ 556,001	\$ 554,093	\$ 549,479	\$ 645,549	\$ 728,213	\$ 801,343	\$ 861,970
Contributions in relation to the actuarially determined contribution	<u>605,788</u>	<u>620,560</u>	<u>522,268</u>	<u>556,897</u>	<u>554,093</u>	<u>549,479</u>	<u>645,220</u>	<u>728,342</u>	<u>799,519</u>	<u>1,611,970</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>1</u>	\$ <u>-</u>	\$ <u>(896)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>329</u>	\$ <u>(129)</u>	\$ <u>1,824</u>	\$ <u>(750,000)</u>
Covered-employee payroll	\$ 4,538,870	\$ 4,555,378	\$ 4,785,753	\$ 5,321,243	\$ 6,050,618	\$ 6,316,555	\$ 6,651,553	\$ 7,118,814	\$ 7,478,915	\$ 7,111,945
Contributions as a percentage of covered-employee payroll	13.35%	13.62%	10.91%	10.47%	9.16%	8.70%	9.70%	10.23%	10.69%	22.67%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Age related table
Investment rate of return	7.25%
Retirement age	Age related table

Mortality Based on the RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA.

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - TOWN PLAN
LAST FISCAL YEAR**

2014

Annual money-weighted rate of return, net of investment expense

15.47%

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - POLICE PLAN
LAST FISCAL YEAR**

	2014
Total pension liability:	
Service cost	\$ 298,820
Interest	1,199,805
Changes of benefit terms	(16,347)
Benefit payments, including refunds of member contributions	(1,153,224)
Net change in total pension liability	329,054
Total pension liability - beginning	16,816,747
Total pension liability - ending	17,145,801
 Plan fiduciary net position:	
Contributions - employer	465,297
Contributions - member	183,100
Net investment income	1,868,074
Benefit payments, including refunds of member contributions	(1,153,224)
Administrative expense	(24,357)
Net change in plan fiduciary net position	1,338,890
Plan fiduciary net position - beginning	12,342,006
Plan fiduciary net position - ending	13,680,896
 Net Pension Liability - Ending	 \$ 3,464,905
 Plan fiduciary net position as a percentage of the total pension liability	 79.79%
 Covered-employee payroll	 \$ 1,684,653
 Net pension liability as a percentage of covered-employee payroll	 205.67%

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PLAN
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 260,607	\$ 216,631	\$ 205,062	\$ 243,146	\$ 181,058	\$ 228,672	\$ 280,857	\$ 341,993	\$ 363,200	\$ 465,297
Contributions in relation to the actuarially determined contribution	<u>260,607</u>	<u>283,789</u>	<u>205,000</u>	<u>243,146</u>	<u>181,058</u>	<u>231,172</u>	<u>281,000</u>	<u>341,767</u>	<u>360,370</u>	<u>465,297</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (67,158)</u>	<u>\$ 62</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,500)</u>	<u>\$ (143)</u>	<u>\$ 226</u>	<u>\$ 2,830</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,205,147	\$ 1,649,337	\$ 1,717,985	\$ 1,703,295	\$ 1,629,320	\$ 1,611,345	\$ 1,697,961	\$ 1,901,249	\$ 2,053,458	\$ 1,684,653
Contributions as a percentage of covered-employee payroll	21.62%	17.21%	11.93%	14.28%	11.11%	14.35%	16.55%	17.98%	17.55%	27.62%

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases, including inflation	3.50%
Investment rate of return	7.25%
Retirement age	Graded by age

Mortality RP-2000 Combined Healthy Mortality with projection to 2010 per Scale AA.

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - POLICE PLAN
LAST FISCAL YEAR**

2014

Annual money-weighted rate of return, net of investment expense

15.42%

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS - FIRE PLAN
LAST FISCAL YEAR**

	2014
Total pension liability:	
Service cost	\$ 40,464
Interest	103,909
Changes of benefit terms	67,388
Benefit payments, including refunds of member contributions	(79,334)
Net change in total pension liability	132,427
Total pension liability - beginning	1,731,012
Total pension liability - ending	1,863,439
Plan fiduciary net position:	
Contributions - employer	115,368
Net investment income	149,895
Benefit payments, including refunds of member contributions	(79,334)
Net change in plan fiduciary net position	185,929
Plan fiduciary net position - beginning	1,132,795
Plan fiduciary net position - ending	1,318,724
Net Pension Liability - Ending	\$ 544,715
Plan fiduciary net position as a percentage of the total pension liability	70.77%
Covered-employee payroll	\$ N/A
Net pension liability as a percentage of covered-employee payroll	N/A

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - FIRE PLAN
LAST TEN FISCAL YEARS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 46,187	\$ 65,000	\$ 86,601	\$ 68,945	\$ 69,169	\$ 89,874	\$ 103,836	\$ 100,176	\$ 94,466	\$ 115,368
Contributions in relation to the actuarially determined contribution	<u>46,187</u>	<u>65,000</u>	<u>86,601</u>	<u>68,945</u>	<u>69,169</u>	<u>89,874</u>	<u>103,836</u>	<u>100,176</u>	<u>94,466</u>	<u>115,368</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						

Notes to Schedule

Valuation date: July 1, 2013

Measurement date: June 30, 2014

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Fair value
Inflation	N/A
Salary increases	N/A
Investment rate of return	6.00%
Retirement age	Age 60 and the completion of 20 years of service, with a higher benefit at age 65.
Mortality	2014 430(h)(3)(A) - Optional Combined Mortality Table

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - FIRE PLAN
LAST FISCAL YEAR**

2014

Annual money-weighted rate of return, net of investment expense

6.00%

TOWN OF MADISON, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 9,353,769	\$ 8,779,980
Investments	12,223,304	11,896,594
Uncollected property taxes, net of allowance for uncollectible amounts	724,268	750,110
Assessments receivable	14,840	21,640
Due from State and Federal governments	165,217	303,336
Accounts receivable	17,090	11,282
Interest receivable	165,600	178,994
Due from other funds	1,255,320	671,673
Total Assets	\$ 23,919,408	\$ 22,613,609
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts and other payables	\$ 1,068,287	\$ 1,786,432
Due to other funds	6,126,343	6,720,609
Total liabilities	7,194,630	8,507,041
Deferred inflows of resources:		
Unavailable revenue - property taxes	640,227	677,162
Unavailable revenue - special assessments	161,855	175,249
Unavailable revenue - special assessments interest	18,091	24,890
Unavailable revenue - loans receivable	50,800	76,541
Advance property tax collections	5,629,156	4,180,814
Total deferred inflows of resources	6,500,129	5,134,656
Fund balance:		
Assigned for encumbrances	1,123,049	1,070,334
Assigned for subsequent year's budget	300,000	100,000
Unassigned	8,801,600	7,801,578
Total fund balance	10,224,649	8,971,912
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 23,919,408	\$ 22,613,609

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, 2014

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
11th Course Stipends	\$ 23,375	\$ 23,375	\$ 20,625	\$ 2,750
Certified teachers	21,736,302	20,614,439	20,608,596	5,843
Certified administrators	2,042,186	2,003,227	2,003,226	1
Extra pay/extra duty	169,983	161,559	161,259	300
Co-curricular salaries	354,041	359,364	359,359	5
Early retirement	116,774	875,985	875,984	1
Directors/managers	245,553	250,646	250,646	-
Office staff	1,343,009	1,361,879	1,355,584	6,295
Paraprofessional	1,402,860	1,475,892	1,475,892	-
Custodians	1,454,061	1,430,270	1,426,749	3,521
Media staff	197,643	203,776	203,776	-
Security	126,441	160,929	158,743	2,186
School health services	344,312	341,588	339,661	1,927
Athletic trainer	34,185	34,185	34,185	-
Attendance incentive	12,318	12,539	12,539	-
Occupational Therapist	387,694	483,955	483,120	835
Substitute teachers	240,000	313,953	313,953	-
Certified substitutes/special education	20,000	33,455	33,455	-
Substitutes/school health services	12,000	20,743	20,742	1
Paraprofessional substitutes	10,000	17,840	17,839	1
Classified substitutes	110,524	5,242	5,242	-
Overtime	64,625	73,806	70,695	3,111
Custodial/casual labor	39,752	62,452	55,631	6,821
Life insurance	51,743	53,119	52,866	253
Social security	498,083	428,648	427,357	1,291
Medicare	413,641	405,376	399,477	5,899
FAS administration	9,610	9,610	9,305	305
Pension administration	846,523	1,424,612	1,424,612	-
Unemployment	55,000	23,813	23,813	-
Worker's compensation	301,967	301,967	301,964	3
Disability insurance	71,566	69,675	68,009	1,666
Labor and legal services	106,500	111,500	105,927	5,573
Program evaluation	55,729	88,792	85,407	3,385
Staff development	135,714	172,690	172,687	3

(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, 2014

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
NEASC Accreditation Services	\$ 3,705	\$ 3,705	\$ 3,670	\$ 35
Student support services	90,152	58,152	51,849	6,303
Adult education	77,000	77,000	77,000	-
Professional/technical services	501,014	614,001	539,081	74,920
Athletic medical	7,100	7,100	5,411	1,689
Disposal/recycling	75,600	58,600	58,093	507
Snow removal	47,000	47,000	47,000	-
Repairs and maintenance	280,464	517,491	508,095	9,396
Technical/infrastructure	22,000	22,000	22,000	-
Emergency maintenance	50,000	50,000	43,753	6,247
Kitchen maintenance	13,401	12,627	9,738	2,889
Treatment plant repairs	26,000	22,765	22,765	-
Repair/contracts	36,500	36,500	36,500	-
Alarm services	15,872	3,381	3,381	-
Telephone maintenance	14,024	7,074	6,909	165
Rental agreements	39,700	34,809	33,413	1,396
Tree services	8,828	8,828	8,755	73
Purchase services	600	600	400	200
Student activity transportation	17,543	18,111	10,933	7,178
Regular transportation	1,761,700	1,692,700	1,690,572	2,128
Fuel transportation	346,000	353,255	353,255	-
School choice transportation	70,000	56,995	48,728	8,267
Special education transportation	870,700	870,700	868,601	2,099
General insurance	279,208	279,208	271,634	7,574
Educator's legal insurance	24,049	24,049	24,049	-
Student insurance	13,905	13,905	12,220	1,685
Telecommunications	164,853	199,349	199,348	1
Postage	23,610	26,591	25,246	1,345
Reports/public relations	14,527	12,648	11,472	1,176
Legal notices and ads	2,000	2,000	230	1,770
Printing and binding	56,172	34,345	33,925	420
Printing/instructional supplies	82,926	61,001	59,288	1,713
External placement - public	504,866	438,300	437,411	889
Tuition/Typicals	(35,000)	(63,243)	(74,708)	11,465
External placement - private	747,439	815,789	811,144	4,645
School choice tuition	68,476	68,476	64,188	4,288
Extended year services	85,247	85,247	84,967	280
External placement/regular ed	10,000	2,800	1,040	1,760

(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, 2014

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
Travel - staff	\$ 22,650	\$ 25,427	\$ 23,255	\$ 2,172
Travel - Board of Education	320	320		320
Miscellaneous purchased services	5,900	5,837	5,780	57
Office supplies	39,024	34,228	32,684	1,544
Instructional supplies	440,232	420,515	419,901	614
Instructional software	18,000	7,184	7,184	-
Custodial and maintenance supplies	82,132	117,426	117,426	-
Maintenance supplies	78,000	79,818	78,434	1,384
Field maintenance	92,900	159,488	159,488	-
Gas services	332,346	219,269	216,227	3,042
Heating fuel	196,095	63,023	62,677	346
Water	36,783	36,860	36,859	1
Electricity	878,510	823,660	823,194	466
Equipment maintenance	14,672	29,622	29,548	74
Textbooks - replacement	56,502	25,733	25,584	149
Textbooks - new	193,512	107,256	107,256	-
Media supplies	67,983	68,823	67,453	1,370
Periodicals	26,681	21,494	20,496	998
Print collection	52,824	52,824	51,864	960
Staff uniforms	5,258	5,258	5,080	178
Uniforms/student groups	21,500	61,855	61,835	20
Supplies	70,610	65,794	65,368	426
Equipment	137,592	226,567	224,337	2,230
Software	203,500	195,167	195,167	-
Equipment-lease purchase	39,120	39,120	39,120	-
Computer hardware	251,000	529,485	529,484	1
Furniture and fixtures		49,000	47,952	1,048
Public safety	6,623	6,623	6,461	162
Dues, fees and memberships	50,703	54,388	54,020	368
Athletic event fees	10,700	10,743	10,743	-
Total*	\$ 42,882,567	\$ 43,527,567	\$ 43,295,158	\$ 232,409

* 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, 2014

	Special Revenue								
	Dog	Shellfish Commission	Grants and Miscellaneous Projects	Cafeteria	Special Education Grants	Town Aid Road	Police Seizure	Beach and Recreation Program	Beach and Recreation Grants
ASSETS									
Cash and cash equivalents	\$ 54,305	\$ 65,654	\$ 456,362	\$ 202,018	\$ 959,083	\$ 322,900	\$ 25	\$ 100	\$
Accounts receivable				664					
Due from other funds			372			11,715	4,729	93,637	33,603
Due from other governments				18,408	14,002				
Inventory				32,874					
Total Assets	\$ 54,305	\$ 65,654	\$ 456,734	\$ 253,964	\$ 973,085	\$ 334,615	\$ 4,754	\$ 93,737	\$ 33,603
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$	\$	\$ 867	\$ 23,380	\$ 17,657	\$ 11,681	\$	\$ 24,365	\$
Due to other funds	21,337	35,857		170,072	931,385				
Due to other governments	3,132								
Unearned revenue					8,560				
Total liabilities	24,469	35,857	867	193,452	957,602	11,681	-	24,365	-
Fund balance:									
Nonspendable				32,874					
Restricted			455,867			322,934			33,603
Committed	29,836	29,797		27,638	15,483		4,754	69,372	
Total fund balance	29,836	29,797	455,867	60,512	15,483	322,934	4,754	69,372	33,603
Total Liabilities and Fund Balances	\$ 54,305	\$ 65,654	\$ 456,734	\$ 253,964	\$ 973,085	\$ 334,615	\$ 4,754	\$ 93,737	\$ 33,603

(Continued on next page)

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2014

	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		\$ 413,900	\$ 61,800	\$ 57	\$ 117	\$ 16	\$ 2,553,937
Accounts receivable								664
Due from other funds		53,535		4,054				201,645
Due from other governments								32,410
Inventory								32,874
Total Assets	\$ 17,600	\$ 53,535	\$ 413,900	\$ 65,854	\$ 57	\$ 117	\$ 16	\$ 2,821,530
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	3,948	\$	\$	\$	81,898
Due to other funds	10,243		10					1,168,904
Due to other governments								3,132
Unearned revenue								8,560
Total liabilities	10,243	-	10	3,948	-	-	-	1,262,494
Fund balance:								
Nonspendable								32,874
Restricted				1,945				814,349
Committed	7,357	53,535	413,890	59,961	57	117	16	711,813
Total fund balance	7,357	53,535	413,890	61,906	57	117	16	1,559,036
Total Liabilities and Fund Balances	\$ 17,600	\$ 53,535	\$ 413,900	\$ 65,854	\$ 57	\$ 117	\$ 16	\$ 2,821,530

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2014

Permanent

	Emma J. Mellon	Augustus M. Dowd	Walter H. Coe Park	Daniel Hand Trust	Charlotte Dowd Scholarship	Harold C. Strong Trust	Total	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 121	\$ 5,000	\$ 1,012	\$ 4,500	\$ 301,800	\$ 176,700	\$ 489,133	\$ 3,043,070
Accounts receivable							-	664
Due from other funds				-	69	92	161	201,806
Due from other governments							-	32,410
Inventory							-	32,874
Total Assets	\$ 121	\$ 5,000	\$ 1,012	\$ 4,500	\$ 301,869	\$ 176,792	\$ 489,294	\$ 3,310,824
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	-	\$ 81,898
Due to other funds							-	1,168,904
Due to other governments							-	3,132
Unearned revenue							-	8,560
Total liabilities	-	-	-	-	-	-	-	1,262,494
Fund balance:								
Nonspendable							-	32,874
Restricted	121	5,000	1,012	4,500	301,869	176,792	489,294	1,303,643
Committed							-	711,813
Total fund balance	121	5,000	1,012	4,500	301,869	176,792	489,294	2,048,330
Total Liabilities and Fund Balances	\$ 121	\$ 5,000	\$ 1,012	\$ 4,500	\$ 301,869	\$ 176,792	\$ 489,294	\$ 3,310,824

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue

	Dog	Shellfish Commission	Grants and Miscellaneous Projects	Cafeteria Fund	Special Education Grants	Town Aid Road	Police Seizure	Beach and Recreation Program	Beach and Recreation Grants
Revenues:									
Intergovernmental	\$	\$ 500	\$ 183,151	\$ 153,440	\$ 892,038	\$ 313,666	\$ 11,077	\$	\$
Charges for services	6,264	5,858		884,288				728,811	26,177
Income on investments	114		186			482			
Contribution			35,993						
Miscellaneous	1,139		79,285						
Total revenues	<u>7,517</u>	<u>6,358</u>	<u>298,615</u>	<u>1,037,728</u>	<u>892,038</u>	<u>314,148</u>	<u>11,077</u>	<u>728,811</u>	<u>26,177</u>
Expenditures:									
General government						182,716			
Public safety	3,133		25,599				7,000		
Health and welfare		7,797	131,588						
Beach and recreation								605,138	16,577
Education			20,507	1,023,311	892,240				
Miscellaneous			66,862						
Total expenditures	<u>3,133</u>	<u>7,797</u>	<u>244,556</u>	<u>1,023,311</u>	<u>892,240</u>	<u>182,716</u>	<u>7,000</u>	<u>605,138</u>	<u>16,577</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,384</u>	<u>(1,439)</u>	<u>54,059</u>	<u>14,417</u>	<u>(202)</u>	<u>131,432</u>	<u>4,077</u>	<u>123,673</u>	<u>9,600</u>
Other Financing Uses									
Transfers in			892						
Transfers out	(4,100)		(41,099)					(113,000)	
Total other financing uses	<u>(4,100)</u>	<u>-</u>	<u>(40,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,000)</u>	<u>-</u>
Net Change in Fund Balances	284	(1,439)	13,852	14,417	(202)	131,432	4,077	10,673	9,600
Fund Balances, Beginning 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>
Fund Balances, End of Year	<u>\$ 29,836</u>	<u>\$ 29,797</u>	<u>\$ 455,867</u>	<u>\$ 60,512</u>	<u>\$ 15,483</u>	<u>\$ 322,934</u>	<u>\$ 4,754</u>	<u>\$ 69,372</u>	<u>\$ 33,603</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, 2014

	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	\$	\$ 104,411	\$	\$	\$	\$	\$	\$ 1,658,283
Charges for services								1,651,398
Income on investments				91				873
Contribution		10,646	220,000	72,960				339,599
Miscellaneous			411	8,632				89,467
Total revenues	<u>-</u>	<u>115,057</u>	<u>220,411</u>	<u>81,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,739,620</u>
Expenditures:								
General government								182,716
Public safety								35,732
Health and welfare		114,236						253,621
Beach and recreation								621,715
Education				85,626				2,021,684
Miscellaneous	1,850		22,061					90,773
Total expenditures	<u>1,850</u>	<u>114,236</u>	<u>22,061</u>	<u>85,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,206,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,850)</u>	<u>821</u>	<u>198,350</u>	<u>(3,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,379</u>
Other Financing Uses								
Transfers in		45,854						46,746
Transfers out								(158,199)
Total other financing uses	<u>-</u>	<u>45,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,453)</u>
Net Change in Fund Balances	(1,850)	46,675	198,350	(3,943)	-	-	-	421,926
Fund Balances, Beginning 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>
Fund Balances, End of Year	<u>\$ 7,357</u>	<u>\$ 53,535</u>	<u>\$ 413,890</u>	<u>\$ 61,906</u>	<u>\$ 57</u>	<u>\$ 117</u>	<u>\$ 16</u>	<u>\$ 1,559,036</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$	\$	\$	\$	\$	\$	\$ -	\$ 1,658,283
Charges for services							-	1,651,398
Income on investments				9	432	241	682	1,555
Contribution							-	339,599
Miscellaneous							-	89,467
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>432</u>	<u>241</u>	<u>682</u>	<u>3,740,302</u>
Expenditures:								
General government							-	182,716
Public safety							-	35,732
Health and welfare							-	253,621
Beach and recreation							-	621,715
Education							-	2,021,684
Miscellaneous							-	90,773
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,206,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>432</u>	<u>241</u>	<u>682</u>	<u>534,061</u>
Other Financing Uses								
Transfers in							-	46,746
Transfers out						(51,000)	(51,000)	(209,199)
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(51,000)</u>	<u>(51,000)</u>	<u>(162,453)</u>
Net Change in Fund Balances	-	-	-	9	432	(50,759)	(50,318)	371,608
Fund Balances, Beginning 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>
Fund Balances, End of Year	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,500</u>	<u>\$ 301,869</u>	<u>\$ 176,792</u>	<u>\$ 489,294</u>	<u>\$ 2,048,330</u>

TOWN OF MADISON, CONNECTICUT

RESERVE FUND (CAPITAL PROJECTS)

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2014

Project	Total Appropriations	Expenditures and Encumbrances	Unexpended Balance June 30, 2014
Reserve Fund:			
Technology	\$ 46,362	\$ 15,405	\$ 30,957
Major roads	1,216,350	52,555	1,163,795
Construction capital	829,523	255,022	574,501
Madison Fire Department:			
Truck replacement	752,221		752,221
Hose replacement	33,003	29,338	3,665
North Madison Fire Department:			
Truck replacement	542,831	44,527	498,304
Hose replacement	92,243	48,077	44,166
Ambulance	117,812		117,812
Planned/cycled maintenance - BOE	469,590	372,496	97,094
Planned/cycled maintenance - Town	395,339	239,022	156,317
Facilities reserve	2,609,386	1,285,761	1,323,625
Communication equipment	105,127		105,127
Vehicle replacement	99,994	85,880	14,114
North Madison water tanks	271,558	114,874	156,684
Town vehicles	328,733	257,335	71,398
Town center renovation	7,694	7,694	
Beach and recreation capital	122,735	5,376	117,359
Energy assistance - utilities	242		242
Severance pay	405,043	405,043	
Self-insurance	94,021	91,424	2,597
Revaluation	289,385	280,998	8,387
DEF contribution pension	45,000	16,306	28,694
Open space reserve	167,012		167,012
Debt service reserve	359,256	160,606	198,650
BOE External Placements	290,000		290,000
GASB 45 reserve	31,055	16,810	14,245
Planning reserve	90,038	30,000	60,038
Total Reserve Fund	\$ 9,811,553	\$ 3,814,549	\$ 5,997,004

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Assets:				
Cash and cash equivalents	\$ 3,497,533	\$ 49,270	\$ 3,546,803	\$ 3,571,208
Due from other funds	309		309	393
Total assets	<u>3,497,842</u>	<u>49,270</u>	<u>3,547,112</u>	<u>3,571,601</u>
Liabilities:				
Risk management claims	556,000		556,000	571,000
Due to other funds		10,000	10,000	10,000
	<u>556,000</u>	<u>10,000</u>	<u>566,000</u>	<u>581,000</u>
Net Position:				
Restricted		39,270	39,270	50,230
Unrestricted	<u>2,941,842</u>		<u>2,941,842</u>	<u>2,940,371</u>
Total Net Position	<u>\$ 2,941,842</u>	<u>\$ 39,270</u>	<u>\$ 2,981,112</u>	<u>\$ 2,990,601</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETSFOR THE YEAR ENDED JUNE 30, 2014 WITH
COMPARATIVE TOTALS FOR 2013

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2014</u>	<u>2013</u>
Operating revenues:				
Employee contributions and charges for services	\$ 8,874,374	260,476	\$ 9,134,850	\$ 9,319,807
Operating expenses:				
Administrative expense	1,087,000		1,087,000	1,010,450
Employee benefits	7,788,566	271,436	8,060,002	8,381,903
Total operating expenses	<u>8,875,566</u>	<u>271,436</u>	<u>9,147,002</u>	<u>9,392,353</u>
Operating Income (Loss)	(1,192)	(10,960)	(12,152)	(72,546)
Nonoperating Revenue:				
Interest income	2,663		2,663	3,379
Change in Net Position	1,471	(10,960)	(9,489)	(69,167)
Net Position at Beginning of Year	<u>2,940,371</u>	<u>50,230</u>	<u>2,990,601</u>	<u>3,059,768</u>
Net Position at End of Year	<u>\$ 2,941,842</u>	<u>\$ 39,270</u>	<u>\$ 2,981,112</u>	<u>\$ 2,990,601</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	Health Benefits	Flexible Spending	Total	
			2014	2013
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 8,874,458	\$ 260,476	\$ 9,134,934	\$ 9,321,355
Cash payments for claims paid	(7,803,566)	(271,436)	(8,075,002)	(8,834,817)
Cash payments to providers of benefits	(1,087,000)		(1,087,000)	(1,010,450)
Net cash used in operating activities	<u>(16,108)</u>	<u>(10,960)</u>	<u>(27,068)</u>	<u>(523,912)</u>
Cash Flows from Investing Activities:				
Income on investments	<u>2,663</u>		<u>2,663</u>	<u>3,379</u>
Net Decrease in Cash and Cash Equivalents	(13,445)	(10,960)	(24,405)	(520,533)
Cash and Cash Equivalents at Beginning of Year	<u>3,510,978</u>	<u>60,230</u>	<u>3,571,208</u>	<u>4,091,741</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,497,533</u></u>	<u><u>\$ 49,270</u></u>	<u><u>\$ 3,546,803</u></u>	<u><u>\$ 3,571,208</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:				
Operating loss	\$ (1,192)	\$ (10,960)	\$ (12,152)	\$ (72,546)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Decrease in receivables			-	1,941
Decrease in due to other funds				
Decrease in due from other funds	84		84	(393)
Decrease in due to other funds			-	(492,914)
Increase in other liabilities	<u>(15,000)</u>		<u>(15,000)</u>	<u>40,000</u>
Net Cash Used in Operating Activities	<u><u>\$ (16,108)</u></u>	<u><u>\$ (10,960)</u></u>	<u><u>\$ (27,068)</u></u>	<u><u>\$ (523,912)</u></u>

TOWN OF MADISON, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2014

	<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	\$ 381,255	\$ 7,752	\$ 402,752	\$ 4,023	\$ 6,904	\$	\$ 59,966	\$ 862,652
Due from other funds	<u>300</u>	<u></u>	<u>1,380</u>	<u></u>	<u></u>	<u>33,449</u>	<u></u>	<u>35,129</u>
Total Assets	<u>\$ 381,555</u>	<u>\$ 7,752</u>	<u>\$ 404,132</u>	<u>\$ 4,023</u>	<u>\$ 6,904</u>	<u>\$ 33,449</u>	<u>\$ 59,966</u>	<u>\$ 897,781</u>
Liabilities:								
Due to employees, students or others	\$ 381,555	\$ 6,478	\$ 404,132	\$ 4,023	\$ 3,855	\$ 31,141	\$ 20,556	\$ 851,740
Due to other funds	<u></u>	<u>1,274</u>	<u></u>	<u></u>	<u>3,049</u>	<u>2,308</u>	<u>39,410</u>	<u>46,041</u>
Total Liabilities	<u>\$ 381,555</u>	<u>\$ 7,752</u>	<u>\$ 404,132</u>	<u>\$ 4,023</u>	<u>\$ 6,904</u>	<u>\$ 33,449</u>	<u>\$ 59,966</u>	<u>\$ 897,781</u>

TOWN OF MADISON, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 432,098	\$	\$ 50,843	\$ 381,255
Due from other funds	<u>300</u>	<u> </u>	<u> </u>	<u>300</u>
Total Assets	<u>\$ 432,398</u>	<u>\$ -</u>	<u>\$ 50,843</u>	<u>\$ 381,555</u>
Liabilities:				
Due to employees, students or others	<u>\$ 432,398</u>	<u>\$ -</u>	<u>\$ 50,843</u>	<u>\$ 381,555</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	\$ 413,845	\$	\$ 11,093	\$ 402,752
Due from other funds	<u> </u>	<u>1,380</u>	<u> </u>	<u>1,380</u>
Total Assets	<u>\$ 413,845</u>	<u>\$ 1,380</u>	<u>\$ -</u>	<u>\$ 404,132</u>
Liabilities:				
Due to employees, students or others	<u>\$ 413,845</u>	<u>\$ 1,380</u>	<u>\$ 11,093</u>	<u>\$ 404,132</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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Summer School				
Assets:				
Cash and cash equivalents	\$ 6,904	\$	\$	\$ 6,904
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 6,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,904</u>
Liabilities:				
Due to employees, students or others	\$ 3,855	\$	\$	\$ 3,855
Due to other funds	<u>3,049</u>	<u>-</u>	<u>-</u>	<u>3,049</u>
Total Liabilities	<u>\$ 6,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,904</u>
Athletic Registrations				
Assets:				
Due from other funds	\$ <u>49,165</u>	\$ <u>2,308</u>	\$ <u>18,024</u>	\$ <u>33,449</u>
Liabilities:				
Due to employees, students or others	\$ 49,165	\$	\$ 18,024	\$ 31,141
Due to other funds	<u>-</u>	<u>2,308</u>	<u>-</u>	<u>2,308</u>
Total Liabilities	<u>\$ 49,165</u>	<u>\$ 2,308</u>	<u>\$ 18,024</u>	<u>\$ 33,449</u>
DHHS Athletics				
Assets:				
Cash and cash equivalents	\$ <u>41,616</u>	\$ <u>20,552</u>	\$ <u>2,202</u>	\$ <u>59,966</u>
Liabilities:				
Due to employees, students or others	\$ 22,758	\$	\$ 2,202	\$ 20,556
Due to other funds	<u>18,858</u>	<u>20,552</u>	<u>-</u>	<u>39,410</u>
Total Liabilities	<u>\$ 41,616</u>	<u>\$ 20,552</u>	<u>\$ 2,202</u>	<u>\$ 59,966</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 906,238	\$ 20,552	\$ 64,138	\$ 862,652
Due from other funds	<u>49,465</u>	<u>3,688</u>	<u>18,024</u>	<u>35,129</u>
Total Assets	<u>\$ 955,703</u>	<u>\$ 24,240</u>	<u>\$ 82,162</u>	<u>\$ 897,781</u>
Liabilities:				
Due to employees and others	\$ 932,522	\$ 1,380	\$ 82,162	\$ 851,740
Due to other funds	<u>23,181</u>	<u>22,860</u>	<u>-</u>	<u>46,041</u>
Total Liabilities	<u>\$ 955,703</u>	<u>\$ 24,240</u>	<u>\$ 82,162</u>	<u>\$ 897,781</u>

TOWN OF MADISON, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2014

Total tax collections (including interest and lien fees) received for year ended June 30, 2014					\$ <u>70,440,401</u>
Base					\$ <u><u>70,440,401</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 158,490,902	\$	\$	\$	\$
4-1/2 times base		316,981,805			
3-3/4 times base			264,151,504		
3-1/4 times base				228,931,303	
3 times base					<u>211,321,203</u>
Total debt limitation	<u>158,490,902</u>	<u>316,981,805</u>	<u>264,151,504</u>	<u>228,931,303</u>	<u>211,321,203</u>
Indebtedness:					
Bonds and notes payable	13,755,000	19,110,000			
School building grants receivable		(50,799)			
Net indebtedness	<u>13,755,000</u>	<u>19,059,201</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u><u>144,735,902</u></u>	\$ <u><u>297,922,604</u></u>	\$ <u><u>264,151,504</u></u>	\$ <u><u>228,931,303</u></u>	\$ <u><u>211,321,203</u></u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation \$493,082,807.