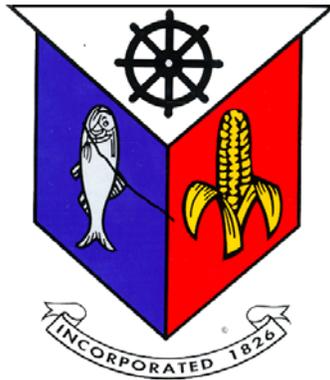


Town of Madison Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

Comprehensive Annual Financial Report

of the

Town of Madison Connecticut

For the Year Ended June 30, 2016

Prepared by:
Finance Department
Director of Finance
Stacy Nobitz

**TOWN OF MADISON, CONNECTICUT
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JUNE 30, 2016**

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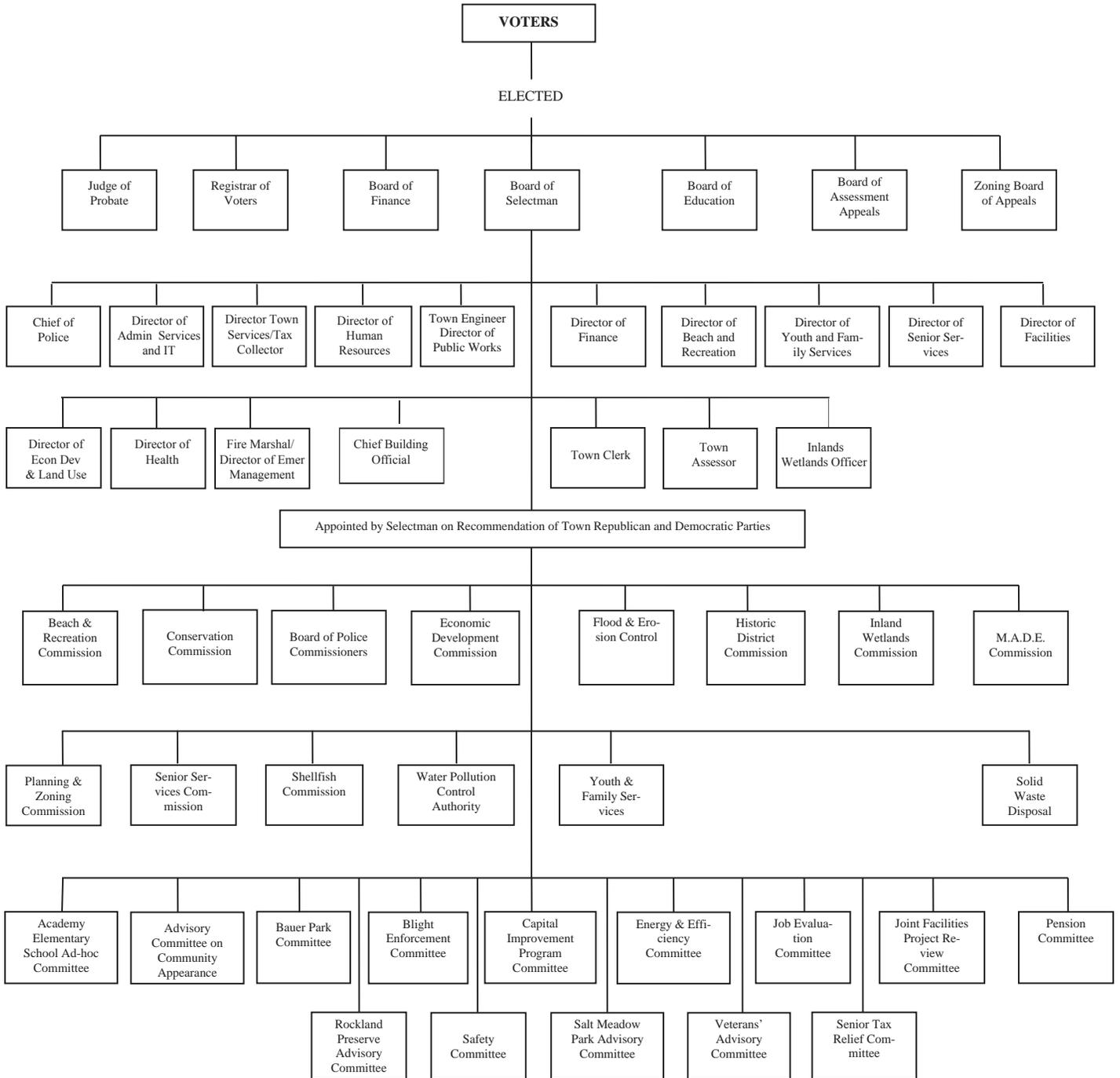
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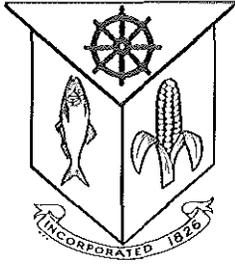
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Introductory Section

Organizational Chart



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TOWN OF MADISON
CONNECTICUT 06443-2563

November 14, 2016

To the Members of the Board of Selectmen, the Board of Finance and the Citizens of the Town of Madison:

Connecticut State Statutes require that all municipal entities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Madison for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the Town of Madison. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Madison has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Madison's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the Town of Madison's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Madison's financial statements have been audited by Blum, Shapiro and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Madison for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Madison's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the Town of Madison was part of a broader, federal and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town's separately issued Single Audit Report.

The Town prepares the Basic Financial Statements and Management's Discussion and Analysis-for State of Local Governments in accordance with GASB No. 34. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and to be read in conjunction with the MD&A. The Town of Madison's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town of Madison

The Town was first settled in 1641 as part of Guilford. It was organized as a separate community in 1707 and incorporated in 1826. The Town was the one hundred twenty-eighth town established in Connecticut. The Town encompasses approximately 36.3 square miles within New Haven County, approximately 15 miles east of New Haven and 35 miles south of Hartford. Interstate 95 and state highways 80 and 1 (Boston Post Road) intersect the Town for east and west transportation access, while state highway 79 provides north-south access. Madison is bounded on the east by Clinton and Killingworth; on the north by Durham; on the south by Long Island Sound; and on the west by Guilford. The Town is primarily a suburban, residential community with single-family homes.

Located within Town are two state parks: the Cockaponset State Forest in the northern portion of Town, and the Hammonasset State Park and Beach located on the southeastern edge of Madison. The Hammonasset Park consists of 930 acres, 558 campsites, concessions, bathhouses, a pavilion, picnic areas, and a nature center. Parking for 7,000 vehicles is available for bathers and campers alike, with overall park capacity rated to serve 16,000 people. The Park also provides a fishing jetty for surf and boat fishing.

The Town utilizes an adopted Plan of Development to maintain its rural and seashore character. Under the Town Charter, the Planning and Zoning Commission is responsible for approval of all projects. Current zoning regulations were adopted on April 10, 1953, with various revisions adopted since that time. The Town is completely zoned with approximately 46% of the land zoned residential, with one to two acre lots. The balance of the Town is zoned commercial or light industrial. The areas zoned for one acre can include apartment or condominium units. As part of the Town Plan of Development, open space and preservation of the seashore and rural character of the Town are major goals. To that end, the Town has provided for 4 parks, including the Surf Club Beach area, a 45-acre beach/recreation

facility owned by the Town that provides beaches, picnic area, basketball and volleyball courts, as well as baseball, softball, football and soccer fields, and Salt Meadow Park, a 42-acre passive and active recreation facility, including three multi-purpose playing fields, conversation areas, shared path and trail system and an area for a future canoe/kayak launch. Rockland Preserve is a 650 acre park, which includes the New England Scenic Trail, other nature trails, as well as 10 miles of single track bicycle trails. Bauer Park consists of 64 acres, has 180 community gardens, fields, a pavilion and trails. In addition, the Town has two other small public beaches, East Wharf and West Wharf.

The Town of Madison operates under the provisions of its Charter, most recently revised on November 7, 2006, and the General Statutes of the State of Connecticut. The legislative body is the Town Meeting. The Executive body consists of a Board of Selectmen, a five member board, with the First Selectman acting as the chief executive officer. Election to the Board of Selectmen is for a two-year term. 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.

The Planning and Zoning Commission is a 12-member commission appointed by the Board of Selectmen to adopt and enforce zoning and subdivision regulations and to guide the growth and development of the Town of Madison through preparation and adoption of a Plan of Conservation and Development. The Commission is staffed by a Director of Planning & Economic Development who advises the Commission on land use matters and directs the daily operation of the land use office. The Board of Selectmen also appoints a seven-member Economic Development Commission whose role is to identify and foster opportunities for economic growth within the community.

The Town of Madison provides municipal services in the functional areas of Public Safety, Public Works, Land and Building administration, Health and Welfare, Beach and Recreation, and the PreK-12 Public Education System. The Town also provides significant support to the Madison Public Library and the two Volunteer Fire Departments.

The Town maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management. In addition to budgetary schedules, the Notes to Basic Financial Statements describe the budget process used by the Town. The strength of the Town's economic circumstances and quality of municipal management are reflected in the Town's bond ratings, which remain at the highest levels obtainable, as awarded Aaa by Moody's Investors Service, AAA by Standard & Poor's, and AAA by Fitch Ratings.

Local Economy

The Town of Madison includes a majority of year-round residents that are in the executive, professional, technical, and managerial categories, with employment in Hartford, New Haven, Fairfield and New London Counties and New York. According to the 2010 U.S. Census the Town's population was 18,269. Bus, air and rail service are available from New Haven, Hartford, Providence, Rhode Island and New York. The Town has a newly constructed railroad station near the central business district provided by Shore Line East, a State of Connecticut Department of Transportation Commuter Railroad that provides

commuter service between New London and New Haven during rush hours. Other Metro-North and Amtrak connections are available from New Haven's Union Station.

The Town's unemployment rate of 4.0% compares favorably to the state's average of 5.6%. Madison's per capita personal income is \$53,221 versus the states average, which is \$38,480.

The Madison downtown business district has an active Chamber of Commerce organization, Business Council Group and an active shopping and commercial area located in the south central part of the community, extending both east and west along the Boston Post Road. In addition to the many businesses in Town, there are numerous banking institutions, including Wells Fargo, Bank of America, People's United Bank, Citizens Bank, Webster Bank, Key Bank, Liberty Bank, Guilford Savings Bank and Essex Savings Bank.

The Town provides educational opportunity with public schools grades PreK-12. In addition, within Town there are two private schools grades PreK-8 and one private school K-8, along with eight different pre-school programs. Colleges and universities a short distance from Town include Middlesex Community College and Wesleyan University, both in Middletown, approximately 20 miles north of Madison. To the west are Quinnipiac University, Albertus Magnus College, Gateway Community College, Southern Connecticut State University, the University of New Haven, and Yale University, all of which are located in the Greater New Haven area.

The October 1, 2014 Gross Taxable Grand List increased by \$2,377,387 to \$2,871,399,364 from the 2013 Grand List of \$2,869,021,977. The Town conservatively budgets revenues, therefore when determining the Mill Rate tax collections are assumed at a 98.5% collection rate. Historically, the Town has received over 99% in actual collections. Building permit activity and conveyance fees are highly dependent on the economy and current market conditions. Building permits issued for 2015-2016 indicate a total value of over \$10,000,000. The Town is not highly dependent on State revenues (represents 1.8% of total revenues).

The current Madison housing inventory shows 90% of single family homes versus 10% multifamily homes. Madison continues to be recognized as a desirable community to live in. Families with children continue to seek Madison as a desired location due to the excellent school system as well as the enjoyable beaches. The population growth has showed a 30% increase over the past 37 years. Currently, the estimated total population exceeds 18,000. Madison is also known as a popular visiting location. Since the 1860s, the Town has maintained a large summer resident community attracted to the Town's beaches and Long Island Sound. There are many summer renters and daily visitors that increase the cost of demands for services and the use of our infrastructure. The Town has responded to the population growth and the increase in demands for services by increasing relevant expenditures. Over the past ten years, the Board of Education Budget increased by 36%, while the total Town Budget increased 37%.

Long-Term Financial Planning

The Town implemented a new Capital Improvement Program in May 2015. This program identifies the capital needs of the Town and the funding sources to support these expenditures. By doing this, the program aids in forecasting the impact of these expenditures on the budget, as well as the financial condition of the Town. The program provides a planning tool that allows the Town to meet current and future capital needs while maintaining level operating budgets each year.

A key component of the Capital Improvement Program is to identify the possible needs of financing large projects that cannot be absorbed through the building of reserves in the capital project funds. The Regulations of the Board of Finance include a sound debt management policy that establishes parameters for the planning, issuance and management of debt to help insure the continued availability of debt capacity and adherence to debt limitations.

Currently the Town has \$26,000,000 in outstanding debt for General Obligation Bonds. Our annual debt service on this debt represents 5.6% of the total Town Budget. The Board of Finance Regulation states that 10% is the recommended limit.

Potential projects that would require long term financing by the Town are currently being discussed include a Library Expansion and the outcome of the School Facility Project Review.

Relevant Financial Policies

On January 21, 2004, the Town updated its investment policy for all financial assets of the Town, excluding the pension plan assets. The policy limits investments to instruments maturing within one year at the time of purchase for funds needed during the course of the fiscal year. The average maturity of all funds invested shall not exceed six months at any time to insure liquidity. The policy also allows a portion of the fund balance reserve and non-cyclical funds to be invested in longer term securities with an objective of increasing the rate of return.

Short term investments of the Town may be invested in U.S. Treasury Bills, U.S. Treasury notes or bonds maturing within one year, Insured or fully collateralized certificates of deposits of banks, Repurchase agreements collateralized by U.S. Treasury securities, The State of Connecticut Investment Pool, Money Market Funds with investments in securities issued, insured or guaranteed by the U.S. Government or its agencies, and Obligations authorized by Section 7-400, Investment of funds, Connecticut State Statute.

The portion of reserve and non-cyclical funds may be invested in longer term securities with an objective of increasing the rate of return consistent with prudent risk management, subject to the maturities not exceeding eight years and shall be evenly spread over the investment period. All investment securities purchased by the Town of Madison shall be held in third party safekeeping by an institution designated as primary agent. The primary agent shall provide to the Town a listing of the specific instrument, rate, maturity and other pertinent information.

For Pension Funds, the Town's pension investments are governed by its *Statement of Investment Policy, Objectives, and Guidelines*. The Policy details asset mix ranges for various classes of investments: Cash Equivalents, Fixed Income Securities, Equity Securities, Mutual Funds and Exchange Traded Funds, as well as other allowed assets, where the overall investment return is expected to exceed the actuarial investment return assumption. Investment manager performance and compliance with the investment policy is reviewed periodically by a committee of Town officials and a pension consultant.

The Town has a Board of Finance regulation regarding Fund Balance. On March 21, 2012, the Board revised the original adopted regulation from May 23, 2001, which established a minimum level of unassigned fund balance equaling 10% of annual Town operating expenditures, excluding debt service.

Even in the face of increasing operating costs for the Town government, Madison has been able to maintain an adequate surplus in its General Fund.

As stated above, the Town also has a Debt Service Board of Finance regulation to standardize and rationalize the issuance and management of debt.

Major Initiatives

The Town of Madison is working to increase economic development in order to grow our tax base. We will be having workshops in early 2017 to showcase and market the Academy School, which is located in the heart of downtown, for private development. The entire site could add as much as 5 acres of mixed use opportunities. Concurrent with that, we are investigating ways to address wastewater issues in the downtown commercial area. One possibility could be shared systems and the establishment of a separate downtown wastewater district.

Madison received a Transit Oriented Development grant to improve connectivity between the train station and the downtown area. We will be renovating the Tuxis Walkway and making the entrances more inviting to attract pedestrian traffic. Our Planning and Zoning Commission is looking at Regulation changes to permit Higher Density Housing near the transit district, which could allow for greater versatility in a prime mixed use area.

On the “Marketing Madison” front, we are reaching out to major corporations and relocation firms to highlight the Town of Madison as an attractive place to live. We are creating marketing materials and initiatives to target firms in surrounding cities.

The Town is also near completion of the Madison Downtown Center Project Phase I. \$1,850,000 in Small Town Economic Assistance Program (STEAP) grants were received for the improvements to the Downtown area. Madison is looking to implement Phase II of the project in the upcoming fiscal year.

A Grant Writer has been hired to explore all possible grants available to the Town. This will help fund future projects, as well as find new opportunities for the Town to explore.

The Town hired a consulting firm to conduct a School Facility Study to determine what the School Facility needs will be for the next five to twenty years. This is in response to the condition of the school’s facilities, as well as responding to declining enrollment. Once the Study is complete the future bonding impact will be determined.

As part of the Town’s energy savings initiative, the Town purchased all of our streetlights from Eversource. We are currently replacing fluorescent bulbs with LED lights on the streetlights, as well as in our schools and municipal buildings. When this program is complete the Town should see an estimated minimum reduction of 5% in electric consumption and costs.

We are also beginning installation of photovoltaic systems on municipal buildings and schools, which will result in electrical savings as well. In addition, the Town sponsored a town wide Home Energy Solutions program for residents to have their homes audited for energy savings.

Awards and Acknowledgements

June 30, 2016 is the first year that the Town of Madison is applying for the Government Finance Officers Association (GFOA) award for its Comprehensive Annual Financial Report. The Town understands that in order to be awarded a Certificate of Achievement under this program, the Town must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must also satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. I believe this Financial Report meets these requirements.

The Town is pleased to announce that our bond rating with Moody's Investors Service, Inc. has been reaffirmed at their highest grading level of Aaa. In October 2016, Fitch Ratings also reaffirmed the Town's rating at their highest grading level of AAA.

The preparation of this report on a timely basis would not have been possible without the assistance and support of many people. I would like to express my appreciation to all those who contributed to its preparation, including Cheryl Kuszpa, Kristen Bartosic, Kim Seegert, Jeannette Holdridge, Janet Atwood, and Christina Consiglio. I would also like to thank the Board of Selectman, the Board of Finance, and the Board of Education for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Stacy S. Nobitz". The signature is written in a cursive, slightly slanted style.

Stacy S. Nobitz, CPA
Director of Finance

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

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, 2016, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2016 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.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

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 11, the budgetary comparison information on pages 55 through 58 and the pension schedules on pages 59 through 68 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of Madison, Connecticut as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 30, 2015, 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 and Internal Service Funds statements of net position, revenues, expenses and changes in fund net position and cash flows as of and for the year ended June 30, 2015 are presented for purposes of additional analysis and are 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 2015 financial statements. The accompanying General Fund balance sheet and Internal Service Funds statements of net position, revenues, expenses and changes in fund net position and cash flows have been subjected to the auditing procedures applied in the audit of the 2015 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 and the Internal Service Funds statements of net position, revenues, expenses and changes in fund net position and cash flows are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 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
November 14, 2016

**TOWN OF MADISON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. 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 \$3.1 million, or 3.4%.
- During the year, the Town had expenses that were \$3.1 million less than the \$92.1 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$88.9 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$12.9 million.
- The resources available for appropriation were \$2.049 million more than budgeted for the General Fund. Expenditures were \$1.330 million 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 3.4% from a year ago from \$92.4 million to \$95.5 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

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 33,403,180	\$ 29,571,292
Capital assets, net of accumulated depreciation	115,930,959	115,480,641
Total assets	<u>149,334,139</u>	<u>145,051,933</u>
Deferred outflows of resources	<u>4,600,241</u>	<u>1,946,125</u>
Long-term debt outstanding	49,287,626	48,454,173
Other liabilities	2,391,522	2,139,697
Total liabilities	<u>51,679,148</u>	<u>50,593,870</u>
Deferred inflows of resources	<u>6,769,368</u>	<u>4,051,746</u>
Net Position:		
Net investments in capital assets	89,500,244	85,651,893
Restricted	473,923	489,120
Unrestricted	<u>5,511,697</u>	<u>6,211,429</u>
Total Net Position	<u>\$ 95,485,864</u>	<u>\$ 92,352,442</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased by \$700 thousand from last year. This decrease was attributed to an increase in the investments in capital assets. The Town purchased public works vehicles and equipment, as well as two large emergency vehicles during the year. The Downtown Center Project was also started during the year and is included in construction in progress.

TABLE 2 - CHANGES IN NET POSITION

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 3,555,090	\$ 3,380,204
Operating grants and contributions	9,176,493	8,793,313
Capital grants and contributions	3,601,337	
General revenues:		
Property taxes	73,421,387	71,730,220
Grants and contributions not restricted to specific purposes	1,240,301	925,891
Unrestricted investment earnings	793,129	598,383
Other general revenues	265,466	142,153
Total revenues	<u>92,053,203</u>	<u>85,570,164</u>
Program expenses:		
General government	4,110,941	3,066,806
Public safety	7,825,941	7,665,318
Public works	6,723,604	6,878,133
Land and building administration	2,835,497	826,346
Health and welfare	1,776,624	1,780,235
Beach and recreation	2,382,849	1,534,989
Education	60,974,827	58,346,516
Library	1,468,278	1,475,891
Debt service	821,220	762,134
Total program expenses	<u>88,919,781</u>	<u>82,336,368</u>
Increase in Net Position	<u>\$ 3,133,422</u>	<u>\$ 3,233,796</u>

The Town's total revenues were \$92.1 million. The total cost of all programs and services was \$88.9 million. Our analysis below separately considers the operations of governmental activities. During fiscal year ended 2016, capital grants and contributions includes two large grants; one for a large road construction project and the other for our Downtown Center Project.

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	
	2016	2015	2016	2015
General government	\$ 4,110,941	\$ 3,066,806	\$ 1,437,403	\$ 2,188,108
Public safety	7,825,941	7,665,318	7,296,964	6,987,844
Public works	6,723,604	6,878,133	4,284,004	6,446,871
Education	60,974,827	58,346,516	52,194,967	50,157,704
Other	9,284,468	6,379,595	7,373,523	4,382,324
Total	<u>\$ 88,919,781</u>	<u>\$ 82,336,368</u>	<u>\$ 72,586,861</u>	<u>\$ 70,162,851</u>

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 \$21.5 million, an increase from last year's total of \$20.5 million. This increase was partially a result of revenues received over projected and actual expenditures below what was budgeted.

Proprietary Funds

The internal service funds' net position decreased by \$1.7 million this year. The Town still maintains a net positive position in the Health Self Insurance Fund of \$800 thousand.

General Fund Budgetary Highlights

General property taxes and assessments - property tax revenue was \$887 thousand higher than budgeted due to payments and interest on back taxes and a collection rate that exceeded 98.5%. Despite the economic down turn in the past and the low interest rates with State of Connecticut Short Term Investments, interest revenue was \$300 thousand more than budgeted.

The 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 \$314 thousand. This finalized the outstanding FEMA funds for these projects.

The Special Education Excess Cost grant totaled \$937 thousand, which was used by the Board of Education for Externally Placed and high cost Students.

During the year, \$168 thousand was received from the state for a school security project that was completed in the prior fiscal year.

Three years ago, the State of Connecticut created new municipal revenue to be shared with the municipalities. This revenue was pooled into a new Municipal Revenue Sharing Account and distributed to the municipalities. The Town of Madison budgeted \$36 thousand and did not receive anything during the current fiscal year.

Board of Selectman revenues are over budget by \$70 thousand. This includes various insurance rebates and other miscellaneous revenue.

The Police Department's revenue was \$108 thousand more than anticipated primarily due to Special Outside Duty reimbursements. The revenue budget for the Building Department also had a positive variance of \$73 thousand due to new construction.

Beach and recreation revenue was over budget by \$19 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.
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 \$1,330 thousand. The Public Works departments showed a positive variance due to savings in energy costs. The Town's legal expenditures were \$50 thousand lower than expected. The Board of Education also under spent their budget by \$435 thousand due to prudent spending. There were also savings in the annual debt service of \$145 thousand due to the refunding of prior bond issuances.

Special Appropriations during the year totaled \$746,000 for the following purposes:

- \$636,000 Capital Improvement Program
- \$65,000 Police Wages-Special Duty OT
- \$45,000 Heart and Hypertension settlement

The Town's General Fund balance of \$12.9 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$12.0 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes approximately \$940 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes. The Town assigned \$750 thousand of the \$12.0 million to offset the 2016-2017 fiscal year's budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the Town had \$115.9 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	
	2016	2015
Land	\$ 21.1	\$ 21.1
Construction in progress	1.9	0.1
Buildings and improvements	72.8	74.8
Equipment and vehicles	4.3	3.3
Infrastructure	15.8	16.2
Total	\$ 115.9	\$ 115.5

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

During the year, the Town started construction on the Downtown Center Project, approximately \$1.8 million was added to construction in progress. In addition major improvements were made to some schools and roads, as well as the continued construction at the Salt Meadow Park. The Town also purchased various equipment and vehicles, in addition to two emergency vehicles during the year.

Long-Term Debt

At June 30, 2016, the Town had \$25.5 million in bonds outstanding versus \$29.3 million last year - a decrease of 13% - as shown in Table 5.

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

	Governmental Activities	
	2016	2015
General Obligation Bonds (Backed by the Town)	\$ 25.5	\$ 29.3

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 2016. 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 \$516 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 2016-2017 increased by \$2,006,721 and 2.58% over the prior year. To mitigate the tax increase for residents the Board of Finance used \$750,000 from the fund balance.

The Town's fiscal year 2016-2017 capital budget includes \$3,206,306 for capital projects, including \$460,000 for Major Roads and \$1,051,000 for updating fire, safety and communications and \$1,695,306 for other capital projects. In addition, the Town continues to fund Planned Maintenance for the Town and Madison Public Schools at \$414,500.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 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.

Basic Financial Statements

**TOWN OF MADISON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 17,146,049
Investments	13,171,805
Receivables, net	2,949,133
Due from fiduciary funds	113,755
Inventory	22,438
Capital assets:	
Capital assets not being depreciated	23,016,049
Capital assets being depreciated, net	92,914,910
Total assets	149,334,139
Deferred Outflows of Resources:	
Deferred charge on refunding	843,385
Changes in actuarial experience	706,537
Change in pension investment gains or losses	3,050,319
Total deferred outflows of resources	4,600,241
Liabilities:	
Accounts and other payables	2,349,160
Due to fiduciary funds	27,223
Unearned revenue	15,139
Noncurrent liabilities:	
Due within one year	3,839,183
Due in more than one year	45,448,443
Total liabilities	51,679,148
Deferred Inflows of Resources:	
Advance property tax collections	6,472,580
Changes in actuarial experience	296,788
Total deferred inflows of resources	6,769,368
Net Position:	
Net investments in capital assets	89,500,244
Restricted for:	
Trust purposes:	
Nonexpendable	473,923
Unrestricted	5,511,697
Total Net Position	\$ 95,485,864

The accompanying notes are an integral part of the financial statements

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

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
General government	\$ 4,110,941	\$ 835,718	\$ 243,039	\$ 1,594,781	\$ (1,437,403)
Public safety	7,825,941	187,821	341,156		(7,296,964)
Public works	6,723,604	8,960	424,084	2,006,556	(4,284,004)
Land and building administration	2,835,497	452,926			(2,382,571)
Health and welfare	1,776,624	132,343	203,106		(1,441,175)
Beach and recreation	2,382,849	1,092,302	29,757		(1,260,790)
Education	60,974,827	845,020	7,934,840		(52,194,967)
Library	1,468,278				(1,468,278)
Interest on long-term debt	821,220		511		(820,709)
Total	\$ 88,919,781	\$ 3,555,090	\$ 9,176,493	\$ 3,601,337	(72,586,861)
General revenues:					
Property taxes					73,421,387
Grants and contributions not restricted to specific programs					1,240,301
Unrestricted investment earnings					793,129
Miscellaneous					265,466
Total general revenues					<u>75,720,283</u>
Change in net position					3,133,422
Net Position at Beginning of Year					<u>92,352,442</u>
Net Position at End of Year					<u>\$ 95,485,864</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF MADISON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,461,264	\$ 997,000	\$ 2,615,121	\$ 3,873,238	\$ 14,946,623
Investments	13,171,805				13,171,805
Receivables, net	1,019,918	6,750		66,160	1,092,828
Due from other funds	5,993,452	6,577,991		133,371	12,704,814
Due from other governments	114,405	1,646,868	5,627	74,324	1,841,224
Inventory				22,438	22,438
Total Assets	<u>\$ 27,760,844</u>	<u>\$ 9,228,609</u>	<u>\$ 2,620,748</u>	<u>\$ 4,169,531</u>	<u>\$ 43,779,732</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 755,864	\$ 549,372	\$ 14,557	\$ 12,483	\$ 1,332,276
Due to other funds	6,738,585	1,121,279	2,577,408	1,571,836	12,009,108
Unearned revenue			12,145	2,994	15,139
Total liabilities	<u>7,494,449</u>	<u>1,670,651</u>	<u>2,604,110</u>	<u>1,587,313</u>	<u>13,356,523</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	705,142				705,142
Unavailable revenue - property tax interest	170,868				170,868
Unavailable revenue - special assessments	3,251				3,251
Unavailable revenue - grant receivable		1,594,781			1,594,781
Advance property tax collections	<u>6,472,580</u>				<u>6,472,580</u>
Total deferred inflows of resources	<u>7,351,841</u>	<u>1,594,781</u>	<u>-</u>	<u>-</u>	<u>8,946,622</u>
Fund balances:					
Nonspendable				22,438	22,438
Restricted			16,638	1,729,562	1,746,200
Committed		4,708,158		831,150	5,539,308
Assigned	1,692,710	1,255,019			2,947,729
Unassigned	<u>11,221,844</u>			<u>(932)</u>	<u>11,220,912</u>
Total fund balances	<u>12,914,554</u>	<u>5,963,177</u>	<u>16,638</u>	<u>2,582,218</u>	<u>21,476,587</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,760,844</u>	<u>\$ 9,228,609</u>	<u>\$ 2,620,748</u>	<u>\$ 4,169,531</u>	<u>\$ 43,779,732</u>

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TOWN OF MADISON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

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)	\$	21,476,587
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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	\$ 171,928,830	
Less accumulated depreciation	<u>(55,997,871)</u>	
Net capital assets		115,930,959

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

Property tax receivables greater than 60 days	705,142
Property tax interest receivable	170,868
Assessments receivable	3,251
Grant receivable	1,594,781
Deferred outflows of resources pension investment gains or losses	3,050,319
Deferred outflows of resources changes in actuarial experience	706,537
Deferred inflows of resources changes in actuarial experience	(296,788)

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.

824,851

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	(25,535,000)
Deferred charge on refunding	843,385
Interest payable on bonds	(236,402)
Deferred amount on premium	(1,451,694)
Compensated absences	(1,552,029)
Net other post-employment benefits payable	(4,821,470)
Capital lease	(287,406)
Heart and hypertension	(1,227,397)
Pension liability	(12,631,464)
Termination benefits	<u>(1,781,166)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>95,485,864</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, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Education Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 73,481,643				\$ 73,481,643
Intergovernmental	9,285,308	2,191,775	838,281	697,048	13,012,412
Charges for services	1,856,146			1,698,944	3,555,090
Income on investments	781,802			5,989	787,791
Contributions and donations				347,428	347,428
Miscellaneous		172,926		93,305	266,231
Total revenues	<u>85,404,899</u>	<u>2,364,701</u>	<u>838,281</u>	<u>2,842,714</u>	<u>91,450,595</u>
Expenditures:					
Current:					
General government	1,556,750			49,829	1,606,579
Public safety	4,630,236			15,271	4,645,507
Public works	3,035,220				3,035,220
Land and building administration	426,829				426,829
Health and welfare	1,079,031			259,491	1,338,522
Beach and recreation	1,224,743			691,124	1,915,867
Education	57,049,279		837,126	1,115,818	59,002,223
Library	1,327,061				1,327,061
Insurance, employee benefits and miscellaneous	4,557,372			149,854	4,707,226
Capital outlay	31,966	8,199,648			8,231,614
Debt service	4,521,680				4,521,680
Total expenditures	<u>79,440,167</u>	<u>8,199,648</u>	<u>837,126</u>	<u>2,281,387</u>	<u>90,758,328</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,964,732</u>	<u>(5,834,947)</u>	<u>1,155</u>	<u>561,327</u>	<u>692,267</u>
Other Financing Sources (Uses):					
Payment to refunded bond escrow agent	(9,373,392)				(9,373,392)
Issuance of refunding bonds	8,555,000				8,555,000
Premium on sale of refunding bonds	1,103,320				1,103,320
Transfers in	87,100	4,227,269			4,314,369
Transfers out	(4,200,269)			(114,100)	(4,314,369)
Total other financing sources (uses)	<u>(3,828,241)</u>	<u>4,227,269</u>	<u>-</u>	<u>(114,100)</u>	<u>284,928</u>
Net Change in Fund Balances	2,136,491	(1,607,678)	1,155	447,227	977,195
Fund Balances at Beginning of Year	<u>10,778,063</u>	<u>7,570,855</u>	<u>15,483</u>	<u>2,134,991</u>	<u>20,499,392</u>
Fund Balances at End of Year	<u>\$ 12,914,554</u>	<u>\$ 5,963,177</u>	<u>\$ 16,638</u>	<u>\$ 2,582,218</u>	<u>\$ 21,476,587</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, 2016**

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)	\$ 977,195
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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	3,647,403
Depreciation expense	(3,197,085)

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	(25,286)
Property tax receivable - accrual basis change	(56,977)
Property tax interest and lien revenue - accrual basis change	(3,279)
Assessment receivable - accrual basis change	(2,576)
Grant receivable - accrual basis change	1,594,781
Change in deferred inflows amounts related to actuarial experience	30,185
Change in deferred outflows amounts related to pension investment gains or losses	1,448,934
Change in deferred outflows amounts related to actuarial experience	646,552

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 position. 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	3,585,000
Proceeds from sale of refunding bonds	(8,555,000)
Premium on refunding bonds	(1,103,320)
Payment to refunded bond escrow	9,373,392
Deferred amount on refunding bonds	(578,392)
Capital lease principal payments	90,262
Other post-employment benefits obligation	(552,180)

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	128,748
Accrued interest	17,499
Amortization of bond premiums	27,461
Amortization of deferred charge on refundings	558,630
Change in net pension liability	(3,335,706)
Early retirement incentive	55,384
Heart and hypertension	30,898

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.

(1,669,101)

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,133,422</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, 2016**

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 2,199,426
Accounts receivable	15,081
Total assets	<u>2,214,507</u>
Liabilities:	
Accounts payable	482
Due to other funds	609,174
Risk management claims	780,000
Total liabilities	<u>1,389,656</u>
Net Position:	
Restricted	35,784
Unrestricted	<u>789,067</u>
Total Net Position	<u>\$ 824,851</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, 2016**

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Employee contributions and charges for services	\$ <u>9,764,727</u>
Operating Expenses:	
Administrative expense	1,057,605
Employee benefits	<u>10,381,561</u>
Total operating expenses	<u>11,439,166</u>
Operating Loss	(1,674,439)
Nonoperating Revenues:	
Income on investments	<u>5,338</u>
Change in Net Position	(1,669,101)
Total Net Position at Beginning of Year	<u>2,493,952</u>
Total Net Position at End of Year	\$ <u><u>824,851</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, 2016**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 10,143,972
Cash payments for claims paid	(9,623,913)
Cash payments to providers of benefits	(1,057,605)
Net cash provided by (used in) operating activities	<u>(537,546)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>5,338</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(532,208)
Cash and Cash Equivalents at Beginning of Year	<u>2,731,634</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,199,426</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (1,674,439)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	379,245
(Increase) decrease in due to other funds	597,166
Increase (decrease) in accounts payable	482
Increase (decrease) in other liabilities	<u>160,000</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (537,546)</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, 2016**

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 11,907	\$ 909,023
Investments, at fair value:		
U.S. Government securities	4,206,131	
U.S. Government agencies	385,540	
Marketable equity securities	2,705,012	
Corporate bonds	4,419,215	
Foreign bonds	578,538	
Mutual funds	18,166,593	
Due from other funds		<u>27,223</u>
Total assets	<u>30,472,936</u>	<u>\$ 936,246</u>
Liabilities:		
Due to employees and others		\$ 822,491
Due to other funds		<u>113,755</u>
Total liabilities	<u>-</u>	<u>\$ 936,246</u>
Net Position:		
Held in Trust for Pension Benefits	<u>\$ 30,472,936</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, 2016**

Additions:

Contributions:

Employer	\$ 1,512,442
Plan members	179,086
Total contributions	<u>1,691,528</u>

Investment income (loss):

Interest	383,576
Net change in fair value of investments	<u>(322,753)</u>
Total investment earnings	60,823
Less investment expenses:	
Investment management fees	<u>(141,622)</u>
Net investment loss	<u>(80,799)</u>

Net additions	<u>1,610,729</u>
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Deductions:

Benefits	2,526,665
Administration	50,121
Total deductions	<u>2,576,786</u>

Change in Net Position	(966,057)
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Net Position Held in Trust for Pension Benefits at Beginning of Year	<u>31,438,993</u>
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Net Position Held in Trust for Pension Benefits at End of Year	<u>\$ 30,472,936</u>
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The accompanying notes are an integral part of the 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

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

The *Special Education Grants Fund* is used to account for education related grants from the state and federal governments.

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.

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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, 2016 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.

**TOWN OF MADISON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

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. Deferred outflows of resources are reported in Town’s government-wide statement of net position for deferred charge on refunding and for differences between expected and actual experience and for changes in projected investment earning related to pension plans. 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. A deferred outflow of resources related to pension results from differences between expected and actual experience, and changes in projected investment earnings. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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 deferred inflows of resources related to expected and actual experience to pension plans. 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. A deferred inflow of resources related to pension results from differences between expected and actual experience. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). 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 grants. 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. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

L. Net OPEB Obligation

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

M. Early Retirement Incentives

An early retirement incentive plan was offered to Town and Board of Education employees in the current year and in prior years. Payments are made from the general fund and the total liability is reflected in the government-wide financial statements.

N. 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.

O. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 \$746,000. 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.

B. Deficit Fund Equity

For the year ended June 30, 2016, the Police Seizure fund had a deficit fund balance of \$932. This amount will be funded through future grants.

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.

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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*, \$10,628,502 of the Town’s bank balance of \$10,962,771 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,540,652
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>1,087,850</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 10,628,502</u>

Cash Equivalents

At June 30, 2016, the Town’s cash equivalents amounted to \$7,383,225. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Investments

As of June 30, 2016, the Town had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
U.S. Government Securities	\$ 4,206,131	\$ 404,969	\$ 3,801,162	\$
U.S. Government Agencies	13,474,203		13,474,203	
Foreign Bonds	578,538		578,538	
Corporate Bonds	<u>4,419,215</u>		<u>4,419,215</u>	
 Total	 22,678,087	 \$ <u>404,969</u>	 \$ <u>22,273,118</u>	 \$ <u>-</u>
Other investments:				
Mutual Funds	18,249,735			
Common Stock	<u>2,705,012</u>			
 Total Investments	 \$ <u>43,632,834</u>			

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, 2016, 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.

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Fair Value Disclosure

The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
U.S. Government Securities	\$ 4,206,131	\$ 4,206,131	\$	\$
U.S. Government Agencies	13,474,203	13,474,203		
Corporate Bonds	4,419,215	4,419,215		
Foreign Bonds	578,538		578,538	
Common Stock	2,705,012	2,705,012		
Mutual Funds	18,249,735	18,249,735		
	<u>\$ 43,632,834</u>	<u>\$ 43,054,296</u>	<u>\$ 578,538</u>	<u>\$ -</u>

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Foreign bonds classified in Level 2 of the fair value hierarchy are valued using prices quoted for similar actively traded bonds.

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>Special Education Grants</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 174,613	\$	\$	\$	\$ 174,613
Taxes	857,480				857,480
Intergovernmental	114,405	1,646,868	5,627	74,324	1,841,224
Accounts	36,325	6,750		81,241	124,316
Gross receivables	<u>1,182,823</u>	<u>1,653,618</u>	<u>5,627</u>	<u>155,565</u>	<u>2,997,633</u>
Less allowance for uncollectibles	<u>48,500</u>				<u>48,500</u>
Net Total Receivables	<u>\$ 1,134,323</u>	<u>\$ 1,653,618</u>	<u>\$ 5,627</u>	<u>\$ 155,565</u>	<u>\$ 2,949,133</u>

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,119,276	\$	\$	\$ 21,119,276
Construction in progress	133,625	1,763,148		1,896,773
Total capital assets not being depreciated	<u>21,252,901</u>	<u>1,763,148</u>	<u>-</u>	<u>23,016,049</u>
Capital assets being depreciated:				
Buildings and improvements	106,194,619	186,142		106,380,761
Equipment and vehicles	9,831,262	1,698,113	(187,933)	11,341,442
Infrastructure	31,190,578			31,190,578
Total capital assets being depreciated	<u>147,216,459</u>	<u>1,884,255</u>	<u>(187,933)</u>	<u>148,912,781</u>
Less accumulated depreciation for:				
Buildings and improvements	(31,438,294)	(2,113,070)		(33,551,364)
Equipment and vehicles	(6,546,117)	(647,139)	187,933	(7,005,323)
Infrastructure	(15,004,308)	(436,876)		(15,441,184)
Total accumulated depreciation	<u>(52,988,719)</u>	<u>(3,197,085)</u>	<u>187,933</u>	<u>(55,997,871)</u>
Total capital assets being depreciated, net	<u>94,227,740</u>	<u>(1,312,830)</u>	<u>-</u>	<u>92,914,910</u>
Governmental Activities Capital Assets, Net	<u>\$ 115,480,641</u>	<u>\$ 450,318</u>	<u>\$ -</u>	<u>\$ 115,930,959</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 224,523
Public Safety	509,195
Public Works	568,264
Land and building administration	2,064
Health and welfare	65,896
Beach and recreation	126,966
Education	<u>1,700,177</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,197,085</u>

**TOWN OF MADISON, CONNECTICUT
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6. INTERFUND ACCOUNTS

At June 30, 2016, 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	\$ 1,571,836
General Fund	Agency Fund	113,755
General Fund	Internal Service Fund	609,174
General Fund	Capital Project	1,121,279
General Fund	Special Education Grants	2,577,408
Capital Projects Fund	General Fund	6,577,991
Nonmajor Governmental Fund	General Fund	133,371
Agency Fund	General Fund	<u>27,223</u>
		<u>\$ 12,732,037</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>	
Transfers out:			
General Fund	\$ 87,100	\$ 4,200,269	\$ 4,200,269
Nonmajor Governmental	<u>87,100</u>	<u>27,000</u>	<u>114,100</u>
	<u>\$ 87,100</u>	<u>\$ 4,227,269</u>	<u>\$ 4,314,369</u>

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

7. LEASES

The Town has entered into a lease agreement as lessee for financing the acquisition of dispatch equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

**TOWN OF MADISON, CONNECTICUT
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The gross amounts of assets acquired under capital leases, by major asset class, are shown below:

Dispatch Equipment	\$ 479,002
Less accumulated depreciation	<u>(95,800)</u>
Total	<u>\$ 383,202</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 101,488
2018	101,488
2019	<u>101,488</u>
Total minimum lease payments	304,464
Less amount representing interest	<u>(17,058)</u>
Present Value of Minimum Lease Payments	<u>\$ 287,406</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016 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	\$ 29,360,000	\$ 8,555,000	\$ 12,380,000	\$ 25,535,000	\$ 3,035,000
Bond premium	<u>375,835</u>	<u>1,103,320</u>	<u>27,461</u>	<u>1,451,694</u>	
Total bonds payable	29,735,835	9,658,320	12,407,461	26,986,694	3,035,000
Early retirement incentive	1,836,550	39,813	95,197	1,781,166	610,669
Compensated absences	1,680,777	97,950	226,698	1,552,029	100,570
Net pension liability	9,295,758	3,335,706		12,631,464	
Heart and hypertension	1,258,295		30,898	1,227,397	
Capital leases	377,668		90,262	287,406	92,944
Net OPEB obligation	<u>4,269,290</u>	<u>552,180</u>		<u>4,821,470</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 48,454,173</u>	<u>\$ 13,683,969</u>	<u>\$ 12,850,516</u>	<u>\$ 49,287,626</u>	<u>\$ 3,839,183</u>

For the governmental activities, net pension liabilities, net OPEB obligation, compensated absences and early retirement incentives are generally liquidated by the General Fund.

**TOWN OF MADISON, CONNECTICUT
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General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate %</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding at June 30, 2016</u>
General obligation, refunding	9/17/2009	12/15/2022	2-4%	\$ 5,720,000	various	\$ 2,385,000
General obligation	9/17/2009	12/15/2024	2-4%	12,985,000	various	3,870,000
General obligation	12/15/2010	12/15/2030	3-4%	5,910,000	various	885,000
General obligation	12/15/2010	3/15/2022	2-4%	6,480,000	various	3,365,000
General obligation, refunding	11/7/2012	3/15/2030	2-3%	9,200,000	various	6,475,000
General obligation, refunding	5/25/2016	12/15/2030	2-4%	8,555,000	various	8,555,000
						<u>\$ 25,535,000</u>

The annual requirements to amortize bonds payable as of June 30, 2016 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,035,000	\$ 788,844	\$ 3,823,844
2018	3,070,000	678,044	3,748,044
2019	3,105,000	577,156	3,682,156
2020	2,605,000	475,331	3,080,331
2021	2,550,000	389,447	2,939,447
2022-2026	8,155,000	851,788	9,006,788
2027-2031	<u>3,015,000</u>	<u>177,213</u>	<u>3,192,213</u>
Total	<u>\$ 25,535,000</u>	<u>\$ 3,937,823</u>	<u>\$ 29,472,823</u>

Refunded Bonds

The government issued \$8,555,000 in general obligation bonds, on May 25, 2016, with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$1,025,000 of outstanding General Obligation Bonds Issue of 2009, Series A, dated September 17, 2009, \$4,230,000 of outstanding General Obligation Bonds Issue of 2009, Series B, dated September 17, 2009, and \$3,540,000 General Obligation Bonds issue of 2010, Series B, dated December 15, 2012, with interest rates ranging from 3.125% to 4%. The net proceeds of \$9,532,706 (including a \$1,103,320 premium and after payment of \$125,614 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

**TOWN OF MADISON, CONNECTICUT
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As a result, these general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. At June 30, 2016, \$8,795,000 of the defeased debt is outstanding, and \$9,643,213 is held by an escrow agent in an irrevocable trust fund to provide all future debt service payments on the refunded bonds.

The reacquisition price exceeded the net carrying amount of the old debt by \$578,392. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded to reduce its total debt service payments by \$656,919 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$605,302.

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</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 165,742,252	\$ 10,850,000	\$ 154,892,252
Schools	331,484,504	14,685,000	316,799,504
Sewers	276,237,086		276,237,086
Urban renewal	239,405,475		239,405,475
Pension deficit	220,989,669		220,989,669

Total overall statutory debt limit for the Town is equal to seven time's annual receipts from taxation or \$515,642,561.

**TOWN OF MADISON, CONNECTICUT
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9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Education Grants Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 22,438	\$ 22,438
Restricted for:					
Grants			16,638	1,255,639	1,272,277
Endowments				473,923	473,923
Committed to:					
Capital projects		4,708,158			4,708,158
General government programs				19,385	19,385
Public safety programs				40,155	40,155
Beach and recreation programs				81,420	81,420
Health and welfare programs				583,559	583,559
Education programs				106,631	106,631
Assigned to:					
Capital projects encumbrances		1,255,019			1,255,019
General government encumbrances	80,191				80,191
Public safety encumbrances	29,625				29,625
Public works encumbrances	19,832				19,832
Land and building encumbrances	5,491				5,491
Beach and recreation	2,878				2,878
Health and welfare encumbrances	12,250				12,250
Insurance, employee benefits and misc. encumbrances	108,184				108,184
Education encumbrances	684,259				684,259
Future budgets	750,000				750,000
Unassigned	<u>11,221,844</u>			<u>(932)</u>	<u>11,220,912</u>
Total Fund Balances	<u>\$ 12,914,554</u>	<u>\$ 5,963,177</u>	<u>\$ 16,638</u>	<u>\$ 2,582,218</u>	<u>\$ 21,476,587</u>

Significant encumbrances at June 30, 2016 are contained in the above table in the assigned category of the General Fund and Capital Projects Fund.

10. 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.

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The claims liability of \$780,000 reported in the Internal Service Fund at June 30, 2016 is based on GASB 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</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimate</u>	<u>Claim</u> <u>Payment</u>	<u>Liability</u> <u>June 30,</u>
2014-15	\$ 556,000	\$ 8,631,635	\$ 8,567,635	\$ 620,000
2015-16	620,000	10,381,561	10,221,561	780,000

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, 2016 is \$1,227,397. This liability is reported in the government-wide financial statements.

11. 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 seven 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.

**TOWN OF MADISON, CONNECTICUT
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PERS membership for both the Police and Town plans at July 1, 2015 and the Fire plan as of July 1, 2014 consisted of:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	40	99	22
Terminated employees entitled to benefit but not yet receiving them	9	55	2
Current employees:			
Vested	22	196	75
Nonvested			3
	<u>71</u>	<u>350</u>	<u>102</u>
Total	<u>71</u>	<u>350</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%

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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 \$890,486, \$514,887 and \$102,856 for the plan years, respectively.

D. 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, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Town</u>	<u>Police</u>	<u>Fire</u>
Domestic equity	40.9%	40.9%	34.6%
International equity	21.0%	21.0%	20.4%
Fixed income	35.1%	35.1%	45.0%
Cash	3.0%	3.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

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Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.30)%, (0.26)% and 0.23% 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.

E. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2016, were as follows:

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Volunteer Fire Plan</u>	<u>Total</u>
Total pension liability	\$ 23,004,078	\$ 18,227,172	\$ 1,873,150	\$ 43,104,400
Plan fiduciary net position	<u>16,587,639</u>	<u>12,548,163</u>	<u>1,337,134</u>	<u>30,472,936</u>
Net Pension Liability	<u>\$ 6,416,439</u>	<u>\$ 5,679,009</u>	<u>\$ 536,016</u>	<u>\$ 12,631,464</u>
Plan fiduciary net position as a percentage of the total pension liability	72.11%	68.84%	71.38%	70.70%

Actuarial Assumptions

The Town's net pension liability was measured as of June 30, 2016. The total pension liability was determined by an actuarial valuation as of July 1, 2015 for the Town and Police plans and July 1, 2014 for the Volunteer Fire plan, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Town Plan</u>	<u>Police Plan</u>	<u>Volunteer Fire Plan</u>
Inflation	2.75%	2.75%	2.75%
Salary increases	Age related table	Graded by age	N/A
Investment rate of return	7.25%	7.25%	6% / 6.5%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2014-June 30, 2015.

**TOWN OF MADISON, CONNECTICUT
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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, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Town Plan		Police Plan	
Asset Class	Long-Term Expected Real Rate of Return	Asset Class	Long-Term Expected Real Rate of Return
U.S. Cash	0.82%	U.S. Cash	0.82%
U.S. Core Fixed Income	2.69%	U.S. Core Fixed Income	2.69%
U.S. Equity Market	5.40%	U.S. Equity Market	5.40%
Foreign Development Equity	6.04%	Foreign Development Equity	6.04%

Volunteer Fire Plan	
Asset Class	Long-Term Expected Real Rate of Return
U.S. Core Fixed Income	2.69%
U.S. Equity Market	5.40%
Foreign Development Equity	6.04%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for both the Town and Police plans and 6% - 6.5% for the Fire plan. 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.

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F. Changes in the Net Pension Liability

Town Employees' Retirement Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 21,376,260	\$ 16,830,456	\$ 4,545,804
Changes for the year:			
Service cost	520,219		520,219
Interest on total pension liability	1,591,804		1,591,804
Effect of plan changes	286,267		286,267
Effect of economic/demographic gains or losses	298,115		298,115
Employer contributions		890,486	(890,486)
Member contributions		10,516	(10,516)
Net investment income		(50,651)	50,651
Benefit payments, including refund to employee contributions	(1,068,587)	(1,068,587)	-
Administrative expenses		(24,581)	24,581
Net Changes	1,627,818	(242,817)	1,870,635
Balances as of June 30, 2016	\$ 23,004,078	\$ 16,587,639	\$ 6,416,439
Police Retirement Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 17,531,207	\$ 13,268,935	\$ 4,262,272
Changes for the year:			
Service cost	280,866		280,866
Interest on total pension liability	1,278,794		1,278,794
Effect of economic/demographic gains or losses	(33,634)		(33,634)
Effect of assumption changes or inputs	526,516		526,516
Employer contributions		526,000	(526,000)
Member contributions		168,570	(168,570)
Net investment income		(33,225)	33,225
Benefit payments, including refund to employee contributions	(1,356,577)	(1,356,577)	-
Administrative expenses		(25,540)	25,540
Net Changes	695,965	(720,772)	1,416,737
Balances as of June 30, 2016	\$ 18,227,172	\$ 12,548,163	\$ 5,679,009

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Fire Retirement Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2015	\$ 1,827,283	\$ 1,339,602	\$ 487,681
Changes for the year:			
Service cost	38,426		38,426
Interest on total pension liability	108,942		108,942
Employer contributions		95,956	(95,956)
Member contributions			-
Net investment income		3,077	(3,077)
Benefit payments, including refund to employee contributions	(101,501)	(101,501)	-
Net Changes	45,867	(2,468)	48,335
Balances as of June 30, 2016	\$ 1,873,150	\$ 1,337,134	\$ 536,016

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 current discount rate for each pension plan 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 or 1 percentage point higher than the current rate:

	Current		
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Town Net Pension Liability	\$ 8,910,242	\$ 6,416,439	\$ 4,289,594
	Current		
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Police Net Pension Liability	\$ 7,726,325	\$ 5,679,009	\$ 3,960,274
	Current		
	1% Decrease 5.00% / 5.50%	Discount Rate 6.00% / 6.50%	1% Increase 7.00% / 7.50%
Firemen's Net Pension Liability	\$ 721,294	\$ 536,016	\$ 376,736

**TOWN OF MADISON, CONNECTICUT
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the Town recognized pension expense of \$2,722,477. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources			Total
	Town Pension Plan	Police Pension Plan	Fire Pension Plan	
Differences between expected and actual experience	\$ 245,814	\$ 460,723	\$ 706,537	\$ 706,537
Net difference between projected and actual earning on pension plan investments	<u>1,678,063</u>	<u>1,272,034</u>	<u>100,222</u>	<u>3,050,319</u>
Total	<u>\$ 1,923,877</u>	<u>\$ 1,732,757</u>	<u>\$ 100,222</u>	<u>\$ 3,756,856</u>

	Deferred Inflows of Resources			Total
	Town Pension Plan	Police Pension Plan	Fire Pension Plan	
Differences between expected and actual experience	<u>\$ 202,642</u>	<u>\$ 26,322</u>	<u>\$ 67,824</u>	<u>\$ 296,788</u>

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

<u>Year Ending June 30,</u>	Town Pension Plan	Police Pension Plan	Fire Pension Plan	Total
2017	\$ 476,014	\$ 478,498	\$ 22,415	\$ 976,927
2018	476,014	478,498	22,415	976,927
2019	476,013	478,497	22,414	976,924
2020	256,584	267,547	9,590	533,721
2121	36,610	3,395	(5,847)	34,158
Thereafter	<u> </u>	<u> </u>	<u>(38,589)</u>	<u>(38,589)</u>
	<u>\$ 1,721,235</u>	<u>\$ 1,706,435</u>	<u>\$ 32,398</u>	<u>\$ 3,460,068</u>

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

G. 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, 2016 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	\$	\$	\$ 11,907	\$ 11,907
Investments	12,548,163	16,587,639	1,325,227	30,461,029
Total assets	<u>12,548,163</u>	<u>16,587,639</u>	<u>1,337,134</u>	<u>30,472,936</u>
Net Position Held in Trust for Pension Benefits				
	<u>\$ 12,548,163</u>	<u>\$ 16,587,639</u>	<u>\$ 1,337,134</u>	<u>\$ 30,472,936</u>

Combining Statement of Net Position				
Employee Retirement Funds				
	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 526,000	\$ 890,486	\$ 95,956	\$ 1,512,442
Plan members	168,570	10,516		179,086
Total contributions	<u>694,570</u>	<u>901,002</u>	<u>95,956</u>	<u>1,691,528</u>
Investment income:				
Interest	162,059	207,524	13,993	383,576
Net depreciation in fair value of investments	(130,273)	(191,315)	(1,165)	(322,753)
Total investment gain (loss)	<u>31,786</u>	<u>16,209</u>	<u>12,828</u>	<u>60,823</u>
Less investment expenses:				
Investment management fees	(65,011)	(66,860)	(9,751)	(141,622)
Net investment earnings (loss)	<u>(33,225)</u>	<u>(50,651)</u>	<u>3,077</u>	<u>(80,799)</u>
Total additions	<u>661,345</u>	<u>850,351</u>	<u>99,033</u>	<u>1,610,729</u>
Deductions:				
Benefits	1,356,577	1,068,587	101,501	2,526,665
Administration	25,540	24,581		50,121
Total deductions	<u>1,382,117</u>	<u>1,093,168</u>	<u>101,501</u>	<u>2,576,786</u>
Change in Net Position	<u>(720,772)</u>	<u>(242,817)</u>	<u>(2,468)</u>	<u>(966,057)</u>
Net position held in trust for pension benefits - Beginning of Year	<u>13,268,935</u>	<u>16,830,456</u>	<u>1,339,602</u>	<u>31,438,993</u>
Net Position Held in Trust for Pension Benefits - End of Year	<u>\$ 12,548,163</u>	<u>\$ 16,587,639</u>	<u>\$ 1,337,134</u>	<u>\$ 30,472,936</u>

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, 2016 covered by this plan amounted to \$1,444,872. The total contribution for the year ended June 30, 2016 amounted to \$301,002.

I. Teachers' Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**TOWN OF MADISON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees

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

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>66,390,347</u>
Total	<u>\$ 66,390,347</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$5,319,539 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

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

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

12. 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. The Town does not issue a stand-alone financial report for the plan. 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.

**TOWN OF MADISON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

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, 2015:

	Retiree Medical Program
Number of retirees and eligible surviving spouses	83
Number of active participants	455
	<hr/>
Total	538
	<hr/> <hr/>

C. Description of Actuarial Assumptions and Methods

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

	Retiree Medical Program
Actuarial valuation date	January 1, 2015
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level percent
Remaining amortization period	30 years decreasing 25 years decreasing (police)
Actuarial assumptions:	
Discount Rate	4.00%
Amortization Growth Rate	3.50%
Inflation Rate	2.70%

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

D. Funding Policy

The Town currently pays for postemployment health care benefits on a pay-as-you-go basis. As of June 30, 2016, the Town has not established a trust fund to irrevocably segregate assets to fund liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

E. 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	\$ 1,222,583
Interest on net OPEB obligation	170,772
Adjustment to annual required contribution	<u>(232,314)</u>
Annual OPEB cost	1,161,041
Contribution made	<u>608,861</u>
Change in net OPEB obligation	552,180
Net OPEB obligation at July 1, 2015	<u>4,269,290</u>
Net OPEB Obligation at June 30, 2016	<u>\$ 4,821,470</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</u>	<u>Net OPEB Obligation</u>
6/30/2014 \$	1,359,461	\$ 627,606	46.17%	\$ 3,503,347
6/30/2015	1,411,522	645,579	45.74%	4,269,290
6/30/2016	1,161,041	608,861	52.44%	4,821,470

**TOWN OF MADISON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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>
1/1/2011 \$	-	\$ 16,656,000	\$ 16,656,000	0%	\$ 28,645,000	58.15%
1/1/2013	-	19,559,073	19,559,073	0%	28,079,157	69.66%
1/1/2015	-	17,046,172	17,046,172	0%	27,011,101	63.11%

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2011	\$ 1,135,000	55.68%
2012	1,169,000	51.41%
2013	1,232,000	50.73%
2014	1,386,353	45.27%
2015	1,453,376	44.42%
2016	1,222,583	49.80%

In the January 1, 2015 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 No. 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%.

13. CONTINGENT LIABILITIES

The Town has contingent liabilities with respect to pending litigation, claims and disputes that existed at June 30, 2016. 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.

**Required
Supplementary Information**

**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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget Comparison Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Property tax	\$ 72,592,323	\$ 72,592,323	\$ 73,479,579	\$ 887,256
Lien and warrant fees	2,100	2,100	2,064	(36)
Total property taxes	<u>72,594,423</u>	<u>72,594,423</u>	<u>73,481,643</u>	<u>887,220</u>
Investment income:				
Interest - property taxes	150,000	150,000	214,305	64,305
Interest on temporary investments	262,862	262,862	567,496	304,634
Coe Park Fund			1	1
Total investment income	<u>412,862</u>	<u>412,862</u>	<u>781,802</u>	<u>368,940</u>
Intergovernmental revenue:				
General government:				
In lieu of taxes - State-owned property	596,553	596,553	456,004	(140,549)
In lieu of taxes - water	100,000	100,000	131,950	31,950
Elderly Homeowner's Program	100,728	100,728	94,839	(5,889)
Disability exempt	575	575	824	249
Additional veterans exempt	23,393	23,393	24,730	1,337
Courts	21,000	21,000	10,487	(10,513)
Local capital improvement program	110,451	110,451	110,451	-
Telecomm. property tax share	53,000	53,000	52,884	(116)
Pequot grant	19,610	19,610	18,844	(766)
Municipal revenue sharing	36,301	36,301		(36,301)
Fema grant			314,009	314,009
Miscellaneous State/Federal grant	44,482	44,482	212,366	167,884
Total general government	<u>1,106,093</u>	<u>1,106,093</u>	<u>1,427,388</u>	<u>321,295</u>
Board of Education:				
Education cost sharing	1,576,061	1,576,061	1,577,768	1,707
Transportation	18,148	18,148	13,075	(5,073)
School building grants - principal	25,286	25,286		(25,286)
School building grants - interest	1,022	1,022	511	(511)
Private school health and welfare	4,431	4,431	9,772	5,341
Total board of education	<u>1,624,948</u>	<u>1,624,948</u>	<u>1,601,126</u>	<u>(23,822)</u>
Total intergovernmental revenue	<u>2,731,041</u>	<u>2,731,041</u>	<u>3,028,514</u>	<u>297,473</u>

(Continued on next page)

**TOWN OF MADISON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (CONTINUED)
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Licenses, fees and charges for services:				
General government:				
Board of Selectman	\$ 196,857	\$ 196,857	\$ 266,776	\$ 69,919
Town Clerk	505,000	505,000	568,942	63,942
Public Works - landfill	9,500	9,500	8,960	(540)
Police Department	65,175	65,175	173,091	107,916
Fire, ambulance and civil preparedness	2,000	2,000		(2,000)
Land Use	14,750	14,750	13,030	(1,720)
Building Department	366,800	366,800	439,896	73,096
Beach and Recreation	268,000	268,000	287,456	19,456
Youth Services	36,530	36,530	68,303	31,773
Miscellaneous Revenue			107,987	107,987
Senior Citizens Council	5,500	5,500	6,915	1,415
Health Department	1,700	1,700	2,806	1,106
Total general government	<u>1,471,812</u>	<u>1,471,812</u>	<u>1,944,162</u>	<u>472,350</u>
Board of education:				
Facilities rental	5,000	5,000	5,777	777
Miscellaneous	2,075	2,075	14,194	12,119
Total board of education	<u>7,075</u>	<u>7,075</u>	<u>19,971</u>	<u>12,896</u>
Total licenses, fees and charges for goods and services	<u>1,478,887</u>	<u>1,478,887</u>	<u>1,964,133</u>	<u>485,246</u>
Other financing sources:				
Transfer in - Dog Fund	4,100	4,100	4,100	-
Transfer in - Beach and Recreation	73,000	73,000	83,000	10,000
Total other financing sources	<u>77,100</u>	<u>77,100</u>	<u>87,100</u>	<u>10,000</u>
Total	<u>\$ 77,294,313</u>	<u>\$ 77,294,313</u>	79,343,192	<u>\$ 2,048,879</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	5,319,539
Special education excess cost grant is reported gross for GAAP purposes	937,255
Premium on refunding bonds	8,555,000
Proceeds from sale of refunding bonds	1,103,320
Cancellation of prior year encumbrances are recognized as budgetary revenue	<u>(107,987)</u>

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

\$ 95,150,319

**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, 2016**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Board of Selectmen	\$ 155,725	\$ 157,499	\$ 153,525	\$ 3,974
Human Resources	149,899	185,782	177,545	8,237
Fiscal Services	274,213	289,072	278,957	10,115
Town Counsel	244,000	286,033	235,940	50,093
Town Clerk	188,781	191,545	180,465	11,080
Election Expense (Registrars)	58,720	58,720	57,531	1,189
Assessor's Office	172,873	195,773	192,832	2,941
Board of Assessment Appeals	625	625	244	381
Tax Collector	173,611	184,824	178,366	6,458
Courts	6,600	6,600	6,597	3
Technology	162,876	167,814	163,828	3,986
Total	1,587,923	1,724,287	1,625,830	98,457
Public Safety:				
Police Service	3,028,112	3,113,534	3,110,010	3,524
Animal Control	56,580	56,582	53,400	3,182
Communications	604,474	623,346	583,062	40,284
Fire/ambulance/civil preparedness	905,684	912,314	886,230	26,084
Total	4,594,850	4,705,776	4,632,702	73,074
Public Works:				
Public Works	1,605,669	1,605,228	1,539,432	65,796
Highway	814,410	838,465	765,279	73,186
Maintenance	719,560	727,759	613,413	114,346
Landfill	56,739	53,239	47,469	5,770
Total	3,196,378	3,224,691	2,965,593	259,098
Land and Building Administration:				
Land Use Office	247,970	259,545	232,153	27,392
Historic District Commission	1,350	1,350	297	1,053
Conservation Commission	3,328	3,328	924	2,404
Economic Development	8,350	8,350	7,694	656
Building Department	130,822	136,038	131,620	4,418
Town Campus Operations	56,500	56,500	52,661	3,839
Total	448,320	465,111	425,349	39,762
Health and Welfare:				
Department of Health	166,037	158,588	123,417	35,171
Youth Services	678,718	691,438	633,788	57,650
Community Support Services	25,195	25,195	20,949	4,246
Senior Citizen Council	294,021	312,475	296,967	15,508
Total	1,163,971	1,187,696	1,075,121	112,575
Beach and Recreation	1,194,667	1,260,769	1,225,546	35,223
Board of Education:				
Public Schools	44,793,198	44,802,460	44,367,273	435,187
Private Schools	306,659	306,659	279,225	27,434
Health Benefit	6,021,177	6,021,177	6,021,177	-
Total	51,121,034	51,130,296	50,667,675	462,621
Library	1,327,061	1,327,061	1,327,061	-
Employee Benefits - Town	4,198,558	4,217,873	4,202,096	15,777

(Continued on next page)

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

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Miscellaneous:				
Solid waste disposal	\$ 100,000	\$ 92,500	\$ 70,000	\$ 22,500
General Insurance	337,859	338,859	338,859	-
Contingency	125,000	23,674		23,674
Other	372,761	166,326	124,601	41,725
Total	<u>935,620</u>	<u>621,359</u>	<u>533,460</u>	<u>87,899</u>
Capital Outlay:				
Beach and Recreation	15,380	15,380	15,262	118
Fire/ambulance/civil preparedness	20,000	20,000	19,963	37
Public Works	10,000	7,845	7,742	103
Youth Services	550	550	540	10
General Government	2,500	2,500	2,433	67
Total	<u>48,430</u>	<u>46,275</u>	<u>45,940</u>	<u>335</u>
Debt Service:				
General Government	1,698,625	1,698,625	1,633,655	64,970
Board of Education	2,724,447	2,715,185	2,635,186	79,999
Total	<u>4,423,072</u>	<u>4,413,810</u>	<u>4,268,841</u>	<u>144,969</u>
Total expenditures	74,239,884	74,325,004	72,995,214	1,329,790
Transfers to Other Funds:				
Partnership for Success Fund	15,040	15,040	15,040	-
Capital Project Fund	3,539,389	4,200,269	4,200,269	-
Total	<u>\$ 77,794,313</u>	<u>\$ 78,540,313</u>	77,210,523	<u>\$ 1,329,790</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	5,319,539
Special education excess cost grant is reported gross for GAAP purposes	937,255
Bond issuance costs	284,928
Payment to refunded bond escrow agent	9,373,392
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	<u>(111,809)</u>

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

\$ 93,013,828

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 520,219	\$ 533,079	\$ 520,276
Interest	1,591,804	1,486,730	1,432,090
Effect of plan changes	286,267		
Effect of economic/demographic gains or losses	298,115	(303,962)	(168,054)
Benefit payments, including refunds of member contributions	<u>(1,068,587)</u>	<u>(930,911)</u>	<u>(836,712)</u>
Net change in total pension liability	1,627,818	784,936	947,600
Total pension liability - beginning	<u>21,376,260</u>	<u>20,591,324</u>	<u>19,643,724</u>
Total pension liability - ending	<u>23,004,078</u>	<u>21,376,260</u>	<u>20,591,324</u>
Plan fiduciary net position:			
Contributions - employer	890,486	951,003	1,611,970
Contributions - member	10,516	9,732	9,802
Net investment income	(50,651)	120,972	2,131,674
Benefit payments, including refunds of member contributions	(1,068,587)	(930,911)	(836,712)
Administrative expense	<u>(24,581)</u>	<u>(23,636)</u>	<u>(18,833)</u>
Net change in plan fiduciary net position	(242,817)	127,160	2,897,901
Plan fiduciary net position - beginning	<u>16,830,456</u>	<u>16,703,296</u>	<u>13,805,395</u>
Plan fiduciary net position - ending	<u>16,587,639</u>	<u>16,830,456</u>	<u>16,703,296</u>
Net Pension Liability - Ending	<u>\$ 6,416,439</u>	<u>\$ 4,545,804</u>	<u>\$ 3,888,028</u>
Plan fiduciary net position as a percentage of the total pension liability	72.11%	78.73%	81.12%
Covered-employee payroll	\$ 7,969,860	\$ 7,681,806	\$ 7,111,945
Net pension liability as a percentage of covered-employee payroll	80.51%	59.18%	54.67%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 890,486	\$ 951,003	\$ 861,970	\$ 801,343	\$ 728,213	\$ 645,549	\$ 549,479	\$ 554,093	\$ 556,001	\$ 522,268
Contributions in relation to the actuarially determined contribution	<u>890,486</u>	<u>951,003</u>	<u>1,611,970</u>	<u>799,519</u>	<u>728,342</u>	<u>645,220</u>	<u>549,479</u>	<u>554,093</u>	<u>556,897</u>	<u>522,268</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(750,000)</u>	\$ <u>1,824</u>	\$ <u>(129)</u>	\$ <u>329</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(896)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 7,969,860	\$ 7,681,806	\$ 7,111,945	\$ 7,478,915	\$ 7,118,814	\$ 6,651,553	\$ 6,316,555	\$ 6,050,618	\$ 5,321,243	\$ 4,785,753
Contributions as a percentage of covered-employee payroll	11.17%	12.38%	22.67%	10.69%	10.23%	9.70%	8.70%	9.16%	10.47%	10.91%

Notes to Schedule

Valuation date: July 1, 2015

Measurement date: June 30, 2016

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	22 years
Asset valuation method	5-year non-asymptotic
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 THREE FISCAL YEARS ***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(0.30)%	0.73%	15.47%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 280,866	\$ 316,801	\$ 298,820
Interest	1,278,794	1,225,819	1,199,805
Effect of economic/demographic gains or losses	(33,634)	71,303	(16,348)
Effect of assumption changes or inputs	526,516		
Benefit payments, including refunds of member contributions	<u>(1,356,577)</u>	<u>(1,228,517)</u>	<u>(1,153,223)</u>
Net change in total pension liability	695,965	385,406	329,054
Total pension liability - beginning	<u>17,531,207</u>	<u>17,145,801</u>	<u>16,816,747</u>
Total pension liability - ending	<u>18,227,172</u>	<u>17,531,207</u>	<u>17,145,801</u>
Plan fiduciary net position:			
Contributions - employer	526,000	521,830	465,297
Contributions - member	168,570	187,108	183,100
Net investment income	(33,225)	134,475	1,868,074
Benefit payments, including refunds of member contributions	(1,356,577)	(1,228,517)	(1,153,223)
Administrative expense	<u>(25,540)</u>	<u>(26,857)</u>	<u>(24,358)</u>
Net change in plan fiduciary net position	(720,772)	(411,961)	1,338,890
Plan fiduciary net position - beginning	<u>13,268,935</u>	<u>13,680,896</u>	<u>12,342,006</u>
Plan fiduciary net position - ending	<u>12,548,163</u>	<u>13,268,935</u>	<u>13,680,896</u>
Net Pension Liability - Ending	<u>\$ 5,679,009</u>	<u>\$ 4,262,272</u>	<u>\$ 3,464,905</u>
Plan fiduciary net position as a percentage of the total pension liability	68.84%	75.69%	79.79%
Covered-employee payroll	\$ 1,996,009	\$ 1,881,292	\$ 1,684,653
Net pension liability as a percentage of covered-employee payroll	284.52%	226.56%	205.67%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarially determined contribution	\$ 514,887	\$ 521,830	\$ 465,297	\$ 363,200	\$ 341,993	\$ 280,857	\$ 228,672	\$ 181,058	\$ 243,146	\$ 205,062
Contributions in relation to the actuarially determined contribution	<u>526,000</u>	<u>521,830</u>	<u>465,297</u>	<u>360,370</u>	<u>341,767</u>	<u>281,000</u>	<u>231,172</u>	<u>181,058</u>	<u>243,146</u>	<u>205,000</u>
Contribution Deficiency (Excess)	\$ <u>(11,113)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,830</u>	\$ <u>226</u>	\$ <u>(143)</u>	\$ <u>(2,500)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>62</u>
Covered-employee payroll	\$ 1,996,009	\$ 1,881,292	\$ 1,684,653	\$ 2,053,458	\$ 1,901,249	\$ 1,697,961	\$ 1,611,345	\$ 1,629,320	\$ 1,703,295	\$ 1,717,985
Contributions as a percentage of covered-employee payroll	26.35%	27.74%	27.62%	17.55%	17.98%	16.55%	14.35%	11.11%	14.28%	11.93%

Notes to Schedule

Valuation date: July 1, 2015
 Measurement date: June 30, 2016
 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 17 years
 Asset valuation method 5-year non-asymptotic
 Inflation 2.75%
 Salary increases, including inflation Graded by age
 Investment rate of return 7.25%
 Retirement age Graded by age

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(0.26)%	1.00%	15.42%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:			
Service cost	\$ 38,426	\$ 36,251	\$ 40,464
Interest	108,942	106,278	103,909
Changes of benefit terms			67,388
Differences between expected and actual experience		(79,518)	
Benefit payments, including refunds of member contributions	<u>(101,501)</u>	<u>(99,167)</u>	<u>(79,334)</u>
Net change in total pension liability	45,867	(36,156)	132,427
Total pension liability - beginning	<u>1,827,283</u>	<u>1,863,439</u>	<u>1,731,012</u>
Total pension liability - ending	<u>1,873,150</u>	<u>1,827,283</u>	<u>1,863,439</u>
Plan fiduciary net position:			
Contributions - employer	95,956	104,867	115,368
Net investment income	3,077	15,178	149,895
Benefit payments, including refunds of member contributions	(101,501)	(99,167)	(79,334)
Administrative expense			
Net change in plan fiduciary net position	<u>(2,468)</u>	<u>20,878</u>	<u>185,929</u>
Plan fiduciary net position - beginning	<u>1,339,602</u>	<u>1,318,724</u>	<u>1,132,795</u>
Plan fiduciary net position - ending	<u>1,337,134</u>	<u>1,339,602</u>	<u>1,318,724</u>
Net Pension Liability - Ending	<u>\$ 536,016</u>	<u>\$ 487,681</u>	<u>\$ 544,715</u>
Plan fiduciary net position as a percentage of the total pension liability	71.38%	73.31%	70.77%
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A
Net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 102,856	\$ 102,856	\$ 115,368	\$ 94,466	\$ 100,176	\$ 103,836	\$ 89,874	\$ 69,169	\$ 68,945	\$ 86,601
Contributions in relation to the actuarially determined contribution	95,956	104,867	115,368	94,466	100,176	103,836	89,874	69,169	68,945	86,601
Contribution Deficiency (Excess)	\$ 6,900	\$ (2,011)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2014
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Frozen Initial Liability
Amortization method Level dollar closed
Remaining amortization period 15.24 years
Asset valuation method Fair value
Inflation 2.75%
Salary increases N/A
Investment rate of return 6.0% post retirement
6.5% pre retirement
Retirement age Age 60 and the completion of 20 years of service, with a higher benefit at age 65.
Mortality RP-2000 Optional Combined Mortality Table - 2014 Statutory Version

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.23%	1.14%	6.00%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST TWO FISCAL YEARS***

	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>66,390,347</u>	<u>61,364,571</u>
Total	<u>\$ 66,390,347</u>	<u>\$ 61,364,571</u>
Town's covered-employee payroll	\$ 32,470,874	\$ 31,690,345
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	61.51%

*Note: This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The account for resources traditionally associated with governments that are not required to be accounted for in another fund.

**TOWN OF MADISON, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 7,461,264	\$ 6,952,310
Investments	13,171,805	12,597,500
Uncollected property taxes, net of allowance for uncollectible amounts of \$48,500 for 2016 and 2015	808,980	832,690
Assessments receivable		2,576
Due from other governments	114,405	250,275
Accounts receivable	36,325	17,870
Interest receivable	174,613	177,892
Due from other funds	<u>5,993,452</u>	<u>2,442,343</u>
Total Assets	<u>\$ 27,760,844</u>	<u>\$ 23,273,456</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts and other payables	\$ 755,864	\$ 966,970
Due to other funds	<u>6,738,585</u>	<u>6,836,271</u>
Total liabilities	<u>7,494,449</u>	<u>7,803,241</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	705,142	762,119
Unavailable revenue - property tax interest	170,868	174,147
Unavailable revenue - special assessments	3,251	5,827
Unavailable revenue - grants receivable		25,286
Advance property tax collections	<u>6,472,580</u>	<u>3,724,773</u>
Total deferred inflows of resources	<u>7,351,841</u>	<u>4,692,152</u>
Fund balance:		
Assigned for encumbrances	942,710	939,530
Assigned for subsequent year's budget	750,000	500,000
Unassigned	<u>11,221,844</u>	<u>9,338,533</u>
Total fund balance	<u>12,914,554</u>	<u>10,778,063</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,760,844</u>	<u>\$ 23,273,456</u>

**TOWN OF MADISON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2016**

Grand List	Uncollected Taxes July 1, 2015	Lawful Corrections		Over Payments	Transfers to Suspense	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2016
		Additions	Deductions				Taxes	Interest	Fees	Total	
2014	\$ 73,790,417	\$ 46,307	\$ 310,210	\$ 25	\$	\$ 73,526,539	\$ 73,201,733	\$ 152,711	\$ 672	\$ 73,355,116	\$ 324,806
2013	399,875	705	77,917	6,472	1,399	327,736	181,578	41,684	1,056	224,318	146,158
2012	123,523					123,523	30,070	9,089	96	39,255	93,453
2011	102,473		131			102,342	14,742	6,674	72	21,488	87,600
2010	80,207					80,207	2,888	396	24	3,308	77,319
2009	66,034	221			31,746	34,509	2,462	454	24	2,940	32,047
2008	33,129	21				33,150	2,047	211	24	2,282	31,103
2007	27,148	9				27,157	2,771	360	24	3,155	24,386
2006	18,562					18,562	2,704	453	24	3,181	15,858
2005	14,967					14,967				-	14,967
2004	7,025					7,025	2,824	719	24	3,567	4,201
2003	6,905					6,905	2,664	736	24	3,424	4,241
2002	1,341	289				1,630	289	628		917	1,341
2001		82				82	82	190		272	-
2000	1					1				-	1
Total	\$ 74,671,607	\$ 47,634	\$ 388,258	\$ 6,497	\$ 33,145	\$ 74,304,335	\$ 73,446,854	\$ 214,305	\$ 2,064	\$ 73,663,223	\$ 857,481

Total Collections	\$ 73,446,854
Property taxes receivable considered available:	
June 30, 2015	(70,571)
June 30, 2016	<u>103,296</u>
Property Tax Revenues	<u>\$ 73,479,579</u>

**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, 2016**

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
11th Course Stipends	\$ 19,250	\$ 33,933	\$ 33,721	\$ 212
Certified teachers	21,707,733	21,561,352	21,557,319	4,033
Certified administrators	2,141,217	2,147,025	2,142,025	5,000
Extra pay/extra duty	207,817	202,352	202,351	1
Co-curricular salaries	366,409	378,622	378,622	-
Early retirement	546,531	572,700	572,700	-
Directors/managers	296,496	296,496	296,496	-
Office staff	1,487,453	1,470,013	1,466,013	4,000
Paraprofessional	1,521,048	1,646,268	1,642,240	4,028
Custodians	1,464,567	1,480,380	1,469,676	10,704
Media staff	215,185	211,755	211,707	48
Security	204,976	195,396	193,318	2,078
School health services	375,018	363,359	362,374	985
Athletic trainer	36,179	36,179	36,179	-
Attendance incentive	12,500	12,406	12,406	-
Occupational Therapist	266,960	246,960	246,960	-
Substitute teachers	415,318	520,953	505,136	15,817
Certified substitutes/special education	21,333	28,508	28,508	-
Substitutes/school health services	13,745	11,783	11,783	-
Paraprofessional substitutes	11,000	20,049	20,049	-
Classified substitutes	27,500	20,753	20,753	-
Overtime	83,839	81,196	73,124	8,072
Custodial/casual labor	55,566	72,091	71,422	669
Life insurance	54,212	60,039	60,039	-
Social security	520,635	474,635	452,815	21,820
Medicare	408,283	414,958	414,958	-
FSA administration	8,986	10,299	10,156	143
Pension administration	900,896	884,180	870,646	13,534
Unemployment	73,000	42,387	42,387	-
Worker's compensation	301,965	295,655	295,655	-
Disability insurance	67,590	71,273	71,273	-
Unbudgeted Expense		30,000	30,000	-
Labor and legal services	134,500	176,255	176,255	-
Program evaluation	83,800	115,396	115,351	45
Staff development	222,978	249,271	232,951	16,320

(Continued on next page)

**TOWN OF MADISON, CONNECTICUT
GENERAL FUND
SCHEDULE OF BOARD OF EDUCATION EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
NEASC Accreditation Services	\$ 3,705	\$ 3,705	\$ 3,705	\$ -
Student support services	72,000	41,730	41,730	-
Adult education	80,000	80,000	80,000	-
Professional/technical services	976,516	1,287,225	1,284,685	2,540
Athletic medical	6,100	8,453	8,453	-
Disposal/recycling	75,600	67,607	67,607	-
Snow removal	54,987	44,044	44,044	-
Repairs and maintenance	349,738	566,569	566,415	154
Technical/infrastructure	22,000	21,453	21,453	-
Emergency maintenance	50,000			-
Kitchen maintenance	13,401	9,916	9,916	-
Treatment plant repairs	26,000	33,006	33,006	-
Repair/contracts	36,500	47,434	47,434	-
Alarm services	12,372	4,006	4,006	-
Telephone maintenance	14,024	13,873	13,873	-
Rental agreements	39,700	24,462	23,304	1,158
Tree services	8,828	8,828	8,828	-
Purchase services	600	302		302
Student activity transportation	17,733	16,603	15,461	1,142
Regular transportation	1,851,000	1,848,876	1,757,265	91,611
Fuel transportation	333,000	248,554	248,554	-
School choice transportation	73,600	56,600	56,504	96
Special education transportation	912,232	912,232	864,842	47,390
General insurance	313,552	301,055	301,055	-
Educator's legal insurance	27,777	27,777	27,777	-
Student insurance	15,754	13,450	13,450	-
Telecommunications	168,353	143,353	107,326	36,027
Postage	22,760	23,169	22,078	1,091
Reports/public relations	7,150	6,351	6,270	81
Legal notices and ads	1,500	635	635	-
Printing and binding	52,968	44,590	38,896	5,694
Printing/instructional supplies	68,941	62,822	49,030	13,792
External placement - public	452,860	209,860	209,860	-
Tuition/Typicals	(65,000)	(84,617)	(95,747)	11,130
External placement - private	861,259	861,259	850,628	10,631
School choice tuition	76,908	76,908	54,000	22,908
Extended year services	85,247	65,491	65,491	-
External placement/regular ed	10,000	4,422	4,000	422

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**TOWN OF MADISON, CONNECTICUT
GENERAL FUND
SCHEDULE OF BOARD OF EDUCATION EXPENDITURES (CONTINUED)
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Travel - staff	\$ 28,310	\$ 29,911	\$ 29,911	\$ -
Travel - Board of Education	320			-
Miscellaneous purchased services	8,850	8,790	8,790	-
Office supplies	40,259	41,292	41,292	-
Instructional supplies	490,613	471,435	453,846	17,589
Instructional software	19,500	9,064	8,824	240
Custodial and maintenance supplies	82,132	51,132	51,088	44
Maintenance supplies	78,000	78,000	72,783	5,217
Field maintenance	92,900	123,368	123,368	-
Gas services	304,834	176,599	163,204	13,395
Heating fuel	73,992	47,975	39,299	8,676
Water	39,516	39,601	39,601	-
Electricity	878,026	745,591	745,591	-
Equipment maintenance	17,672	21,709	21,709	-
Textbooks - replacement	40,854	47,509	34,972	12,537
Textbooks - new	108,080	71,080	59,413	11,667
Awards	3,000	3,099	3,099	-
Media supplies	60,915	59,060	58,517	543
Periodicals	27,598	24,887	22,701	2,186
Print collection	54,824	54,963	54,804	159
Staff uniforms	5,258	5,217	5,217	-
Uniforms/student groups	37,055	43,036	43,036	-
Supplies	72,099	58,775	56,166	2,609
Equipment	165,429	240,217	235,489	4,728
Software	209,500	208,807	208,807	-
Equipment-lease purchase	39,120	39,120	39,120	-
Computer hardware	328,500	486,785	486,768	17
Public safety	6,623	6,443	6,443	-
Dues, fees and memberships	64,569	60,061	58,424	1,637
Athletic event fees	10,700	12,054	11,789	265
Total	\$ 44,793,198	\$ 44,802,460	\$ 44,367,273	\$ 435,187

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Description
Dog	To account for fees collected by Animal Control and the issuance of dog licenses. These funds are used for the care and maintenance of the animal shelter.
Shellfish Commission	To account for fees collected for shellfish permits and grant proceeds. These funds are used to finance the shellfish management program of the Town and to ensure that the shellfish grounds are maintained properly for the long term propagation of shellfish.
Grants and Miscellaneous Projects	To account for funds received from the State of Connecticut for various projects. The funds are used solely for the designated projects.
Cafeteria	To separately account for the operations of the school cafeterias. The Town's participation in the state-administered Federal Child Nutrition Program is reported in this fund.
Town Aid Road	To account for funds received from the State for improvements to the Town's roads.
Police Seizure	To account for the Town's portion of funds received from the State and Federal Governments for assets seized during police investigations. These funds are used to purchase various equipment for the Town's Police Department.
Beach and Recreation Program	To account for funds collected for various Recreation programs throughout the year. These funds are used to support the Beach and Recreation program.
Beach and Recreation Grants	To account for funds received by individuals, Trusts, etc for the benefit of recreational areas. These funds are used to maintain recreational areas and to fund educational programs.
Toy Fund	To account for funds received by individual donors. These funds are used to purchase toys, food, and supplies for local families in need during the Holiday season.
Partnership for Success	To account for funds received through a grant. These funds are used to advance a community that values its youth and promotes healthy decisions by educating parents and children on drug and alcohol abuse.
Meals on Wheels	To account for funds received from a Trust donation. These funds are used to fund a nutritional program for the Town's senior citizens.
Madison Board of Education Donations	To account for funds received through parents, PTO, and corporate donations. These funds are used by the schools for various educational supplies, programs, and fieldtrips.
Senior Lunch Program	To account for funds collected by individuals for senior lunches. The funds collected are used to supplement the expenditures of the program.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Fund	Description
Emma J. Mellon	To account for funds donated from Emma J. Mellon.
Augustus M. Dowd	To account for funds donated from Augustus M. Dowd.
Walter H. Coe Park	To account for funds donated from Walter H. Coe.
Daniel Hand Trust	To account for funds donated from the Daniel Hand Trust
Charlotte Dowd Scholarship	To account for funds donated by Charlotte Dowd. Interest on this money is to be used for scholarships for qualifying Daniel Hand Seniors.
Harold C. Strong Trust	To account for funds donated by Harold C Strong.

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

EXHIBIT B-1

	Special Revenue						
	Dog	Shellfish Commission	Grants and Miscellaneous Projects	Cafeteria	Town Aid Road	Police Seizure	Beach and Recreation Program
ASSETS							
Cash and cash equivalents	\$ 54,528	\$ 65,654	\$ 730,919	\$ 1,412,871	\$ 486,400	\$ 25	\$ 100
Accounts receivable				66,160			
Due from other funds			4,030		139		87,471
Due from other governments				38,908			
Inventory				22,438			
Total Assets	<u>\$ 54,528</u>	<u>\$ 65,654</u>	<u>\$ 734,949</u>	<u>\$ 1,540,377</u>	<u>\$ 486,539</u>	<u>\$ 25</u>	<u>\$ 87,571</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$	\$	\$ 2,447	\$ 513	\$	\$	\$ 6,151
Due to other funds	21,894	46,269		1,466,499		957	
Unearned revenue	2,994						
Total liabilities	<u>24,888</u>	<u>46,269</u>	<u>2,447</u>	<u>1,467,012</u>	<u>-</u>	<u>957</u>	<u>6,151</u>
Fund balance:							
Nonspendable				22,438			
Restricted			732,502		486,539		
Committed	29,640	19,385		50,927			81,420
Unassigned						(932)	
Total fund balance	<u>29,640</u>	<u>19,385</u>	<u>732,502</u>	<u>73,365</u>	<u>486,539</u>	<u>(932)</u>	<u>81,420</u>
Total Liabilities and Fund Balance	<u>\$ 54,528</u>	<u>\$ 65,654</u>	<u>\$ 734,949</u>	<u>\$ 1,540,377</u>	<u>\$ 486,539</u>	<u>\$ 25</u>	<u>\$ 87,571</u>

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TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2016

EXHIBIT B-1

	Special Revenue						Total
	Beach and Recreation Grants	Toy Fund	Partnership for Success	Meals on Wheels	Madison Board of Education Donations	Senior Lunch Program	
ASSETS							
Cash and cash equivalents	\$	\$ 23,608	\$	\$ 566,600	\$ 58,800	\$	\$ 3,399,505
Accounts receivable							66,160
Due from other funds	36,651					4,833	133,124
Due from other governments			35,416				74,324
Inventory							22,438
Total Assets	\$ <u>36,651</u>	\$ <u>23,608</u>	\$ <u>35,416</u>	\$ <u>566,600</u>	\$ <u>58,800</u>	\$ <u>4,833</u>	\$ <u>3,695,551</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 53	\$	\$ 1,424	\$	\$ 631	\$ 1,264	\$ 12,483
Due to other funds		13,093	19,873	729	2,465		1,571,779
Unearned revenue							2,994
Total liabilities	<u>53</u>	<u>13,093</u>	<u>21,297</u>	<u>729</u>	<u>3,096</u>	<u>1,264</u>	<u>1,587,256</u>
Fund balance:							
Nonspendable							22,438
Restricted	36,598						1,255,639
Committed		10,515	14,119	565,871	55,704	3,569	831,150
Unassigned							(932)
Total fund balance	<u>36,598</u>	<u>10,515</u>	<u>14,119</u>	<u>565,871</u>	<u>55,704</u>	<u>3,569</u>	<u>2,108,295</u>
Total Liabilities and Fund Balance	\$ <u>36,651</u>	\$ <u>23,608</u>	\$ <u>35,416</u>	\$ <u>566,600</u>	\$ <u>58,800</u>	\$ <u>4,833</u>	\$ <u>3,695,551</u>

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TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2016

EXHIBIT B-1

	Permanent						Total	Total Nonmajor Governmental Funds
	Emma J. Mellon	Augustus M. Dowd	Walter H. Coe Park	Daniel Hand Trust	Charlotte Dowd Scholarship	Harold C. Strong Trust		
ASSETS								
Cash and cash equivalents	\$ 121	\$ 5,000	\$ 1,012	\$ 4,572	\$ 301,828	\$ 161,200	\$ 473,733	\$ 3,873,238
Accounts receivable							-	66,160
Due from other funds					173	74	247	133,371
Due from other governments							-	74,324
Inventory							-	22,438
Total Assets	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,572</u>	<u>\$ 302,001</u>	<u>\$ 161,274</u>	<u>\$ 473,980</u>	<u>\$ 4,169,531</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$ -	\$ 12,483
Due to other funds				57			57	1,571,836
Unearned revenue							-	2,994
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>1,587,313</u>
Fund balance:								
Nonspendable							-	22,438
Restricted	121	5,000	1,012	4,515	302,001	161,274	473,923	1,729,562
Committed							-	831,150
Unassigned							-	(932)
Total fund balance	<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,515</u>	<u>302,001</u>	<u>161,274</u>	<u>473,923</u>	<u>2,582,218</u>
Total Liabilities and Fund Balance	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,572</u>	<u>\$ 302,001</u>	<u>\$ 161,274</u>	<u>\$ 473,980</u>	<u>\$ 4,169,531</u>

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

EXHIBIT B-2

	Special Revenue						
	Dog	Shellfish Commission	Grants and Miscellaneous Projects	Cafeteria Fund	Town Aid Road	Police Seizure	
Revenues:							
Intergovernmental	\$	\$	\$ 83,302	\$ 162,041	\$ 313,633	\$	\$
Charges for services	5,985	8,745		825,049			804,846
Income on investments	114		740	2	1,225		
Contribution			269,085				
Miscellaneous	679		91,526				
Total revenues	<u>6,778</u>	<u>8,745</u>	<u>444,653</u>	<u>987,092</u>	<u>314,858</u>	<u>-</u>	<u>804,846</u>
Expenditures:							
General government			3,000		46,829		
Public safety	2,993		11,332			946	
Health and welfare		10,737	42,037				
Beach and recreation							672,000
Education			35,947	1,006,114			
Miscellaneous			92,759				
Total expenditures	<u>2,993</u>	<u>10,737</u>	<u>185,075</u>	<u>1,006,114</u>	<u>46,829</u>	<u>946</u>	<u>672,000</u>
Excess (Deficiency) of Revenues Over Expenditures	3,785	(1,992)	259,578	(19,022)	268,029	(946)	132,846
Other Financing Sources (Uses) Transfers out	<u>(4,100)</u>						<u>(110,000)</u>
Net Change in Fund Balances	(315)	(1,992)	259,578	(19,022)	268,029	(946)	22,846
Fund Balances at Beginning of Year	<u>29,955</u>	<u>21,377</u>	<u>472,924</u>	<u>92,387</u>	<u>218,510</u>	<u>14</u>	<u>58,574</u>
Fund Balances at End of Year	<u>\$ 29,640</u>	<u>\$ 19,385</u>	<u>\$ 732,502</u>	<u>\$ 73,365</u>	<u>\$ 486,539</u>	<u>\$ (932)</u>	<u>\$ 81,420</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, 2016

EXHIBIT B-2

	Special Revenue						Total
	Beach and Recreation Grants	Toy Fund	Partnership for Success	Meals on Wheels	Madison Board of Education Donations	Senior Lunch Program	
Revenues:							
Intergovernmental	\$	\$	\$ 138,072	\$	\$	\$	\$ 697,048
Charges for services						54,319	1,698,944
Income on investments				1,667	888		4,636
Contribution	29,757	6,008	5,237	7,436	29,905		347,428
Miscellaneous					1,100		93,305
Total revenues	<u>29,757</u>	<u>6,008</u>	<u>143,309</u>	<u>9,103</u>	<u>31,893</u>	<u>54,319</u>	<u>2,841,361</u>
Expenditures:							
General government							49,829
Public safety							15,271
Health and welfare			155,967			50,750	259,491
Beach and recreation	19,124						691,124
Education					57,207		1,099,268
Miscellaneous		1,100		55,995			149,854
Total expenditures	<u>19,124</u>	<u>1,100</u>	<u>155,967</u>	<u>55,995</u>	<u>57,207</u>	<u>50,750</u>	<u>2,264,837</u>
Excess (Deficiency) of Revenues Over Expenditures	10,633	4,908	(12,658)	(46,892)	(25,314)	3,569	576,524
Other Financing Sources (Uses)							
Transfers out							(114,100)
Net Change in Fund Balances	10,633	4,908	(12,658)	(46,892)	(25,314)	3,569	462,424
Fund Balances at Beginning of Year	<u>25,965</u>	<u>5,607</u>	<u>26,777</u>	<u>612,763</u>	<u>81,018</u>	<u>-</u>	<u>1,645,871</u>
Fund Balances at End of Year	<u>\$ 36,598</u>	<u>\$ 10,515</u>	<u>\$ 14,119</u>	<u>\$ 565,871</u>	<u>\$ 55,704</u>	<u>\$ 3,569</u>	<u>\$ 2,108,295</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, 2016**

EXHIBIT B-2

	Permanent						Total	Total Nonmajor Governmental Funds
	Emma J. Mellon	Augustus M. Dowd	Walter H. Coe Park	Daniel Hand Trust	Charlotte Dowd Scholarship	Harold C. Strong Trust		
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$ -	\$ 697,048
Charges for services							-	1,698,944
Income on investments				10	877	466	1,353	5,989
Contribution							-	347,428
Miscellaneous							-	93,305
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>877</u>	<u>466</u>	<u>1,353</u>	<u>2,842,714</u>
Expenditures:								
General government							-	49,829
Public safety							-	15,271
Health and welfare							-	259,491
Beach and recreation							-	691,124
Education					300	16,250	16,550	1,115,818
Miscellaneous							-	149,854
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>16,250</u>	<u>16,550</u>	<u>2,281,387</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	10	577	(15,784)	(15,197)	561,327
Other Financing Sources (Uses) Transfers out							-	(114,100)
Net Change in Fund Balances	-	-	-	10	577	(15,784)	(15,197)	447,227
Fund Balances at Beginning of Year	<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,505</u>	<u>301,424</u>	<u>177,058</u>	<u>489,120</u>	<u>2,134,991</u>
Fund Balances at End of Year	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,515</u>	<u>\$ 302,001</u>	<u>\$ 161,274</u>	<u>\$ 473,923</u>	<u>\$ 2,582,218</u>

**Capital
Projects Fund**

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources to be used for acquisition or construction of major capital facilities.

**TOWN OF MADISON, CONNECTICUT
RESERVE FUND (CAPITAL PROJECTS)
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

Project	Total Appropriations	Expenditures and Encumbrances	Unexpended Balance June 30, 2016
Reserve Fund:			
Technology	\$ 232,524	\$ 140,170	\$ 92,354
Major roads	3,954,421	3,370,973	583,448
Construction capital	185,478	116,131	69,347
Madison Fire Department:			
Truck replacement	1,152,221	774,945	377,276
Hose replacement	18,000	18,000	-
North Madison Fire Department:			
Truck replacement	738,268		738,268
Hose replacement	133,409	62,220	71,189
Ambulance	324,463	174,164	150,299
Planned/cycled maintenance - Beach & Recreation	52,000	47,993	4,007
Planned/cycled maintenance - BOE	400,534	383,563	16,971
Planned/cycled maintenance - Town	182,588	125,316	57,272
Facilities reserve	3,380,998	2,214,286	1,166,712
Communication equipment	211,892	151,777	60,115
Vehicle replacement	96,632	93,726	2,906
North Madison water tanks	243,432		243,432
Town vehicles	354,898	354,898	-
Beach and recreation capital	77,489	7,959	69,530
Energy assistance - utilities	242		242
Severance pay	321,238	316,451	4,787
Self-insurance	158,383	113,777	44,606
Revaluation	160,247	50,479	109,768
Open space reserve	177,008		177,008
Debt service reserve	73,869	68,806	5,063
BOE External Placements	290,000	188,000	102,000
GASB 45 reserve	13,045	1,901	11,144
Planning reserve	200,038	38,596	161,442
Total Reserve Fund	\$ 13,133,317	\$ 8,814,131	\$ 4,319,186

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for and finance the Town's uninsured risks of loss for Health Benefits and Flexible Spending.

Health Benefits Fund - To pay costs associated with the funding and operation of the health benefits fund.

Flexible Spending Fund - To account for activities of the flexible spending program.

**TOWN OF MADISON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR 2015**

	Health Benefits	Flexible Spending	Total	
			2016	2015
Assets:				
Cash and cash equivalents	\$ 2,153,642	\$ 45,784	\$ 2,199,426	\$ 2,731,634
Accounts receivable	15,081		15,081	394,326
Total assets	<u>2,168,723</u>	<u>45,784</u>	<u>2,214,507</u>	<u>3,125,960</u>
Liabilities:				
Accounts payable	482		482	
Risk management claims	780,000		780,000	620,000
Due to other funds	599,174	10,000	609,174	12,008
	<u>1,379,656</u>	<u>10,000</u>	<u>1,389,656</u>	<u>632,008</u>
Net Position:				
Restricted		35,784	35,784	46,600
Unrestricted	789,067		789,067	2,447,352
Total Net Position	<u>\$ 789,067</u>	<u>\$ 35,784</u>	<u>\$ 824,851</u>	<u>\$ 2,493,952</u>

**TOWN OF MADISON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR 2015**

	Health Benefits	Flexible Spending	Total	
			2016	2015
Operating revenues:				
Employee contributions and charges for services	\$ 9,443,722	\$ 321,005	\$ 9,764,727	\$ 9,502,068
Operating expenses:				
Administrative expense	1,057,605		1,057,605	1,088,241
Employee benefits	10,049,740	331,821	10,381,561	8,903,977
Total operating expenses	11,107,345	331,821	11,439,166	9,992,218
Operating Income (Loss)	(1,663,623)	(10,816)	(1,674,439)	(490,150)
Nonoperating Revenue:				
Interest income	5,338		5,338	2,990
Change in Net Position	(1,658,285)	(10,816)	(1,669,101)	(487,160)
Net Position at Beginning of Year	2,447,352	46,600	2,493,952	2,981,112
Net Position at End of Year	\$ 789,067	\$ 35,784	\$ 824,851	\$ 2,493,952

**TOWN OF MADISON, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR 2015**

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 9,822,967	\$ 321,005	\$ 10,143,972	\$ 9,108,051
Cash payments for claims paid	(9,292,092)	(331,821)	(9,623,913)	(8,837,969)
Cash payments to providers of benefits	<u>(1,057,605)</u>	<u> </u>	<u>(1,057,605)</u>	<u>(1,088,241)</u>
Net cash provided by (used in) operating activities	(526,730)	(10,816)	(537,546)	(818,159)
Cash Flows from Investing Activities:				
Income on investments	<u>5,338</u>	<u> </u>	<u>5,338</u>	<u>2,990</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(521,392)	(10,816)	(532,208)	(815,169)
Cash and Cash Equivalents at Beginning of Year	<u>2,675,034</u>	<u>56,600</u>	<u>2,731,634</u>	<u>3,546,803</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,153,642</u>	<u>\$ 45,784</u>	<u>\$ 2,199,426</u>	<u>\$ 2,731,634</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (1,663,623)	\$ (10,816)	\$ (1,674,439)	\$ (490,150)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in receivables	379,245		379,245	(394,326)
(Increase) decrease in due from other funds			-	309
Increase (decrease) in payables	482		482	
Increase (decrease) in due to other funds	597,166		597,166	2,008
Increase (decrease) in other liabilities	<u>160,000</u>	<u> </u>	<u>160,000</u>	<u>64,000</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (526,730)</u>	<u>\$ (10,816)</u>	<u>\$ (537,546)</u>	<u>\$ (818,159)</u>

Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent.

AGENCY FUNDS

Performance Bonds - To account for cash bonds posted by contractors, developers and others.

Police Explorers Post 492 - To fund the Police Explorer program. The Police Explorer program is the preeminent career orientation and experience program for young people contemplating a career in the field of criminal justice.

Student Activities - To account for revenues and expenditures relating to the various student functions and activities.

Alumni Activities - To account for revenues and expenditures relating to the graduating class.

Summer School - To account for funds related to the Summer Programs.

Athletic Registrations - To account for student athletic registration fees and the expenditures related to the sports.

DHHS Athletics - To account for student athletic registration fees and the expenditures related to the sports.

**TOWN OF MADISON, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 371,038	\$ 937	\$ 300	\$ 371,675
Due from other funds	<u>300</u>			<u>300</u>
Total Assets	<u>\$ 371,338</u>	<u>\$ 937</u>	<u>\$ 300</u>	<u>\$ 371,975</u>
Liabilities:				
Due to employees, students or others	<u>\$ 371,338</u>	<u>\$ 937</u>	<u>\$ 300</u>	<u>\$ 371,975</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>1,274</u>
Total Liabilities	<u>\$ 7,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,752</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 383,766	\$ 405,021	\$ 394,069	\$ 394,718
Due from other funds	<u>1,380</u>	<u>200</u>	<u>735</u>	<u>845</u>
Total Assets	<u>\$ 385,146</u>	<u>\$ 405,221</u>	<u>\$ 735</u>	<u>\$ 395,563</u>
Liabilities:				
Due to employees, students or others	<u>\$ 385,146</u>	<u>\$ 408,903</u>	<u>\$ 398,486</u>	<u>\$ 395,563</u>
Alumni Activities				
Assets:				
Cash and cash equivalents	<u>\$ 3,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,514</u>
Liabilities:				
Due to employees, students or others	<u>\$ 3,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,514</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, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Summer School				
Assets:				
Cash and cash equivalents	\$ 6,904	\$ -	\$ -	\$ 6,904
Liabilities:				
Due to employees, students or others	\$ 3,855	\$	\$	\$ 3,855
Due to other funds	3,049			3,049
Total Liabilities	<u>\$ 6,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,904</u>
Athletic Registrations				
Assets:				
Due from other funds	\$ 53,107	\$ 233,329	\$ 260,358	\$ 26,078
Liabilities:				
Due to employees, students or others	\$ 53,107	\$ 244,419	\$ 271,448	\$ 26,078
DHHS Athletics				
Assets:				
Cash and cash equivalents	\$ 79,646	\$ 44,814	\$ -	\$ 124,460
Liabilities:				
Due to employees, students or others	\$ 14,612	\$ 49,404	\$ 48,988	\$ 15,028
Due to other funds	65,034	46,466	2,068	109,432
Total Liabilities	<u>\$ 79,646</u>	<u>\$ 95,870</u>	<u>\$ 51,056</u>	<u>\$ 124,460</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 852,620	\$ 450,772	\$ 394,369	\$ 909,023
Due from other funds	54,787	233,529	261,093	27,223
Total Assets	<u>\$ 907,407</u>	<u>\$ 684,301</u>	<u>\$ 655,462</u>	<u>\$ 936,246</u>
Liabilities:				
Due to employees and others	\$ 838,050	\$ 703,663	\$ 719,222	\$ 822,491
Due to other funds	69,357	46,466	2,068	113,755
Total Liabilities	<u>\$ 907,407</u>	<u>\$ 750,129</u>	<u>\$ 721,290</u>	<u>\$ 936,246</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

**TOWN OF MADISON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net investment in capital assets	\$ 89,500,244	\$ 85,651,893	\$ 84,111,236	\$ 82,100,206	\$ 76,395,822	\$ 73,287,084	\$ 71,944,321	\$ 71,713,841	\$ 68,961,192	\$ 67,250,116
Restricted	473,923	489,120	489,294	454,774	383,856	218,552	769,941	764,593	765,206	736,768
Unrestricted	5,511,697	6,211,429	4,518,116	12,143,122	16,702,511	16,544,950	12,888,626	10,538,353	9,434,940	10,540,243
Total Governmental Activities Net Position	<u>\$ 95,485,864</u>	<u>\$ 92,352,442</u>	<u>\$ 89,118,646</u>	<u>\$ 94,698,102</u>	<u>\$ 93,482,189</u>	<u>\$ 90,050,586</u>	<u>\$ 85,602,888</u>	<u>\$ 83,016,787</u>	<u>\$ 79,161,338</u>	<u>\$ 78,527,127</u>

Note:

Schedule prepared on the accrual basis of accounting.

**TOWN OF MADISON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses:										
Governmental activities:										
General government	\$ 4,110,941	\$ 3,066,806	\$ 2,480,403	\$ 2,788,823	\$ 3,199,139	\$ 2,530,160	\$ 3,090,800	\$ 2,576,317	\$ 2,109,660	\$ 2,294,829
Public safety	7,825,941	7,665,318	6,489,538	6,542,550	6,548,536	6,815,181	6,527,775	5,993,677	6,276,755	4,786,909
Public works	6,723,604	6,878,133	6,327,154	6,499,707	5,330,430	4,022,861	5,495,085	4,493,356	3,042,331	3,155,815
Land and building administration	2,835,497	826,346	535,491	559,205	534,776	535,795	527,836	584,330	439,345	412,827
Health and welfare	1,776,624	1,780,235	1,837,599	1,759,454	1,769,015	1,860,572	1,615,080	1,638,968	1,167,257	1,097,084
Beach and recreation	2,382,849	1,534,989	1,480,895	1,318,601	1,628,882	1,583,953	1,517,658	1,358,271	1,173,799	1,211,611
Education	60,974,827	58,346,516	60,683,012	58,862,658	56,704,907	54,503,530	54,093,166	51,368,482	61,121,227	45,817,444
Library	1,468,278	1,475,891	1,757,918	1,705,124	1,661,336	1,674,912	1,524,416	1,404,382	1,130,438	1,076,608
Insurance, employee benefits and miscellaneous									3,573,369	3,124,207
Interest on long-term debt	821,220	762,134	1,072,959	674,654	663,484	1,566,264	1,210,454	1,469,339	1,258,025	1,709,336
Total governmental activities expenses	88,919,781	82,336,368	82,664,969	80,710,776	78,040,505	75,093,228	75,602,270	70,887,122	81,292,206	64,686,670
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	835,718	806,293	801,745	983,607	670,083	806,935	727,883	802,233	1,351,167	968,997
Beach and recreation	1,092,302	1,004,893	1,016,901	982,484	1,052,761	1,089,871	1,165,970	1,171,646	1,174,641	283,279
Education	845,020	844,950	884,288	837,671	932,494	958,506	872,103	975,687	2,646,243	953,948
Other	782,050	724,068	591,401	544,408	645,612	601,956	517,012	521,936	595,967	1,283,395
Operating grants and contributions	9,176,493	8,793,313	10,385,962	9,222,289	10,116,605	8,863,414	8,054,941	7,756,271	16,523,790	5,082,278
Capital grants and contributions	3,601,337		322,728	475,742	12,342	23,349	1,742,653	43,795	249,271	532,620
Total governmental activities program revenues	16,332,920	12,173,517	14,003,025	13,046,201	13,429,897	12,344,031	13,080,562	11,271,568	22,541,079	9,104,517
Net Expense:	(72,586,861)	(70,162,851)	(68,661,944)	(67,664,575)	(64,610,608)	(62,749,197)	(62,521,708)	(59,615,554)	(58,751,127)	(55,582,153)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	73,421,387	71,730,220	70,161,343	67,670,799	66,196,047	65,471,668	63,168,413	60,765,330	57,245,792	54,153,392
Grants and contributions not restricted to specific purposes	1,240,301	925,891	1,203,803	1,171,956	1,092,438	1,013,775	993,222	1,016,587	1,074,108	846,473
Unrestricted investment earnings/losses	793,129	598,383	544,862	(68,343)	617,725	625,426	763,091	1,255,957	993,644	1,488,261
Other general revenues	265,466	142,153	198,504	106,076	136,001	86,026	183,083	433,129	71,794	257,614
Total governmental activities general revenues and other changes in net position	75,720,283	73,396,647	72,108,512	68,880,488	68,042,211	67,196,895	65,107,809	63,471,003	59,385,338	56,745,740
Changes in Net Position:	\$ 3,133,422	\$ 3,233,796	\$ 3,446,568	\$ 1,215,913	\$ 3,431,603	\$ 4,447,698	\$ 2,586,101	\$ 3,855,449	\$ 634,211	\$ 1,163,587

Note:
Schedule prepared on the accrual basis of accounting.

**TOWN OF MADISON, CONNECTICUT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 630,966	\$ 552,345	\$ 744,317	\$ 618,450
Unreserved							8,433,156	8,317,092	7,552,665	7,113,540
Assigned	1,692,710	1,439,530	1,423,049	1,170,334	1,363,696	1,156,217				
Unassigned	11,221,844	9,338,533	8,801,600	7,801,578	8,665,196	8,374,061				
Total General Fund	<u>\$ 12,914,554</u>	<u>\$ 10,778,063</u>	<u>\$ 10,224,649</u>	<u>\$ 8,971,912</u>	<u>\$ 10,028,892</u>	<u>\$ 9,530,278</u>	<u>\$ 9,064,122</u>	<u>\$ 8,869,437</u>	<u>\$ 8,296,982</u>	<u>\$ 7,731,990</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$ 1,400,260	\$ 1,571,248	\$ 1,128,159	\$ 359,407
Unreserved, reported in:										
Special revenue funds							792,266	717,683	838,947	668,514
Capital projects funds							4,399,367	4,592,681	5,079,766	4,667,994
Permanent funds										736,768
Nonspendable	22,438	40,650	32,874	23,455	16,272	24,844				
Restricted	1,746,200	1,238,359	1,303,643	1,198,493	1,441,090	1,512,672				
Committed	5,539,308	7,888,733	6,681,527	6,199,383	8,029,976	9,348,867				
Assigned	1,255,019	553,587	938,097	1,667,165	1,134,486	645,391				
Unassigned	(932)					(947)				
Total All Other Governmental Funds	<u>\$ 8,562,033</u>	<u>\$ 9,721,329</u>	<u>\$ 8,956,141</u>	<u>\$ 9,088,496</u>	<u>\$ 10,621,824</u>	<u>\$ 11,530,827</u>	<u>\$ 6,591,893</u>	<u>\$ 6,881,612</u>	<u>\$ 7,046,872</u>	<u>\$ 6,432,683</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
(2) The Town began to report new fund categories when it implemented GASB Statement No. 54 in fiscal year 2011.

**TOWN OF MADISON, CONNECTICUT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues:										
Property taxes	\$ 73,481,643	\$ 71,596,027	\$ 70,211,672	\$ 67,821,393	\$ 66,155,979	\$ 65,332,472	\$ 63,122,476	\$ 60,749,964	\$ 58,521,999	\$ 53,907,756
Intergovernmental	13,012,412	10,173,817	11,322,505	10,121,774	10,883,713	9,326,126	9,063,821	8,988,109	19,955,544	6,491,453
Charges for services	3,555,090	3,413,671	3,323,098	3,348,170	3,350,042	3,520,270	3,474,917	3,470,967	2,057,894	3,542,848
Income on investments	787,791	595,393	544,453	484,996	617,729	625,426	763,091	1,255,957	1,322,179	1,533,510
Contribution and donations	347,428	338,007	316,291	90,346	68,496	408,111	1,720,545			
Miscellaneous	266,231	142,153	443,847	763,478	350,326	191,325	245,918	309,362	353,147	200,134
Total revenues	<u>91,450,595</u>	<u>86,259,068</u>	<u>86,161,866</u>	<u>82,630,157</u>	<u>81,426,285</u>	<u>79,403,730</u>	<u>78,390,768</u>	<u>74,774,359</u>	<u>82,210,763</u>	<u>65,675,701</u>
Expenditures:										
General government	1,606,579	1,950,778	1,561,147	1,788,977	1,835,151	1,425,635	1,578,063	1,870,108	1,687,170	1,283,609
Public safety	4,645,507	4,611,976	4,348,065	4,551,575	4,489,420	4,550,447	4,521,917	4,156,098	4,093,243	4,014,399
Public works	3,035,220	3,955,606	3,945,330	3,735,380	3,478,661	2,426,017	2,818,063	3,012,978	2,449,453	2,147,782
Land and building administration	426,829	409,038	404,715	440,495	379,466	396,225	434,562	432,348	458,831	399,633
Health and welfare	1,338,522	1,314,724	1,300,335	1,303,841	1,255,564	1,387,630	1,305,771	1,217,563	1,141,972	1,086,332
Beach and recreation	1,915,867	1,082,349	1,006,232	1,002,296	1,014,357	1,163,026	1,185,498	1,141,821	1,139,036	1,086,695
Education	59,002,223	57,691,072	57,626,635	55,761,593	54,986,027	54,238,136	52,228,075	50,625,448	58,129,944	43,132,352
Library	1,327,061	1,336,430	1,311,324	1,317,698	1,281,136	1,256,018	1,243,569	1,186,960	1,130,438	1,076,608
Insurance, employee benefits and miscellaneous	4,707,226	4,649,375	4,572,414	4,709,763	4,075,735	4,203,888	3,739,673	3,950,584	3,573,369	3,124,207
Capital outlay	8,231,614	4,033,376	4,606,218	6,463,963	4,939,861	4,470,706	13,141,277	2,509,742	2,866,937	2,363,137
Debt service	4,521,680	4,384,744	4,359,069	4,293,583	4,101,296	4,532,918	4,523,878	4,263,514	4,361,189	4,658,276
Total expenditures	<u>90,758,328</u>	<u>85,419,468</u>	<u>85,041,484</u>	<u>85,369,164</u>	<u>81,836,674</u>	<u>80,050,646</u>	<u>86,720,346</u>	<u>74,367,164</u>	<u>81,031,582</u>	<u>64,373,030</u>
Excess of Revenue over (under) Expenditures	<u>692,267</u>	<u>839,600</u>	<u>1,120,382</u>	<u>(2,739,007)</u>	<u>(410,389)</u>	<u>(646,916)</u>	<u>(8,329,578)</u>	<u>407,195</u>	<u>1,179,181</u>	<u>1,302,671</u>
Other Financing Sources (Uses):										
Payment to refunded bond escrow	(9,373,392)			(9,485,604)		(6,546,351)	(19,427,808)			
Proceeds from capital leases		479,002					48,921			
Proceeds from bond issues						5,910,000	7,905,000			
Proceeds from refunding bond issues	8,555,000			9,200,000		6,480,000	19,599,930			
Premium on sale of refunding bonds	1,103,320			434,303		208,357				
Sale of capital assets							108,500			
Transfers in	4,314,369	4,197,054	3,850,365	4,958,277	3,126,132	2,974,573	2,918,902	2,943,864	3,117,553	2,798,100
Transfers out	(4,314,369)	(4,197,054)	(3,850,365)	(4,958,277)	(3,126,132)	(2,974,573)	(2,918,902)	(2,943,864)	(3,117,553)	(2,798,100)
Total other financing sources	<u>284,928</u>	<u>479,002</u>	<u>-</u>	<u>148,699</u>	<u>-</u>	<u>6,052,006</u>	<u>8,234,543</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 977,195</u>	<u>\$ 1,318,602</u>	<u>\$ 1,120,382</u>	<u>\$ (2,590,308)</u>	<u>\$ (410,389)</u>	<u>\$ 5,405,090</u>	<u>\$ (95,035)</u>	<u>\$ 407,195</u>	<u>\$ 1,179,181</u>	<u>\$ 1,302,671</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.0%</u>	<u>5.4%</u>	<u>5.1%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.7%</u>	<u>5.2%</u>	<u>5.7%</u>	<u>5.6%</u>	<u>7.6%</u>

Note: Schedule prepared on the modified accrual basis of accounting.

TABLE 5

TOWN OF MADISON, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year	Real Property Residential Property	Commercial Property	Vacant Land	Motor Vehicles	Personal Property	Tax Exempt Real Property Excluded	Total Taxable Assessed Value	Mill Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	\$ 2,109,713,890	\$ 127,424,090	\$ 14,882,180	\$ 147,753,990	\$ 43,296,809	\$ 12,081,740	\$ 2,430,989,219	22.28	N/A	
2008	2,132,835,990	126,845,880	14,348,080	148,494,560	43,116,796	11,702,220	2,453,939,086	23.35	N/A	
2009	3,034,868,800	172,125,200	21,908,500	148,263,250	46,893,269	11,237,058	3,412,821,961	17.84	4,876,842,999	69.98%
2010	3,024,124,010	173,022,480	46,173,700	139,206,335	46,993,523	10,936,190	3,418,583,858	18.62	4,435,997,612	77.06%
2011	3,029,920,518	172,183,850	47,435,100	139,988,160	47,831,750	11,659,086	3,425,700,292	19.3	4,474,726,705	76.56%
2012	3,030,318,368	172,281,350	43,203,900	150,515,600	47,708,765	11,080,990	3,432,946,993	19.43	4,321,079,301	79.45%
2013	3,040,451,268	176,738,870	39,540,700	158,982,080	48,273,837	10,504,845	3,453,481,910	19.77	4,169,051,045	82.84%
2014	3,045,313,468	178,181,910	38,935,200	154,687,500	51,185,576	10,513,730	3,457,789,924	20.39	4,351,612,899	79.46%
2015	2,450,345,200	172,360,700	31,887,400	161,432,490	52,996,187	10,114,260	2,858,907,717	25.17	4,085,765,310	69.97%
2016	2,452,713,700	172,902,600	28,176,400	162,561,400	55,045,264	10,176,160	2,861,223,204	25.76	4,211,167,689	67.94%

Source: Town of Madison Assessor and State of Connecticut, Office of Policy and Management.

**TOWN OF MADISON, CONNECTICUT
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Town Direct Rates			
	General Town Government Rate	Board of Education Rate	Debt Service Rate	Total Direct Rate
2016	7.28	17.02	1.46	25.76
2015	7.06	16.65	1.46	25.17
2014	5.55	13.64	1.20	20.39
2013	5.29	13.34	1.14	19.77
2012	5.09	13.21	1.13	19.43
2011	5.04	13.04	1.22	19.3
2010	4.90	12.53	1.19	18.62
2009	4.77	11.92	1.15	17.84
2008	6.32	15.41	1.62	23.35
2007	6.00	14.64	1.64	22.28

Source: Town budgets by department

TABLE 7

**TOWN OF MADISON, CONNECTICUT
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Connecticut Light & Power	\$ 27,154,990	1	0.95%	\$ 16,160,840	1	0.66%
Madison Beach Hotel	8,966,200	2	0.31%			
Davis Realty LLC	6,295,800	3	0.22%	4,016,170	7	0.16%
Hearth at Tuxis Pond	6,260,100	4	0.22%	5,494,740	2	0.22%
Sherwood Island 44 LLC	5,862,200	5	0.20%			
Connecticut Water Company	5,474,420	6	0.19%	4,910,220	5	0.20%
Sabra Health Care Holdings III LLC	5,460,000	7	0.19%			
Debolina LLC	5,230,100	8	0.18%			
Southern Connecticut Gas	4,265,950	9	0.15%			
Schumann Robert F	3,846,481	10	0.13%	5,042,510	3	0.21%
Steigler Mary Lee				5,032,700	4	0.21%
HJM Madison Health Care Center				4,081,200	6	0.17%
Vigliotti Construction Co				3,630,366	8	0.15%
Dalton Peter F & Maureen E				3,420,500	9	0.14%
DCFS Trust				3,299,921	10	0.14%
	\$ 78,816,241		2.74%	\$ 55,089,167		2.25%

Source: Town Assessor's office

TABLE 8

**TOWN OF MADISON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 53,847,858	\$ 53,592,577	99.53%	\$ 240,314	\$ 53,832,891	99.97%
2008	57,201,375	56,901,296	99.48%	284,223	57,185,519	99.97%
2009	58,067,298	57,712,388	99.39%	330,526	58,042,914	99.96%
2010	59,282,086	58,925,266	99.40%	325,715	59,250,981	99.95%
2011	65,859,978	65,424,830	99.34%	403,100	65,827,930	99.95%
2012	63,126,459	62,771,697	99.44%	277,441	63,049,138	99.88%
2013	67,719,038	67,364,277	99.48%	267,160	67,631,437	99.87%
2014	66,144,328	65,811,127	99.50%	239,750	66,050,877	99.86%
2015	65,696,653	65,296,778	99.39%	253,717	65,550,495	99.78%
2016	69,366,086	69,041,280	99.53%		69,041,280	99.53%

Source: Town Tax Collector office and Finance office

**TOWN OF MADISON, CONNECTICUT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Bond Premium	Capital Leases	Nathan's Lane Note Payable	Total Primary Government	Percentage of Personal Income (2)	Per Capita
2007	\$ 40,549,582	\$	\$	\$ 65,320	\$ 486,154	\$ 41,101,056	4.3%	\$ 2,187
2008	37,594,440			20,088	411,075	38,025,603	4.0%	2,022
2009	34,922,391				333,712	35,256,103	3.7%	1,873
2010	39,912,826	3,000,000		28,486	253,996	40,195,308	4.3%	2,201
2011	42,902,391			13,767	171,856	43,088,014	4.6%	2,362
2012	39,589,851				80,000	39,669,851	4.0%	2,169
2013	36,280,000		419,265			36,699,265	3.7%	2,006
2014	32,865,000		397,550			33,262,550	3.4%	1,819
2015	29,360,000		375,385	377,668		30,113,053	3.1%	1,647
2016	25,535,000		1,451,695	287,406		27,274,101	2.8%	1,492

**TOWN OF MADISON, CONNECTICUT
RATIOS OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt Governmental Activities General Purpose	Percentage of Actual Taxable Value of Property	Total Primary Government	Percentage of Personal Income	Per Capita
2007	\$ 40,549,582	\$ N/A	\$ 40,549,582	4.22%	2,158
2008	37,594,440	N/A	37,594,440	3.91%	1,999
2009	34,922,391	0.7161%	34,922,391	3.63%	1,855
2010	39,912,826	0.8997%	39,912,826	4.27%	2,185
2011	42,902,391	0.9588%	42,902,391	4.60%	2,352
2012	39,589,851	0.9162%	39,589,851	4.03%	2,164
2013	36,280,000	0.8702%	36,280,000	3.68%	1,983
2014	32,865,000	0.7552%	32,865,000	3.38%	1,797
2015	29,360,000	0.7186%	29,360,000	3.02%	1,606
2016	25,535,000	0.6064%	25,535,000	2.62%	1,397

**TOWN OF MADISON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2016**

Total tax collections (including interest and lien fees) received for year ended June 30, 2016					\$ <u>73,663,223</u>
Base					\$ <u>73,663,223</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 165,742,252	\$	\$	\$	\$
4-1/2 times base		331,484,504			
3-3/4 times base			276,237,086		
3-1/4 times base				239,405,475	
3 times base					220,989,669
Total debt limitation	<u>165,742,252</u>	<u>331,484,504</u>	<u>276,237,086</u>	<u>239,405,475</u>	<u>220,989,669</u>
Indebtedness:					
Bonds and notes payable	<u>10,850,000</u>	<u>14,685,000</u>			
Net indebtedness	<u>10,850,000</u>	<u>14,685,000</u>	-	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 154,892,252</u>	<u>\$ 316,799,504</u>	<u>\$ 276,237,086</u>	<u>\$ 239,405,475</u>	<u>\$ 220,989,669</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation \$515,642,561.

TABLE 12

**TOWN OF MADISON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 378,117,929	\$ 402,456,929	\$ 426,372,879	\$ 442,889,552	\$ 459,176,718	\$ 464,384,053	\$ 476,722,078	\$ 493,082,807	\$ 502,778,535	\$ 515,642,561
Total net debt applicable to limit	41,464,226	37,829,230	40,604,021	47,741,120	43,214,881	39,968,151	36,903,460	32,814,201	29,334,714	25,535,000
Legal Debt Margin	\$ 336,653,703	\$ 364,627,699	\$ 385,768,858	\$ 395,148,432	\$ 415,961,837	\$ 424,415,902	\$ 439,818,618	\$ 460,268,606	\$ 473,443,821	\$ 541,177,561
Total net debt applicable to the limit as a percentage of debt limit	7%	8%	10%	12%	14%	12%	12%	9%	6%	5%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation.

TABLE 13

**TOWN OF MADISON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (4)	Personal Income (thousands of dollars) (5)	Per Capita Personal Income (1)	Median Age (1)	Percentage of		School Enrollment (2)	Unemployment Rate (3)
					High School Graduate	Bachelor's Degree or Higher		
2007	18,793	\$ 961,694	\$ 51,173	N/A	N/A	N/A	3,844	3.00%
2008	18,803	962,206	51,173	N/A	N/A	N/A	3,796	3.80%
2009	18,824	963,281	51,173	44.6	12.5%	62.7%	3,740	5.70%
2010	18,266	934,726	51,173	45.1	12.5%	62.4%	3,695	6.70%
2011	18,239	933,344	51,173	45.8	12.5%	62.4%	3,630	6.30%
2012	18,291	983,196	53,753	45.8	12.5%	64.3%	3,465	6.10%
2013	18,297	986,995	53,943	46.7	12.7%	65.5%	3,390	5.70%
2014	18,284	973,093	53,221	46.9	12.7%	66.1%	3,297	4.80%
2015	18,284	973,093	53,221	47	13%	66%	3,171	4.00%
2016	18,284	973,093	53,221	47	13%	66%	3,027	4.20%

Sources: Population, personal income, median age and education level provided by Town of Madison

(1) American Community Survey 5 Year Estimates / CERC Town Profiles

(2) CT State Dept of Education, EdSight

(3) State of Connecticut, Department of Labor

(4) State of Connecticut Department of Economic Development

(5) Formula of population times per capita personal income, divided by one thousand

TABLE 14

**TOWN OF MADISON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO***

	2016			2010*		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Town of Madison / Madison BOE	773 ^	1	9.1%	809 ^	1	9.1%
Stop and Shop	142	2	1.7%	150	2	1.7%
Madison Beach Hotel	140	3	1.6%	110	4	1.2%
Grove School	127	4	1.5%	87	6	1.0%
Camp Laurelwood	125	5	1.5%			
Harborside Healthcare / Madison House	125	6	1.5%	145	3	1.6%
Madison Beach Club	100	7	1.2%			
The Hearth at Tuxis Pond	100	8	1.2%	75	8	0.8%
Clarity Software Solutions	88	9	1.0%			
Roberts Food Center	85	10	1.0%	95	5	1.1%
McDonald's Restaurant				81	7	0.9%
USI				61	9	0.7%
Watrous Nursing Home				47	10	0.5%

* Data from a September 2010 Bond Official Statement. This is the latest date available at the time.

^ Includes Temporary Beach and Recreation Employees

**TOWN OF MADISON, CONNECTICUT
FULL-TIME GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	28.8	33.87	30.76	28.95	29.68	28.18	32.25	32.13	31.68	28.36
Public Safety / Emergency Communications	25.89	30.75	33.15	34.9	34.35	36.35	35.35	35.55	35.55	36.55
Public Works / Engineering / Maintenance	25.85	25.25	26.4	20.5	26.6	25.6	27.1	28.1	30.1	23.5
Public Health	2	2	2	2	2	2	2	2	1.25	1.25
Libraries	13.7	13.4	13.4	13.4	13.4	15	15.5	14.4	14.8	14.8
Social Services	8.93	11	10.9	12.4	15.45	14.05	14.55	14.71	14.29	15.21
Beach and recreation	4.35	2.8	4.6	4.63	5	4.2	4.2	4.2	4.2	12.22
Education	572	573	574	574	608	589	582	581	575	571
TOTAL	681.52	692.07	695.21	690.78	734.48	714.38	712.95	712.09	706.87	702.89

**TOWN OF MADISON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Birth certificates issued	102	84	91	93	93	101	81	93	87	87
Death certificates issued	166	147	147	169	165	169	146	173	134	173
Marriage licenses issued	97	99	117	119	103	124	112	182	111	108
Civil union licenses issued	3	6	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Boards and Agencies										
Registered voters	12,692	12,824	13,566	13,403	13,157	13,213	13,521	12,838	12,582	11,971
Planning and Development										
Building permits issued	1,318	1,315	1,182	1,117	1,228	607	711	712	761	806
Building department fees	400,715	403,757	346,141	313,714	390,629	207,948	331,413	321,333	359,634	378,954
Value of building permits (in thousand of dollars)	34,613	36,939	29,255	26,836	37,608	17,667	27,948	27,213	29,945	31,632
Public Safety										
Part I crimes	189	231	185	230	129	118	113	122		
Motor vehicle accidents	442	440	426	428	442	424	475	339	410	412
Medical calls	2,150	2,302	2,221	2,843	2,398	2,082	2,026	1,684	2,047	1,941
Motor vehicle enforcement	4,556	3,648	3,579	5,755	6,871	5,360	3,454	3,948	3,837	4,687
Alarm responses	1,066	1,083	1,159	1,262	1,175	1,214	1,171	1,416	987	989
Total incidents	8,403	7,704	7,570	10,518	11,015	9,198	7,239	7,509	7,281	8,029
Facility Management										
Miles of roads maintained	120	120	121	121	121	121	121	121	121	121
Public Libraries										
Volumes in collection	115,403	120,774	120,064	123,116	125,907	122,069	116,276	113,277	114,436	113,502
Items circulated	316,187	313,385	322,023	307,417	292,028	251,538	228,805	207,450	188,549	163,630
Attendance	140,775	165,987	180,559	148,876	140,837	94,807	92,984	85,319	100,000	100,000
Events	668	685	726	824	754	723	839	915	908	1,197
Beach & Recreation										
Total Surf Club Reservations	N/A	N/A	N/A	N/A	323	209	209	271	343	480
Total Programs Offered	N/A	N/A	N/A	N/A	227	450	549	741	862	305
Total Programs Registrations	N/A	N/A	N/A	N/A	5,213	18,279	18,414	10,344	15,200	2,509
Resident Beach Access Passes	5,592	5,734	6,250	7,485	6,000	6,246	5,870	7,517	7,552	6,266
Human Services										
Dial-a-ride passengers	N/A	N/A	93	194	127	101	105	98	77	88
Dial-a-ride traveled miles	N/A	N/A	18,558	14,250	22,989	16,681	14,356	14,358	14,941	11,141
Education										
Elementary schools	3	3	3	3	3	3	3	3	3	3
Middle schools	2	2	2	2	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments

TABLE 17

**TOWN OF MADISON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Works										
Miles of town roads	118	120	120	121	121	121	121	121	121	121
Miles of sidewalks	3	3	3	3	3	3	3	3	3	3
Storm sewers (miles)	30	31	31	32	32	32	32	32	32	32
Parks and Recreation										
Acreage	1578	1578	1578	1578	1578	1578	1620	1620	1620	1620
Playgrounds (including schools)	6	6	6	6	6	6	6	6	6	6
Tennis courts	8	8	8	8	8	8	8	8	8	8
Baseball / Softball fields	16	16	16	16	16	16	16	16	16	16
Basketball courts	3	3	3	3	3	3	3	3	3	3
Soccer / Football fields	5	5	5	5	5	5	8	8	8	8
Beaches	3	3	3	3	3	3	3	3	3	3
Community Gardens	120	120	120	120	180	180	180	180	180	180
Bocce Courts	4	4	4	4	5	5	5	5	5	5

Source(s): Various Town Departments