

TOWN OF MADISON, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2010

TOWN OF MADISON, CONNECTICUT

TABLE OF CONTENTS

	<u>Page</u>	
Independent Auditors' Report	1-2	
Management's Discussion and Analysis	3-9	
 <u>Exhibit</u>		
Basic Financial Statements:		
Government-Wide Financial Statements:		
I	Statement of Net Assets	10
II	Statement of Activities	11
Fund Financial Statements:		
Governmental Funds:		
III	Balance Sheet	12-13
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	14-15
Proprietary Funds:		
V	Statement of Net Assets	16
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	17
VII	Statement of Cash Flows	18
Fiduciary Funds:		
VIII	Statement of Fiduciary Net Assets	19
IX	Statement of Changes in Plan Net Assets - Pension Trust Funds	20
	Notes to Financial Statements	21-41
 Required Supplementary Information:		
General Fund:		
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	42-43
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	44-45
 Combining and Individual Fund Statements and Schedules:		
General Fund:		
A-1	Comparative Balance Sheet	46
A-2	Report of Tax Collector	47
A-3	Schedule of Board of Education Expenditures - Budget and Actual	48-50
Nonmajor Governmental Funds:		
B-1	Combining Balance Sheet	51-53
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	54-56
Capital Project Fund:		
C	Schedule of Expenditures and Encumbrances Compared with Appropriations	57
Internal Service Fund:		
D-1	Combining Statement of Net Assets	58
D-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	59
D-3	Combining Statement of Cash Flows	60
Fiduciary Funds:		
Agency Funds:		
E-1	Combining Balance Sheet	61
E-2	Combining Statement of Changes in Assets and Liabilities	62-63
Long-Term Debt:		
F	Statement of Debt Limitation	64



Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Madison

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, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 42 through 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blum, Shapiro & Company, P.C.

December 13, 2010

**TOWN OF MADISON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities increased by \$2.6 million, or 3.1%.
- During the year, the Town had expenses that were \$2.6 million less than the \$78.2 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$75.6 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$9.06 million.
- The resources available for appropriation were \$852 thousand more than budgeted for the General Fund. Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets 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 assets 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 assets and changes in them. The Town's net asset, 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 assets 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 assets 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 (like the LOCAP Program to provide maintenance of existing buildings and capital projects funds that provide funding for major purchases of emergency equipment and major roads in lieu of bonding) or to show that it 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 assets 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 assets 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 assets and changes in fiduciary net assets. 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 assets increased by 3.1% from a year ago from \$83.0 million to \$85.6 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

TABLE 1
NET ASSETS

	Governmental	
	Activities	
	2010	2009
Current and other assets	\$ 24,367,642	\$ 24,937,217
Capital assets, net of accumulated depreciation	115,139,629	106,969,944
Total assets	<u>139,507,271</u>	<u>131,907,161</u>
Long-term debt outstanding	48,525,280	43,115,029
Other liabilities	5,379,103	5,775,345
Total liabilities	<u>53,904,383</u>	<u>48,890,374</u>
Net Assets:		
Invested in capital assets, net of debt	71,944,321	71,713,841
Restricted	769,941	764,593
Unrestricted	<u>12,888,626</u>	<u>10,538,353</u>
Total Net Assets	<u>\$ 85,602,888</u>	<u>\$ 83,016,787</u>

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements increased by \$2.3 million over last year.

TABLE 2
CHANGES IN NET ASSETS

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	\$ 3,282,968	\$ 3,471,502
Operating grants and contributions	8,054,941	7,756,271
Capital grants and contributions	1,742,653	43,795
General revenues:		
Property taxes	63,168,413	60,765,330
Grants and contributions not restricted to specific purposes	993,222	1,016,587
Unrestricted investment earnings	763,091	1,255,957
Other general revenues	183,083	433,129
Total revenues	78,188,371	74,742,571
 Program expenses:		
General government	3,090,800	2,576,317
Public safety	6,527,775	5,993,677
Public works	5,495,085	4,493,356
Land and building administration	527,836	584,330
Health and welfare	1,615,080	1,638,968
Beach and recreation	1,517,658	1,358,271
Education	54,093,166	51,368,482
Library	1,524,416	1,404,382
Debt service	1,210,454	1,469,339
Total program expenses	75,602,270	70,887,122
 Increase in Net Assets	\$ 2,586,101	\$ 3,855,449

The Town's total revenues were \$78.2 million. The total cost of all programs and services was \$75.6 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

The increase in the Town's net assets resulted mainly from an increase in revenue of \$3.5 million over the prior year.

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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General government	\$ 3,090,800	\$ 2,576,317	\$ 2,308,846	\$ 1,530,509
Public safety	6,527,775	5,993,677	6,309,651	5,872,488
Public works	5,495,085	4,493,356	5,277,441	4,324,894
Education	54,093,166	51,368,482	45,589,361	43,133,561
Other	6,395,444	6,455,290	3,036,409	3,424,877
Total	<u>\$ 75,602,270</u>	<u>\$ 70,887,122</u>	<u>\$ 62,521,708</u>	<u>\$ 58,286,329</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 \$15.6 million, a decrease from last year's total of \$15.7 million. Included in this year's total change in fund balance is a decrease in the Town's Capital Projects Fund balance of \$529 thousand. There were \$7.9 million of new general obligation bonds and \$19.5 million of refunding bonds issued during the year. The bonds are reflected as other financing sources or revenue in the governmental funds.

Proprietary Funds

The internal service funds' net assets decreased by \$192 thousand this year due to an increase in medical claims.

General Fund Budgetary Highlights

General property taxes and assessments - property tax revenue was \$325,535 higher than budgeted due to payments and interest on back taxes and a collection rate that exceeded 98.5%. Despite the economic down turn and reduced interest rates with State of Connecticut Short Term Investments, interest revenue was \$19,847 more than budgeted due to long term investment opportunities.

Intergovernmental grant revenues were reduced to the Town of Madison when the State of Connecticut made various changes to the Education Cost Sharing (ECS) grant for 2009-2010. While the overall ECS entitlement remained at the 2008-2009 level, approximately 14.26 percent was supported by Federal SFSF funds under the American Recovery and Reinvestment Act of 2009 (ARRA). The State provided ECS payments of \$224,849 directly to the Board of Education and therefore the revenue budget by the Town was not met. Recognizing the fact the Town would have a revenue deficit, the Board of Education did not expend the \$224,849 provided and the funds were returned to the Town. In addition, the School Transportation grant payment to the Town was also reduced when Public Act 10-179 was signed into law on May 7, 2010 and the legislation established a new grant to be paid through the Special Education Excess Cost account. This action reduced the grant funding for School transportation by \$14,681 which the Town budgeted for and reallocated the funding to the Board of Education if sufficient local funds were not appropriated to cover the cost of special education students.

Revenue for Intergovernmental grant revenues did increase for School Building Project Grants in the amount of \$37,029 when reimbursement was received for code violation projects at two elementary schools and \$13,652 in funding for Boat Tax Reimbursement which the State had indicated would not be funded in 2009-2010.

Departmental revenues for the Town Clerk which include Document Fees and Real Estate Conveyance Tax were approximately \$140,000 lower than anticipated due to a continued drop in housing sales and an unfavorable economic climate; however, actual revenue increased by \$63,929 over the prior year. The economy still has sufficient impact on Building permits which were \$34,000 lower than anticipated due to decreased building activity and \$25,072 less than revenue received in the prior year. Beach and recreation revenue decreased by \$38,500 for facility rentals and a shortfall of \$6,500 for beach passes. A new system was implemented last summer which included parking stickers for vehicles and the elimination of guest passes. This system also allows free access for walkers and bikers. Non-residents can purchase daily passes at the Surf Club at \$25.

Town Departments made a concerted effort to curtail expenditures, almost all departments contributed to the positive variance recognized for expenditures totaling \$852,395. Major special appropriations during the year included \$200,000 addition to the Major Road Reserve, \$123,000 to the Severance Reserve for an agreement for the former Police Chief and \$80,000 to establish a reserve for Board of Education Special Education External Placements.

Long Term Capital Maintenance Projects (LOCAP) completed during fiscal year 2009-2010 include replacement of the gym roof at the Town Campus, Brown School HVAC replacement phase I, pavement replacement at several locations, Island Avenue roof replacement and HVAC improvements at Ryerson School.

The Town's General Fund balance of \$9.0 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$8.4 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes approximately \$631 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the Town had \$115.1 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and storm sewers - Table 4.

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

	Governmental Activities	
	2010	2009
Land	\$ 21.1	\$ 11.6
Buildings and improvements	73.9	74.9
Equipment and vehicles	3.3	3.6
Infrastructure	<u>16.8</u>	<u>16.8</u>
Total	<u>\$ 115.1</u>	<u>\$ 106.9</u>

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

This year's major additions included (in millions):

Griswold Property	\$ 9.5
Major Roads	.4
Fire Equipment	.5

The Town's fiscal year 2010-2011 capital budget includes \$777,715 for capital projects, including \$285,000 for Major Roads and \$325,000 for updating fire, safety and communications. In addition, the Town continues to fund the Long Term Capital Maintenance Projects currently at \$1,024,864 (a reduction of \$100,000) and Planned and Cycled Maintenance for the Town and Madison Public Schools at \$337,938.

Long-Term Debt

At June 30, 2010, the Town had \$39.4 million in bonds outstanding versus \$35.0 million last year - an increase of 12.6% - as shown in Table 5.

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

	Governmental Activities	
	2010	2009
General Obligation Bonds (Backed by the Town)	\$ <u>39.4</u>	\$ <u>35.0</u>

The Town's general obligation bond rating continues to carry an Aaa and AAA rating from Moody's & Fitch rating agencies, respectively. These ratings have been assigned by these national rating agencies to the Town's debt in May 2010 and July 2001, respectively. 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 \$426 million state-imposed limit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials were faced with a difficult budget season and three referendums were held before the Town Budget was passed. The Board of Education Budget passed at the second referendum. During the Town Budget process, over \$700,000 in budget reductions were initiated and included in the final budget. 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 2010-2011 increased by \$1,558,527 and 2.67% over the prior year. To mitigate the tax increase for residents for the Board of Finance used \$250,000 from the fund balance. Also, \$75,000 from the Open Space Reserve was used to partially fund a large open space land purchase. Both of these actions helped offset the mill rate increase.

Unemployment in the Town of Madison is 6.1% and continues to stand below the State's unemployment rate of 9.4%.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 9 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, and 8 Campus Drive, Madison, Connecticut 06443.

TOWN OF MADISON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Primary Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 9,850,012
Investments	11,505,600
Receivables, net	2,624,005
Due from fiduciary funds	1,218
Inventory	16,378
Net pension asset	370,429
Capital assets:	
Capital assets not being depreciated	21,118,276
Capital assets being depreciated, net	94,021,353
Total assets	<u>139,507,271</u>
Liabilities:	
Accounts and other payables	1,915,803
Due to fiduciary funds	13,676
Unearned revenue	449,624
Bond anticipation notes	3,000,000
Noncurrent liabilities:	
Due within one year	4,020,256
Due in more than one year	44,505,024
Total liabilities	<u>53,904,383</u>
Net Assets:	
Invested in capital assets, net of related debt	71,944,321
Restricted for:	
Trust purposes:	
Expendable	31,078
Nonexpendable	738,863
Unrestricted	<u>12,888,626</u>
Total Net Assets	<u>\$ 85,602,888</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 3,090,800	\$ 727,883	\$ 54,071	\$	\$ (2,308,846)
Public safety	6,527,775	94,289	123,835		(6,309,651)
Public works	5,495,085	17,497	200,147		(5,277,441)
Land and building administration	527,836	329,442			(198,394)
Health and welfare	1,615,080	75,784	55,936		(1,483,360)
Beach and recreation	1,517,658	1,165,970		1,720,545	1,368,857
Education	54,093,166	872,103	7,609,594	22,108	(45,589,361)
Library	1,524,416				(1,524,416)
Interest on long-term debt	1,210,454		11,358		(1,199,096)
Total	\$ 75,602,270	\$ 3,282,968	\$ 8,054,941	\$ 1,742,653	(62,521,708)
General revenues:					
Property taxes					63,168,413
Grants and contributions not restricted to specific programs					993,222
Unrestricted investment earnings					763,091
Miscellaneous					183,083
Total general revenues					<u>65,107,809</u>
Change in net assets					2,586,101
Net Assets, July 1, 2009					<u>83,016,787</u>
Net Assets, June 30, 2010					<u>\$ 85,602,888</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,426,786	\$ 997,000	\$ 2,253,383	\$ 7,677,169
Investments	11,505,600			11,505,600
Receivables, net	1,005,033	16,545	7,026	1,028,604
Due from other funds	957,590	6,830,071	120,182	7,907,843
Due from other governments	318,446	52,087	736,855	1,107,388
Inventory			16,378	16,378
Total Assets	<u>\$ 18,213,455</u>	<u>\$ 7,895,703</u>	<u>\$ 3,133,824</u>	<u>\$ 29,242,982</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 1,138,973	\$ 11,021	\$ 42,936	\$ 1,192,930
Due to other funds	6,964,227		956,373	7,920,600
Due to other governments			3,009	3,009
Bonds anticipation notes payable		3,000,000		3,000,000
Deferred revenue	1,046,133		424,295	1,470,428
Total liabilities	<u>9,149,333</u>	<u>3,011,021</u>	<u>1,426,613</u>	<u>13,586,967</u>
Fund Balances:				
Reserved	630,966	485,315	914,945	2,031,226
Unreserved, reported in:				
General Fund	8,433,156			8,433,156
Special Revenue Funds			792,266	792,266
Capital Project Funds		4,399,367		4,399,367
Total fund balances	<u>9,064,122</u>	<u>4,884,682</u>	<u>1,707,211</u>	<u>15,656,015</u>
Total Liabilities and Fund Balances	<u>\$ 18,213,455</u>	<u>\$ 7,895,703</u>	<u>\$ 3,133,824</u>	<u>\$ 29,242,982</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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

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

Fund balances - total governmental funds	\$ 15,656,015
--	---------------

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 153,984,033	
Less accumulated depreciation	<u>(38,844,404)</u>	
Net capital assets		115,139,629

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

Net pension asset	370,429
Property tax receivables greater than 60 days	620,921
Property tax interest receivable	197,189
Assessments receivable	47,313
Receivable from the state for school construction projects	203,880

Internal service funds are used by management to charge the costs of
risk management to individual funds. The assets and liabilities of
the internal service funds are reported with governmental activities
in the statement of net assets.

2,032,542

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(39,683,996)
Interest payable on bonds and notes	(139,750)
Compensated absences	(2,576,866)
Net other post-employment benefits payable	(1,112,000)
Heart and hypertension	(2,059,104)
Deferred charges on refunding	(482,826)
Capital lease	(28,486)
Termination benefits	<u>(2,582,002)</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u>85,602,888</u>
---	----------------------

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 63,122,476	\$	\$	\$ 63,122,476
Intergovernmental	6,933,498		2,130,323	9,063,821
Charges for services	1,607,777		1,867,140	3,474,917
Income on investments	757,041		6,050	763,091
Contributions and Donations		1,720,545		1,720,545
Miscellaneous		91,601	154,317	245,918
Total revenues	<u>72,420,792</u>	<u>1,812,146</u>	<u>4,157,830</u>	<u>78,390,768</u>
Expenditures:				
Current:				
General government	1,576,138		1,925	1,578,063
Public safety	4,451,186		70,731	4,521,917
Public works	2,722,877		95,186	2,818,063
Land and building administration	434,562			434,562
Health and welfare	1,079,593		226,178	1,305,771
Beach and recreation	425,039		760,459	1,185,498
Education	49,706,628		2,521,447	52,228,075
Library	1,243,569			1,243,569
Insurance, employee benefits and miscellaneous	3,487,148	147,961	104,564	3,739,673
Capital outlay	136,909	13,004,368		13,141,277
Debt service	4,523,878			4,523,878
Total expenditures	<u>69,787,527</u>	<u>13,152,329</u>	<u>3,780,489</u>	<u>86,720,345</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,633,265</u>	<u>(11,340,183)</u>	<u>377,341</u>	<u>(8,329,577)</u>
Other Financing Sources (Uses):				
Proceeds from sale of refunding bonds	19,599,930			19,599,930
Payment to refunded bond escrow	(19,427,808)			(19,427,808)
Proceeds from bond sale		7,905,000		7,905,000
Proceeds from capital leases		48,921		48,921
Sale of capital assets		108,500		108,500
Transfers in	154,100	2,764,802		2,918,902
Transfers out	(2,764,802)		(154,100)	(2,918,902)
Total other financing sources (uses)	<u>(2,438,580)</u>	<u>10,827,223</u>	<u>(154,100)</u>	<u>8,234,543</u>
Net Change in Fund Balances	194,685	(512,960)	223,241	(95,034)
Fund Balance, July 1, 2009	<u>8,869,437</u>	<u>5,397,642</u>	<u>1,483,970</u>	<u>15,751,049</u>
Fund Balance, June 30, 2010	<u>\$ 9,064,122</u>	<u>\$ 4,884,682</u>	<u>\$ 1,707,211</u>	<u>\$ 15,656,015</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, 2010

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) \$ (95,034)

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 11,238,069
Depreciation expense (2,849,203)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely governmental funds do not report any gain or loss on a trade-in of capital assets. (219,181)

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 (55,811)
Property tax receivable - accrual basis change 23,901
Property tax interest and lien revenue - accrual basis change 12,723
Assessment receivable - accrual basis change (9,202)
Net pension asset 6,415

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

Bond principal payments 2,930,000
Proceeds from the sale of bonds (7,905,000)
Proceeds from sale of refunding bonds 18,705,000
Bond issuance costs 172,122
Deferred charges on refunding 560,000
Payment to refunded bond escrow (19,427,808)
Proceeds from capital leases (48,921)
Capital lease principal payments 20,435
Other post-employment benefits obligation (488,000)
Notes payable 79,716

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 100,488
Accrued interest 126,586
Amortization of deferred charge on refunding (15,435)
Early retirement incentive (136,926)
Heart and hypertension 53,391

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. (192,224)

Change in Net Assets of Governmental Activities (Exhibit II) \$ 2,586,101

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2010

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 2,172,843
Accounts receivable	440,700
Due from other funds	299
Total assets	<u>2,613,842</u>
Liabilities:	
Risk management claims	<u>581,300</u>
Net Assets:	
Restricted	21,031
Unrestricted	<u>2,011,511</u>
Total Net Assets	<u><u>\$ 2,032,542</u></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 ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Operating Revenues:	
Employee contributions and charges for services	\$ <u>8,460,476</u>
Operating Expenses:	
Administrative expense	761,538
Employee benefits	<u>7,895,984</u>
Total operating expenses	<u>8,657,522</u>
Operating loss	(197,046)
Nonoperating Revenues:	
Income on investments	<u>4,822</u>
Change in Net Assets	(192,224)
Total Net Assets, July 1, 2009	<u>2,224,766</u>
Total Net Assets, June 30, 2010	<u>\$ 2,032,542</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, 2010

	Governmental Activities <hr/> Internal Service Funds <hr/>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 8,019,776
Cash payments for claims paid	(7,854,538)
Cash payments to providers of benefits	(761,538)
Net cash used in operating activities	<hr/> <u>(596,300)</u>
Cash Flows from Investing Activities:	
Income on investments	<hr/> 4,822
Net Decrease in Cash and Cash Equivalents	(591,478)
Cash and Cash Equivalents, July 1, 2009	<hr/> 2,764,321
Cash and Cash Equivalents, June 30, 2010	\$ <hr/> <hr/> <u>2,172,843</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (197,046)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in receivables	(440,700)
Decrease in due from other funds	262
Increase in other liabilities	41,184
	<hr/> <u>41,184</u>
Net Cash Used in Operating Activities	\$ <hr/> <hr/> <u>(596,300)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 718,414	\$ 756,284
Investments, at fair value:		
U.S. Government obligations	15,699,622	
Marketable equity securities	314,560	
Corporate bonds	3,103,214	
Foreign bonds	208,716	
Mutual funds	815,881	94,909
Annuities	901,304	
Due from other funds		<u>13,676</u>
 Total assets	 <u>21,761,711</u>	 <u>\$ 864,869</u>
 Liabilities:		
Due to employees and others	28,699	\$ 863,651
Due to other funds		<u>1,218</u>
 Total liabilities	 <u>28,699</u>	 <u>\$ 864,869</u>
 Net Assets:		
Held in trust for pension benefits	<u>\$ 21,733,012</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS

PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

Additions:	
Contributions:	
Employer	\$ 870,525
Plan members	172,568
Total contributions	<u>1,043,093</u>
Investment income:	
Interest	575,837
Net appreciation in fair value of investments	2,058,729
Total investment income	<u>2,634,566</u>
Net additions	<u>3,677,659</u>
Deductions:	
Benefits	1,422,724
Administration	96,917
Total deductions	<u>1,519,641</u>
Net Increase	2,158,018
Net Assets Held in Trust for Pension Benefits, July 1, 2009	<u>19,574,994</u>
Net Assets Held in Trust for Pension Benefits, June 30, 2010	<u>\$ 21,733,012</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds or Trust Funds).

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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, 2010 are stated net of allowance for estimated uncollectible amounts of \$48,500.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	25-50
Equipment and vehicles	3-20
Infrastructure	10-65

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following is a summary of fund balance reservations at June 30, 2010:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Total</u>
Reserved for Encumbrances	\$ 630,966	\$ 485,315	\$ 914,945

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 \$499,000. 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

The following fund had a fund balance deficit at June 30, 2010:

Nonmajor Fund:	
Cafeteria Fund	\$ 19,727

The deficit will be reduced or eliminated by the receipt of grant funds or future transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment

portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$3,856,834 of the Town’s bank balance of \$4,273,402 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,526,176
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>330,658</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 3,856,834</u></u>

Cash Equivalents

At June 30, 2010, the Town’s cash equivalents amounted to \$6,982,516. 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 Tax-Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm

*Not rated

Investments

As of June 30, 2010, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest Bearing Investments:					
U.S. Treasury notes	AAA	\$ 132,223	\$ 132,223	\$	\$
U.S. Treasury notes	AAA	1,921,036		1,921,036	
U.S. Treasury bonds	N/A	927,791	927,791		
U.S. Treasury bonds	N/A	11,495,038		11,495,038	
U.S. Treasury bonds	N/A	541,606			541,606
U.S. Treasury bonds	N/A	681,924		681,924	
Foreign bonds	AA3/A+	122,910		122,910	
Foreign bonds	A1/BAA1	81,815		81,815	
Foreign bonds	*	3,990			3,990
Corporate bonds	AAA/AAA	119,444		119,444	
Corporate bonds	AA2/AA+	143,551			143,551
Corporate bonds	AA2/AA+	123,143		123,143	
Corporate bonds	AA2/AA	70,897		70,897	
Corporate bonds	AA2/AA-	117,821		117,821	
Corporate bonds	AA3/A+	258,649		258,649	
Corporate bonds	AA3/A-	122,773		122,773	
Corporate bonds	A1/AA	79,996		79,996	
Corporate bonds	A1/A+	80,589		80,589	
Corporate bonds	A1/A	380,261		380,261	
Corporate bonds	A1/AA	285,544		141,455	144,089
Corporate bonds	A2/A	297,357		297,357	
Corporate bonds	A3/A	299,733		299,733	
Corporate bonds	A3/BBB+	160,608		160,608	
Corporate bonds	BAA1/BBB+	11,837		11,837	
Corporate bonds	BAA2/BBB	159,125		159,125	
Corporate bonds	BAA2/BBB-	159,015		159,015	
Corporate bonds	B1/B+	17,193			17,193
Corporate bonds	B1/B	23,485			23,485
Corporate bonds	NR/AA-	119,422		119,422	
Corporate bonds	NR/CCC	11,775			11,775
Corporate bonds	NR/CCC-	10,818		10,818	
Corporate bonds	NR	13,090		13,090	
Corporate bonds	NR	37,080			37,080
		19,011,539	\$ 1,060,014	\$ 17,028,756	\$ 922,769
Other Investments:					
Equities		11,910,205			
Mutual Funds		815,881			
Annuities		906,181			
Total Investments		\$ 32,643,806			

*Not Available
N/A Not applicable

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2010, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 200,439	\$	\$	\$ 200,439
Taxes	762,972			762,972
Intergovernmental	318,446	52,087	736,855	1,107,388
Accounts	46,058	16,545	447,726	510,329
Special assessments	44,064			44,064
Gross receivables	<u>1,371,979</u>	<u>68,632</u>	<u>1,184,581</u>	<u>2,625,192</u>
Less allowance for uncollectibles	<u>48,500</u>			<u>48,500</u>
Net Total Receivables	<u>\$ 1,323,479</u>	<u>\$ 68,632</u>	<u>\$ 1,184,581</u>	<u>\$ 2,576,692</u>

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 572,421	\$
Accrued property tax interest	197,189	
Special assessments not yet due	47,314	
Grant drawdowns prior to meeting all eligibility requirements		424,295
School building grants	203,880	
Other		<u>25,329</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,020,804</u>	<u>\$ 449,624</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	\$ <u>11,635,276</u>	\$ <u>9,500,000</u>	\$ <u>(17,000)</u>	\$ <u>21,118,276</u>
Capital assets being depreciated:				
Buildings and improvements	94,860,507	229,237		95,089,744
Equipment and vehicles	7,719,083	1,024,694	(662,991)	8,080,786
Infrastructure	29,211,089	484,138		29,695,227
Total capital assets being depreciated	<u>131,790,679</u>	<u>1,738,069</u>	<u>(662,991)</u>	<u>132,865,757</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,887,823)	(1,774,574)		(21,662,397)
Equipment and vehicles	(4,150,505)	(628,889)	460,810	(4,318,584)
Infrastructure	(12,417,683)	(445,740)		(12,863,423)
Total accumulated depreciation	<u>(36,456,011)</u>	<u>(2,849,203)</u>	<u>460,810</u>	<u>(38,844,404)</u>
Total capital assets being depreciated, net	<u>95,334,668</u>	<u>(1,111,134)</u>	<u>(202,181)</u>	<u>94,021,353</u>
Governmental Activities Capital Assets, Net	<u>\$ 106,969,944</u>	<u>\$ 8,388,866</u>	<u>\$ (219,181)</u>	<u>\$ 115,139,629</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 191,484
Public safety	504,810
Public works	569,247
Land and building administration	2,359
Health and welfare	6,651
Beach and recreation	30,157
Education	<u>1,544,495</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,849,203</u>

6. INTERFUND ACCOUNTS

At June 30, 2010, 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	\$ 956,372
General Fund	Agency Fund	1,218
Capital Projects Fund	General Fund	6,830,071
Nonmajor Governmental Fund	General Fund	120,182
Agency Fund	General Fund	13,676
Internal Service Fund	General Fund	299
		<hr/>
Total		<u>\$ 7,921,818</u>

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

Interfund transfers:

	<u>General Fund</u>	<u>Transfers In Capital Projects Fund</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 2,764,802	\$ 2,764,802
Capital Projects			
Nonmajor governmental	154,100		154,100
			<hr/>
Total Transfers Out	<u>\$ 154,100</u>	<u>\$ 2,764,802</u>	<u>\$ 2,918,902</u>

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

7. LEASES

Capital Lease

The Town of Madison entered into a lease-purchase agreement with Ford Motors Credit Company for the purchase of police vehicles in the amount of \$48,921.

The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The following is a schedule of the minimum lease payments under the lease, and the present value of the future minimum lease payments reflected at June 30, 2010:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 15,734
2012	15,734
	<hr/>
	31,468
Less amount representing interest	(2,982)
	<hr/>
Present Value of Future Minimum Lease Payment	<u>\$ 28,486</u>

8. LONG-TERM DEBT

General Obligation Bonds

The following is a summary of bond maturities at June 30, 2010:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,820,000	\$ 1,461,437	\$ 4,281,437
2012	3,015,000	1,350,807	4,365,807
2013	3,070,000	1,257,776	4,327,776
2014	3,095,000	1,141,196	4,236,196
2015	3,150,000	1,020,921	4,170,921
2016	3,225,000	904,569	4,129,569
2017	2,670,000	783,097	3,453,097
2018	2,710,000	675,861	3,385,861
2019	2,765,000	564,248	3,329,248
2020	2,260,000	447,423	2,707,423
2021	2,255,000	364,869	2,619,869
2022	2,270,000	286,222	2,556,222
2023	1,880,000	203,323	2,083,323
2024	1,365,000	144,575	1,509,575
2025	805,000	103,250	908,250
2026	415,000	80,406	495,406
2027	415,000	64,844	479,844
2028	415,000	49,281	464,281
2029	415,000	33,200	448,200
2030	415,000	16,600	431,600
Total	\$ <u>39,430,000</u>	\$ <u>10,953,905</u>	\$ <u>50,383,905</u>

Defeasance of Debt

On August 20, 2009, the Town issued \$18,705,000 in General Obligation Refunding Bonds for governmental activities debt with an average interest rate of 3.28% to advance refund \$5,850,000 in 2003 and \$13,415,000 in 2004 bonds with an average interest rate of 3.80%. The net proceeds of 19,427,808 (after payment of \$172,122 in underwriting fees, insurance and other issuance costs) were used to purchase a portfolio of noncallable direct obligations of, or obligations guaranteed by, the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and have been removed from the Town's financial statements.

The Town advance funded the Series A 2003 and Series A & B 2004 bonds to reduce its total debt service payments over the next 21 years by \$1,457,640 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$4,073,155.

Note Payable

On October 6, 2005, the Town entered into a \$560,000 note payable with the Seashore Construction Company for the purchase of 82 Nathan's Lane. The note carries an interest rate of 3% per annum with payments due each year on September 15th through 2012. The note payment schedule is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$ 82,140	\$ 7,726	\$ 89,866
2012	84,639	5,227	89,866
2013	87,217	2,649	89,866
Total	<u>\$ 253,996</u>	<u>\$ 15,602</u>	<u>\$ 269,598</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 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	\$ 35,015,000	\$ 26,610,000	\$ (22,195,000)	\$ 39,430,000	\$ 2,820,000
Less deferred amounts for issuance discounts on refunding	(92,609)	560,000	15,435	482,826	
Total bonds payable	34,922,391	27,170,000	(22,179,565)	39,912,826	2,820,000
Termination benefits	2,445,076	136,926		2,582,002	501,024
Compensated absences	2,677,355	40,261	(140,750)	2,576,866	321,454
Heart and hypertension	2,112,495		(53,391)	2,059,104	281,870
Capital leases		48,921	(20,435)	28,486	13,768
Note payable	333,712		(79,716)	253,996	82,140
Net OPEB obligation	624,000	1,080,000	(592,000)	1,112,000	
Total Governmental Activities Long-Term Liabilities	<u>\$ 43,115,029</u>	<u>\$ 28,476,108</u>	<u>\$ (23,065,857)</u>	<u>\$ 48,525,280</u>	<u>\$ 4,020,256</u>

Bond Anticipation Notes

Bond anticipation notes, which serve as temporary financing for certain capital projects, were outstanding at June 30, 2010.

<u>Category</u>	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Bond Anticipation Notes	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000

On December 16, 2009, \$2,500,000 of notes were issued with a maturity date of December 15, 2010 and an interest rate of 1.5%. On March 31, 2010, \$500,000 of notes were issued with a maturity date of December 15, 2010 and an interest rate of 1.0%. These notes were issued as temporary financing for the senior center, ambulance facility and Griswold Airport property purchase.

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 142,357,356	\$ 21,727,000	\$ 120,630,356
Schools	284,714,712	26,014,120	258,700,592
Sewers	237,262,260		237,262,260
Urban renewal	205,627,292		205,627,292
Pension deficit	189,809,808		189,809,808

Total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$426,372,879.

9. RISK MANAGEMENT

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

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

The claims liability of \$581,300 reported in the Internal Service Fund at June 30, 2010 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows:

	Liability July 1,	Current Year Claims and Changes In Estimates	Claim Payment	Liability June 30,
2008-09	\$ 553,024	\$ 7,181,628	\$ 7,194,536	\$ 540,116
2009-10	540,116	7,895,984	7,854,800	581,300

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, 2010 is \$2,059,104.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Description

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

At July 1, 2008, PERS membership consisted of:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	22	60	21
Terminated employees entitled to benefit but not yet receiving them	10	37	5
Current employees:			
Vested	22	184	61
Nonvested			11
 Total	<u>54</u>	<u>281</u>	<u>98</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	75%
20	100%

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Policy

Employer contribution rates are established by the Board of Selectmen and approved by the Board of Finance. Employees covered under the police plan are required to contribute 7.5% of their earnings to the Plan. Police hired after January 1, 2006 are required to contribute 9.0% of their salary. Town and Fire employees hired on or before January 1, 2006 are not required to contribute to their plans. However, Town NAGE employees may voluntarily contribute 2% of their earnings. The Town is required to contribute the remaining amounts necessary to finance the benefits for the participants as determined by its actuaries. The Town's required contributions to the Town, Police and Fire Plans was \$549,479, \$228,672 and \$89,874 for the plan years, respectively.

D. Annual Pension Cost and Net Pension Obligations

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

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Annual required contribution	\$ 228,672	\$ 549,479	\$ 89,874
Interest on net pension obligation	(4,148)	(24,973)	
Adjustment to annual required contribution	5,211	19,995	
Annual pension cost	229,735	544,501	89,874
Contributions made	231,172	549,479	89,874
Increase in net pension asset	(1,437)	(4,978)	-
Net pension asset, beginning of year	(51,852)	(312,162)	-
Net Pension asset, end of year	\$ (53,289)	\$ (317,140)	\$ -

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

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Actuarial valuation date	7/1/08	7/1/08	7/1/08
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Frozen Initial Liability
Amortization method	Level Dollar Closed	Level Dollar Closed	Level Dollar Closed
Remaining amortization period	12 years	12 years	14 years
Asset valuation method	Fair Value	Fair Value	Fair Value
Actuarial assumptions:			
Investment rate of return	8.0%	8.0%	6.5%
Projected salary increases	4.5%	4.5%	N/A

Police			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/08	\$ 243,665	99.8%	\$ (52,625)
6/30/09	181,831	99.6	(51,852)
6/30/10	229,735	100.6	(53,289)

Town			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/08	\$ 562,394	99.0%	\$ (306,756)
6/30/09	548,687	101.1	(312,162)
6/30/10	544,501	100.9	(317,140)

Fire			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/08	\$ 68,945	100%	\$ -
6/30/09	69,169	100	-
6/30/10	89,874	100	-

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Police						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/03	\$ 7,319,467	\$ 9,001,574	\$ (1,682,107)	81.31%	\$ 1,205,147	139.58%
7/1/04	7,911,725	8,465,736	(554,011)	93.46	1,649,337	33.59
7/1/05	8,977,591	9,442,295	(464,704)	95.08	1,717,985	27.05
7/1/06	9,866,208	10,570,705	(704,497)	93.34	1,703,295	41.36
7/1/07	10,703,571	10,838,073	(134,502)	98.80	1,629,320	8.30
7/1/08	11,401,835	12,064,850	(663,015)	94.50	1,611,345	41.10

Town						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/03	\$ 7,028,942	\$ 8,804,322	\$ (1,775,380)	79.80%	\$ 4,538,870	39.12%
7/1/04	7,605,838	9,581,954	(1,976,116)	79.40	4,555,378	43.38
7/1/05	8,833,514	9,822,328	(988,814)	90.00	4,785,753	20.70
7/1/06	9,800,123	10,726,781	(926,658)	91.40	5,321,243	17.41
7/1/07	10,754,373	11,442,890	(688,517)	94.00	6,050,618	11.38
7/1/08	12,048,208	12,296,712	(248,504)	98.00	6,316,555	3.93

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability(AAL) (b)	Fire		Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
			Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)		
7/1/03	\$ 672,345	\$ 831,922	\$ (159,577)	80.82%	N/A	N/A
7/1/04	741,678	855,231	(113,553)	86.72	N/A	N/A
7/1/05	848,719	903,158	(54,439)	94.00	N/A	N/A
7/1/06	919,660	1,008,565	(88,905)	91.19	N/A	N/A
7/1/07	1,026,407	1,146,806	(120,399)	89.50	N/A	N/A
7/1/08	1,778,861	1,847,637	(68,776)	96.30	N/A	N/A

Schedule of Employer Contributions

Fiscal Year Ended	Police		Town		Fire	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/04	\$ 207,151	100.0%	\$ 491,194	100.0%	\$ 49,961	100.0%
6/30/05	260,607	100.0	605,788	100.0	46,187	100.0
6/30/06	205,062	100.0	620,561	100.0	86,601	100.0
6/30/07	243,146	100.0	556,001	100.0	68,945	100.0
6/30/08	181,058	100.0	554,093	100.0	69,169	100.0
6/30/09	228,672	101.0	549,479	100.0	89,874	100.0

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

G. Defined Contribution Plan

The custodial employees of the Board of Education, covered under a collective bargaining agreement with the Teamsters, Chauffeurs, Warehousemen and Helpers Local 443 (an affiliate of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America), participate in the New England Teamsters and Trucking Industry Pension Fund (Fund). For each hour for which a covered employee receives pay, the Board of Education is required to make a contribution of \$3.16, but no more than \$126.40 per week for any one employee. The total Board of Education payroll for the year ended June 30, 2010 covered by this plan amounted to \$1,348,258. The total contribution for the year ended June 30, 2010 amounted to \$286,100.

H. Teachers' Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$22,585,858 or 73.6% of the total Board of Education payroll of \$30,678,143.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. These obligations are established under the authority of the Connecticut General

Statutes. The Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$3,540,727 as payments made by the State of Connecticut on-behalf of the Town. The Town does not have any liability for teacher pensions.

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

Pension Trust Funds

The Town maintains three pension trust funds (Police Department Retirement Plan, Town Employees' Retirement Plan and Volunteer Fire Department Supplemental Retirement Program) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2010 and the changes in net assets for the year then ended.

	Combining Statement of Net Assets			
	Employee Retirement Funds			
	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 331,251	\$ 380,191	\$ 6,972	\$ 718,414
Investments	<u>10,085,543</u>	<u>10,056,500</u>	<u>901,254</u>	<u>21,043,297</u>
Total Assets	10,416,794	10,436,691	908,226	21,761,711
Liabilities:				
Accounts payable	<u> </u>	<u> </u>	<u>28,699</u>	<u>28,699</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 10,416,794</u>	<u>\$ 10,436,691</u>	<u>\$ 879,527</u>	<u>\$ 21,733,012</u>

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

	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 231,172	\$ 549,479	\$ 89,874	\$ 870,525
Plan members	165,594	6,974		172,568
Total contributions	<u>396,766</u>	<u>556,453</u>	<u>89,874</u>	<u>1,043,093</u>
Investment income:				
Interest	324,210	240,872	10,755	575,837
Net appreciation in fair value of investments	<u>1,054,090</u>	<u>929,312</u>	<u>75,327</u>	<u>2,058,729</u>
Net investment income	<u>1,378,300</u>	<u>1,170,184</u>	<u>86,082</u>	<u>2,634,566</u>
Total additions	<u>1,775,066</u>	<u>1,726,637</u>	<u>175,956</u>	<u>3,677,659</u>
Deductions:				
Benefits	738,647	579,211	104,866	1,422,724
Administration	<u>738,647</u>	<u>92,187</u>	<u>4,730</u>	<u>96,917</u>
Total deductions	<u>738,647</u>	<u>671,398</u>	<u>109,596</u>	<u>1,519,641</u>
Net increase	1,036,419	1,055,239	66,360	2,158,018
Net assets held in trust for pension benefits, July 1, 2009	<u>9,380,375</u>	<u>9,381,452</u>	<u>813,167</u>	<u>19,574,994</u>
Net Assets Held in Trust for Pension Benefits, June 30, 2010	<u>\$ 10,416,794</u>	<u>\$ 10,436,691</u>	<u>\$ 879,527</u>	<u>\$ 21,733,012</u>

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

In addition to the pension benefits described in Note 9, all Town employees retiring under the Town of Madison's Retiree Medical Program are provided post-employment benefits. The level of these benefits is determined by contract for all union employees and by a Town of Madison ordinance for all non-represented employees. Benefits provided are as follows:

Unrepresented Retired Employees

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

NAGE RI-215 Building & Grounds Retired Employees

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

AFSCME Police

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

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

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

UPSEU Emergency Dispatchers

No contract language regarding health insurance for retirees.

Board of Education

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

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

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

Custodians: Can purchase post-retirement until Medicare eligible.

Cafeteria Workers: No post-retirement benefits.

B. Membership

Membership in the plan consisted of the following at January 1, 2009:

	<u>Retiree Medical Program</u>
Number of retirees and eligible surviving spouses	116
Number of active participants	<u>465</u>
Total	<u><u>581</u></u>

C. Description of Actuarial Assumptions and Methods

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

	<u>Retiree Medical Program</u>
Actuarial valuation date	January 1, 2009
Actuarial cost method	Project Unit Credit Cost
Amortization method	Level dollar
Remaining amortization period	28 years
Actuarial assumptions:	
Investment rate of return	4.0%/annum
Projected salary increases	4.0%/annum

D. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Medical Program
Annual required contribution	\$ 1,080,000
Interest on net OPEB obligation	24,960
Adjustment to annual required contribution	<u>(24,960)</u>
Annual OPEB cost	1,080,000
Contribution made	<u>(592,000)</u>
Increase in net OPEB obligation	488,000
Net OPEB obligation, July 1, 2009	<u>624,000</u>
Net OPEB obligation, June 30, 2010	<u><u>\$ 1,112,000</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal years ended June 30, 2010 and 2009, is presented below.

	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/09	\$ 1,084,000	\$ 460,000	\$ 42.44%	\$ 624,000
6/30/10	1,080,000	592,000	54.81%	1,112,000

Schedule of Funding Progress

The annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation (asset):

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

12. CONTINGENT LIABILITIES

The Town has contingent liabilities with respect to pending litigation, claims and disputes which existed at June 30, 2010. The liability with respect to such matters, if any, is not presently determinable; however, it is the opinion of Town Counsel that any liabilities will not have a material effect on the Town's financial position.

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Property taxes:				
Property tax	\$ 62,793,699	\$ 62,793,699	\$ 63,119,234	\$ 325,535
Lien and warrant fees	4,300	4,300	3,242	(1,058)
Total property taxes	<u>62,797,999</u>	<u>62,797,999</u>	<u>63,122,476</u>	<u>324,477</u>
Interest income:				
Interest - property taxes	150,000	150,000	184,096	34,096
Interest on temporary investments	553,071	553,071	572,918	19,847
Coe Park Fund	31	31	27	(4)
Total interest income	<u>703,102</u>	<u>703,102</u>	<u>757,041</u>	<u>53,939</u>
Intergovernmental revenue:				
General government:				
In lieu of taxes - State-owned property	556,210	556,210	557,152	942
In lieu of taxes - water	63,000	63,000	69,573	6,573
Elderly Homeowner's Program	75,000	75,000	95,430	20,430
Disability exempt	700	700	596	(104)
Additional veterans exempt	10,000	10,000	12,289	2,289
Boat tax reimbursement			13,652	13,652
Courts	11,000	11,000	9,630	(1,370)
Local capital improvement program	115,802	115,802	114,566	(1,236)
Telecomm. property tax share	88,000	88,000	68,464	(19,536)
Pequot grant	27,523	27,523	27,987	464
Manufacturer's machinery and equipment reimbursement	4,800	4,800	8,565	3,765
DMHAS grant	3,105	3,105		(3,105)
Miscellaneous State/Federal grant	1,850	1,850	1,871	21
Total general government	<u>956,990</u>	<u>956,990</u>	<u>979,775</u>	<u>22,785</u>
Board of Education:				
Education cost sharing	1,576,061	1,576,061	1,267,470	(308,591)
Transportation	43,392	43,392	22,108	(21,284)
School building grants - principal	55,811	55,811	92,840	37,029
School building grants - interest	11,357	11,357	11,358	1
Private school health and welfare	16,991	16,991	15,902	(1,089)
Facilities Rental	25,000	25,000	26,917	1,917
Miscellaneous	1,148	1,148	93,946	92,798
Total board of education	<u>1,729,760</u>	<u>1,729,760</u>	<u>1,530,541</u>	<u>(199,219)</u>
Total intergovernmental revenue	<u>2,686,750</u>	<u>2,686,750</u>	<u>2,510,316</u>	<u>(176,434)</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Licenses, fees and charges for services:				
General government:				
Board of Selectman	\$ 239,072	\$ 239,072	\$ 272,639	\$ 33,567
Town Clerk	672,000	672,000	532,134	(139,866)
Registrars	3,500	3,500		(3,500)
Public Works	8,620	8,620	17,497	8,877
Police Department	70,012	70,012	86,659	16,647
Fire, ambulance and civil preparedness	2,000	2,000	1,613	(387)
Land Use	33,000	33,000	17,281	(15,719)
Building Department	352,500	352,500	312,161	(40,339)
Beach and Recreation	344,360	344,360	298,377	(45,983)
Youth Services	70,028	70,028	66,054	(3,974)
Senior Citizens Council	800	800	1,410	610
Health Department	1,200	1,200	1,952	752
Total licenses, fees and charges for goods and services	<u>1,797,092</u>	<u>1,797,092</u>	<u>1,607,777</u>	<u>(189,315)</u>
Other financing sources:				
Transfer in - Dog Fund	4,100	4,100	4,100	-
Transfer in - Beach and Recreation	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Total other financing sources	<u>154,100</u>	<u>154,100</u>	<u>154,100</u>	<u>-</u>
Total	\$ <u>68,139,043</u>	\$ <u>68,139,043</u>	68,151,710	\$ <u>12,667</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

3,540,727

Special education excess cost grant is reported gross for GAAP purposes.

963,287

Proceeds from sale of refunding bonds

19,599,930

Cancellation of prior year encumbrances are recognized as

budgetary revenue

(80,832)Total Revenues and Other Financing Sources as Reported on the
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds - Exhibit IV\$ 92,174,822

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Board of Selectmen	\$ 180,123	\$ 185,445	\$ 181,576	\$ 3,869
Human Resources	70,900	71,130	67,663	3,467
Fiscal services	242,891	247,930	231,096	16,834
Town Counsel	460,000	460,000	427,079	32,921
Town Clerk	142,101	142,101	139,642	2,459
Election expense (Registrars)	49,350	62,050	60,168	1,882
Assessor's Office	139,135	144,635	142,706	1,929
Board of Assessment appeals	675	675	228	447
Tax Collector	167,114	171,114	167,695	3,419
Courts	6,945	6,945	5,193	1,752
Technology	139,632	139,632	138,348	1,284
Total	1,598,866	1,631,657	1,561,394	70,263
Public Safety:				
Police service	2,656,693	2,747,345	2,735,568	11,777
Animal control	53,545	52,045	49,249	2,796
Communications	490,317	512,885	512,199	686
Fire/ambulance/civil preparedness	1,149,064	1,149,064	1,150,631	(1,567)
Total	4,349,619	4,461,339	4,447,647	13,692
Public Works:				
Public Works	1,112,146	1,128,614	1,122,504	6,110
Highway	757,810	783,340	755,827	27,513
Maintenance	751,222	758,275	730,084	28,191
Landfill	170,500	147,070	145,978	1,092
Total	2,791,678	2,817,299	2,754,393	62,906
Land and Building Administration:				
Land Use Office	236,713	261,713	233,136	28,577
Conservation Commission	5,244	5,244	5,235	9
Economic Development	9,850	3,829	2,740	1,089
Building Department	149,541	151,967	146,690	5,277
Town Campus Operations	64,500	64,500	46,270	18,230
Total	465,848	487,253	434,071	53,182
Health and Welfare:				
Department of Health	180,579	180,579	174,478	6,101
VNA	72,271	72,271	72,271	-
Youth Services	570,608	570,608	550,476	20,132
Community Support Services	23,949	23,949	23,949	-
Senior Citizen Council	271,552	271,552	261,261	10,291
Total	1,118,959	1,118,959	1,082,435	36,524
Beach and Recreation	458,247	458,247	425,039	33,208

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Board of Education:				
Public Schools	\$ 40,177,575	\$ 40,177,575	\$ 39,749,085	\$ 428,490
Private Schools	297,015	297,015	278,040	18,975
Health Benefit	5,316,935	5,316,935	5,316,935	-
Total	<u>45,791,525</u>	<u>45,791,525</u>	<u>45,344,060</u>	<u>447,465</u>
Library	<u>1,241,069</u>	<u>1,243,569</u>	<u>1,243,569</u>	<u>-</u>
Employee Benefits - Town	<u>3,117,145</u>	<u>3,209,144</u>	<u>3,139,497</u>	<u>69,647</u>
Miscellaneous:				
General insurance	208,753	212,024	212,024	-
Contingency	100,000	1,977		1,977
Other	262,368	172,084	138,002	34,082
Total	<u>571,121</u>	<u>386,085</u>	<u>350,026</u>	<u>36,059</u>
Capital Outlay:				
Courts	4,500	4,500		4,500
Fire/ambulance/civil preparedness	34,000	34,000	33,285	715
Public Works	10,000	5,000	5,000	-
General Government	103,100	103,100	98,674	4,426
Total	<u>151,600</u>	<u>146,600</u>	<u>136,959</u>	<u>9,641</u>
Debt Service:				
General government	1,326,374	1,326,374	1,326,374	-
Board of Education	3,045,190	3,045,190	3,025,382	19,808
Total	<u>4,371,564</u>	<u>4,371,564</u>	<u>4,351,756</u>	<u>19,808</u>
Total expenditures	<u>66,027,241</u>	<u>66,123,241</u>	<u>65,270,846</u>	<u>852,395</u>
Transfers to other funds:				
Reserve Fund	<u>2,361,802</u>	<u>2,764,802</u>	<u>2,764,802</u>	<u>-</u>
Total	<u>\$ 68,389,043</u>	<u>\$ 68,888,043</u>	68,035,648	<u>\$ 852,395</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	3,540,727
Special education excess cost grant is reported gross for GAAP purposes.	963,287
Bond issuance costs	172,122
Payment to refunded bond escrow agent	19,427,808
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>(159,455)</u>

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 91,980,137

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 4,426,786	\$ 6,564,615
Investments	11,505,600	10,998,538
Uncollected property taxes, net of allowance for uncollectible amounts	714,472	653,935
Assessments receivable	44,064	53,660
Due from State and Federal governments	318,446	259,691
Accounts receivable	46,058	40,231
Interest receivable	200,439	178,047
Due from other funds	<u>957,590</u>	<u>491,628</u>
Total Assets	<u>\$ 18,213,455</u>	<u>\$ 19,240,345</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 1,138,973	\$ 612,673
Property taxes collected in advance		4,101,704
Due to other funds	6,964,227	4,616,613
Deferred revenue	<u>1,046,133</u>	<u>1,039,918</u>
Total liabilities	<u>9,149,333</u>	<u>10,370,908</u>
Fund balance:		
Reserved for encumbrances	630,966	552,345
Unreserved:		
Designated for subsequent year's budget	250,000	250,000
Undesignated	<u>8,183,156</u>	<u>8,067,092</u>
Total fund balance	<u>9,064,122</u>	<u>8,869,437</u>
Total Liabilities and Fund Balance	<u>\$ 18,213,455</u>	<u>\$ 19,240,345</u>

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2010

Grand List	Uncollected Taxes July 1, 2009	Lawful Corrections		Over Payments	Transfers to Suspense	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2010
		Additions	Deductions				Taxes	Interest	Fees	Total	
2008	\$ 63,412,814	\$ 44,641	\$ 187,013	\$ 207	\$	\$ 63,270,649	\$ 62,913,828	\$ 136,965	\$ 1,905	\$ 63,052,698	\$ 356,821
2007	354,909	2,406	110,318	18,464		265,461	134,537	34,378	1,169	170,084	130,924
2006	114,322	297	3,900	2,480		113,199	25,260	6,664	96	32,020	87,939
2005	72,643	67	853	169		72,026	8,336	2,642	72	11,050	63,690
2004	57,117		1,142	151		56,126	(626)	19		(607)	56,752
2003	42,743	234	855		29,009	13,113	(518)	86		(432)	13,631
2002	7,296	190	587			6,899	(190)	316		126	7,089
2001	4,729	1,136	139			5,726	997	1,374		2,371	4,729
2000	5,743	423				6,166	423	659		1,082	5,743
1999	5,753	223				5,976	223	369		592	5,753
1998	5,531	267				5,798	267	501		768	5,531
1997	5,703	42				5,745	42	83		125	5,703
1996	5,632	19				5,651	19	40		59	5,632
1995	5,596					5,596				-	5,596
1994	7,439					7,439				-	7,439
Total	\$ 64,107,970	\$ 49,945	\$ 304,807	\$ 21,471	\$ 29,009	\$ 63,845,570	63,082,598	\$ 184,096	\$ 3,242	\$ 63,269,936	\$ 762,972

Property taxes receivable considered available:

June 30, 2009

(105,415)

June 30, 2010

142,051

Property Tax Revenues

\$ 63,119,234

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, 2010

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
11th Course Stipends	\$ 21,000	\$ 24,950	\$ 24,938	\$ 12
Certified teachers	20,757,438	20,580,467	20,353,518	226,949
Certified administrators	2,106,917	2,138,295	2,138,295	-
Extra pay/extra duty	76,256	69,108	69,108	-
Co-curricular salaries	342,141	327,769	318,754	9,015
Early retirement	496,024	484,388	484,321	67
Directors/managers	224,033	223,285	222,972	313
Extra Curricular	26,445	26,445	23,173	3,272
Office staff	1,351,136	1,355,232	1,348,258	6,974
Paraprofessional	1,239,408	1,206,634	1,199,093	7,541
Custodians	1,389,288	1,340,854	1,327,776	13,078
Media staff	199,539	195,960	195,762	198
Security	115,990	114,124	112,528	1,596
School health services	337,452	331,893	330,744	1,149
Athletic trainer	30,975	30,975	30,975	-
Attendance incentive	12,318	13,885	13,885	-
Occupational Therapist	268,451	279,428	279,189	239
Substitute teachers	195,000	357,526	355,240	2,286
Certified substitutes/special education	13,200	34,131	27,722	6,409
Substitutes/school health services	10,000	21,133	19,315	1,818
Paraprofessional substitutes	10,000	14,000	13,756	244
Classified substitutes	14,500	15,245	11,559	3,686
Overtime	56,493	65,985	77,380	(11,395)
Custodial/casual labor	30,240	38,740	35,170	3,570
Life insurance	90,300	90,284	89,581	703
Social security	420,068	410,948	404,211	6,737
Medicare	396,521	382,221	365,630	16,591
FAS administration	6,240	6,256	6,256	-
Pension administration	534,036	525,342	525,342	-
Unemployment	10,000	79,507	79,503	4
Worker's compensation	260,489	279,395	279,389	6
Disability insurance	68,673	68,673	67,482	1,191
Labor and legal services	150,000	67,000	67,000	-
Program evaluation	53,489	54,115	47,630	6,485
Staff development	194,676	98,381	92,022	6,359

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
NEASC Accreditation Services	\$ 27,942	\$ 15,563	\$ 15,550	\$ 13
Student services	50,201	58,398	57,308	1,090
Adult education	50,000	50,000	50,000	-
Professional/technical services	479,538	470,538	450,041	20,497
Athletic medical	7,791	6,591	6,333	258
Disposal/recycling	75,600	72,300	72,242	58
Snow removal	30,000	30,000	30,000	-
Repairs and maintenance	262,610	292,143	280,376	11,767
Technical/infrastructure	22,000	22,000	21,999	1
Emergency maintenance	50,000	52,734	52,734	-
Kitchen maintenance	4,401	7,901	5,904	1,997
Treatment plant repairs	11,300	26,558	26,558	-
Repair/contracts	68,500	86,842	84,922	1,920
Alarm services	15,872	6,372	6,235	137
Telephone maintenance	14,024	14,024	14,004	20
Rental agreements	16,049	22,058	21,101	957
Tree services	8,828	8,828	8,828	-
Purchase services	550	550	325	225
Student activity transportation	105,971	121,436	116,825	4,611
Regular transportation	1,610,000	1,610,000	1,600,121	9,879
Fuel transportation	315,000	315,000	315,000	-
School choice transportation	67,500	1,000	840	160
Special education transportation	700,350	913,585	913,585	-
General insurance	201,428	196,527	196,518	9
Educator's legal insurance	13,468	19,565	19,565	-
Student insurance	13,173	12,635	12,635	-
Telecommunications	167,982	121,482	116,063	5,419
Postage	40,336	29,726	29,200	526
Reports/public relations	8,438	6,678	6,528	150
Legal notices and ads	4,500	4,500	2,165	2,335
Printing and binding	68,822	56,339	54,723	1,616
Printing/instructional supplies	99,839	76,304	68,465	7,839
External placement - public	175,120	155,893	155,893	-
Tuition/Typicals	(43,200)	(41,450)	(41,570)	120
Excess cost reimbursement	(210,484)	(210,484)	(210,484)	-
External placement - private*	414,961	598,293	596,746	1,547
School choice tuition	35,216	19,997	19,992	5
Extended year services	101,762	88,201	86,871	1,330
External placement/regular ed	10,000	105,961	105,961	-

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
Travel - staff	\$ 23,613	\$ 19,935	\$ 18,044	\$ 1,891
Travel - Board of Education	320	320	42	278
Miscellaneous purchased services	5,900	5,900	4,860	1,040
Office supplies	36,773	37,432	34,649	2,783
Instructional supplies	477,573	449,646	445,086	4,560
Instructional software	18,000	18,000	17,998	2
Custodial and maintenance supplies	91,000	149,812	149,812	-
Maintenance Supplies	68,000	89,800	89,800	-
Field maintenance	77,900	77,900	77,895	5
Gas services	375,346	244,417	236,814	7,603
Heating fuel	158,095	158,095	157,339	756
Water	29,283	28,283	25,641	2,642
Electricity	1,012,675	867,621	867,378	243
Equipment maintenance	8,672	17,782	16,763	1,019
Textbooks - replacement	62,167	58,226	56,684	1,542
Textbooks - new	108,882	112,352	111,999	353
Media supplies	85,777	84,675	83,577	1,098
Periodicals	27,694	24,866	23,849	1,017
Print Collection	105,646	74,986	74,791	195
Staff uniforms	5,258	5,258	5,222	36
Uniforms/student groups	18,500	18,101	18,101	-
Supplies	57,068	60,011	53,916	6,095
Equipment	152,843	166,678	165,793	885
Software	185,700	216,360	216,350	10
Equipment-lease purchase	44,314			-
Computer hardware	270,000	312,424	311,874	550
Vehicles		16,414	16,414	-
Furniture and fixtures		85,181	83,788	1,393
Public safety	6,623	6,623	6,461	162
Dues, fees and memberships	54,629	46,489	43,740	2,749
Athletic event fees	5,200	6,826	6,826	-
Total	\$ 40,177,575	\$ 40,257,575	\$ 39,829,085	\$ 428,490

* Amounts include an additional appropriation of \$80,000 for a transfer to the Capital Projects Fund.

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	<u>Special Revenue</u>								
	<u>Dog</u>	<u>Shellfish Commission</u>	<u>Grants and Miscellaneous Projects</u>	<u>Cafeteria</u>	<u>Special Education Grants</u>	<u>Town Aid Road</u>	<u>Police Seizure</u>	<u>Beach and Recreation Program</u>	<u>Beach and Recreation Grants</u>
ASSETS									
Cash and cash equivalents	\$ 53,653	\$ 65,654	\$ 320,086	\$ 309,771	\$ 556,977	\$ 161,900	\$ 25	\$ 100	\$
Accounts receivable				7,026					
Due from other funds	1,165					128	3,284	101,636	10,947
Due from other governments			7,486	13,998	675,919				
Inventory				16,378					
Total Assets	<u>\$ 54,818</u>	<u>\$ 65,654</u>	<u>\$ 327,572</u>	<u>\$ 347,173</u>	<u>\$ 1,232,896</u>	<u>\$ 162,028</u>	<u>\$ 3,309</u>	<u>\$ 101,736</u>	<u>\$ 10,947</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$	\$	\$ 6,462	\$ 922	\$ 19,875	\$	\$	\$ 14,560	\$
Due to other funds		21,412	1,176	365,978	525,195				
Due to other governments	3,009								
Deferred revenue					424,295				
Total liabilities	<u>3,009</u>	<u>21,412</u>	<u>7,638</u>	<u>366,900</u>	<u>969,365</u>	<u>-</u>	<u>-</u>	<u>14,560</u>	<u>-</u>
Fund balance:									
Reserved:									
Encumbrances			276		124,877			278	
Trust purposes									
Undesignated	51,809	44,242	319,658	(19,727)	138,654	162,028	3,309	86,898	10,947
Total fund balance	<u>51,809</u>	<u>44,242</u>	<u>319,934</u>	<u>(19,727)</u>	<u>263,531</u>	<u>162,028</u>	<u>3,309</u>	<u>87,176</u>	<u>10,947</u>
Total Liabilities and Fund Balances	<u>\$ 54,818</u>	<u>\$ 65,654</u>	<u>\$ 327,572</u>	<u>\$ 347,173</u>	<u>\$ 1,232,896</u>	<u>\$ 162,028</u>	<u>\$ 3,309</u>	<u>\$ 101,736</u>	<u>\$ 10,947</u>

(Continued on next page)

**TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)**

JUNE 30, 2010

	<u>Special Revenue</u>							<u>Total</u>
	<u>Toy Fund</u>	<u>Partnership for Success</u>	<u>Energy Grants</u>	<u>Madison Board of Education Donations</u>	<u>Emergency Kits</u>	<u>Ryerson Video Production</u>	<u>Island Avenue Classical CD</u>	
ASSETS								
Cash and cash equivalents	\$ 13,984			\$ 31,982	\$ 585	\$ 117	\$ 16	\$ 1,514,850
Accounts receivable								7,026
Due from other funds		2,027		665				119,852
Due from other governments			39,452					736,855
Inventory								16,378
Total Assets	<u>\$ 13,984</u>	<u>\$ 2,027</u>	<u>\$ 39,452</u>	<u>\$ 32,647</u>	<u>\$ 585</u>	<u>\$ 117</u>	<u>\$ 16</u>	<u>\$ 2,394,961</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 3,160	\$ 1,117						\$ 42,936
Due to other funds			39,452					956,373
Due to other governments								3,009
Deferred revenue								424,295
Total liabilities	<u>3,160</u>	<u>1,117</u>	<u>39,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426,613</u>
Fund balance:								
Reserved:								
Encumbrances			17,286	2,287				145,004
Trust purposes				30,360	585	117	16	31,078
Undesignated	10,824	910	(17,286)					792,266
Total fund balance	<u>10,824</u>	<u>910</u>	<u>-</u>	<u>32,647</u>	<u>585</u>	<u>117</u>	<u>16</u>	<u>968,348</u>
Total Liabilities and Fund Balances	<u>\$ 13,984</u>	<u>\$ 2,027</u>	<u>\$ 39,452</u>	<u>\$ 32,647</u>	<u>\$ 585</u>	<u>\$ 117</u>	<u>\$ 16</u>	<u>\$ 2,394,961</u>

(Continued on next page)

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

JUNE 30, 2010

	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	\$ 4,400	\$ 301,200	\$ 426,800	\$ 738,533	\$ 2,253,383
Accounts receivable							-	7,026
Due from other funds				68	153	109	330	120,182
Due from other governments							-	736,855
Inventory							-	16,378
Total Assets	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,468</u>	<u>\$ 301,353</u>	<u>\$ 426,909</u>	<u>\$ 738,863</u>	<u>\$ 3,133,824</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	-	\$ 42,936
Due to other funds							-	956,373
Due to other governments							-	3,009
Deferred revenue							-	424,295
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,426,613</u>
Fund balance:								
Reserved:								
Encumbrances							-	145,004
Trust purposes	121	5,000	1,012	4,468	301,353	426,909	738,863	769,941
Undesignated							-	792,266
Total fund balance	<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,468</u>	<u>301,353</u>	<u>426,909</u>	<u>738,863</u>	<u>1,707,211</u>
Total Liabilities and Fund Balances	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,468</u>	<u>\$ 301,353</u>	<u>\$ 426,909</u>	<u>\$ 738,863</u>	<u>\$ 3,133,824</u>

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

Special Revenue

	<u>Dog</u>	<u>Shellfish Commission</u>	<u>Grants and Miscellaneous Projects</u>	<u>Cafeteria Fund</u>	<u>Special Education Grants</u>	<u>Town Aid Road</u>	<u>Police Seizure</u>	<u>Beach and Recreation Program</u>	<u>Beach and Recreation Grants</u>
Revenues:									
Intergovernmental	\$	\$ 4,500	\$ 206,158	\$ 121,582	\$ 1,577,937	\$ 160,695	\$	\$	\$
Charges for services	6,017	6,093		987,437				857,593	10,000
Income on investments	637	14	466	13		418			
Contribution			24,948						
Miscellaneous	1,020		75,051						
Total revenues	<u>7,674</u>	<u>10,607</u>	<u>306,623</u>	<u>1,109,032</u>	<u>1,577,937</u>	<u>161,113</u>	<u>-</u>	<u>857,593</u>	<u>10,000</u>
Expenditures:									
General government			1,925						
Public safety	3,009		67,722						
Public works			186			95,000			
Health and welfare		10,198	196,891						
Beach and recreation								740,626	19,833
Education			21,594	1,122,186	1,329,361				
Miscellaneous			61,952						
Total expenditures	<u>3,009</u>	<u>10,198</u>	<u>350,270</u>	<u>1,122,186</u>	<u>1,329,361</u>	<u>95,000</u>	<u>-</u>	<u>740,626</u>	<u>19,833</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,665</u>	<u>409</u>	<u>(43,647)</u>	<u>(13,154)</u>	<u>248,576</u>	<u>66,113</u>	<u>-</u>	<u>116,967</u>	<u>(9,833)</u>
Other Financing Uses									
Transfers out	<u>(4,100)</u>							<u>(150,000)</u>	
Net Change in Fund Balances	565	409	(43,647)	(13,154)	248,576	66,113	-	(33,033)	(9,833)
Fund Balance, July 1, 2009	<u>51,244</u>	<u>43,833</u>	<u>363,581</u>	<u>(6,573)</u>	<u>14,955</u>	<u>95,915</u>	<u>3,309</u>	<u>120,209</u>	<u>20,780</u>
Fund Balance, June 30, 2010	<u>\$ 51,809</u>	<u>\$ 44,242</u>	<u>\$ 319,934</u>	<u>\$ (19,727)</u>	<u>\$ 263,531</u>	<u>\$ 162,028</u>	<u>\$ 3,309</u>	<u>\$ 87,176</u>	<u>\$ 10,947</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

		<u>Special Revenue</u>							
		<u>Toy</u>	<u>Partnership</u>	<u>Energy</u>	<u>Madison</u>	<u>Emergency</u>	<u>Ryerson</u>	<u>Island</u>	
		<u>Fund</u>	<u>for</u>	<u>Grants</u>	<u>Board of</u>	<u>Kits</u>	<u>Video</u>	<u>Avenue</u>	<u>Total</u>
			<u>Success</u>		<u>Education</u>		<u>Production</u>	<u>Classical</u>	
					<u>Donations</u>			<u>CD</u>	
Revenues:									
Intergovernmental	\$		\$ 19,999	\$ 39,452	\$	\$	\$	\$	\$ 2,130,323
Charges for services									1,867,140
Income on investments					1,794	18	4		3,364
Contribution		3,185			45,964				74,097
Miscellaneous					4,149				80,220
Total revenues		<u>3,185</u>	<u>19,999</u>	<u>39,452</u>	<u>51,907</u>	<u>18</u>	<u>4</u>	<u>-</u>	<u>4,155,144</u>
Expenditures:									
General government									1,925
Public safety									70,731
Public works									95,186
Health and welfare			19,089						226,178
Beach and recreation									760,459
Education					47,169				2,520,310
Miscellaneous		3,160		39,452					104,564
Total expenditures		<u>3,160</u>	<u>19,089</u>	<u>39,452</u>	<u>47,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,779,353</u>
Excess (Deficiency) of Revenues over Expenditures		<u>25</u>	<u>910</u>	<u>-</u>	<u>4,738</u>	<u>18</u>	<u>4</u>	<u>-</u>	<u>375,791</u>
Other Financing Uses									
Transfers out									(154,100)
Net Change in Fund Balances		25	910	-	4,738	18	4	-	221,691
Fund Balance, July 1, 2009		<u>10,799</u>			<u>27,909</u>	<u>567</u>	<u>113</u>	<u>16</u>	<u>746,657</u>
Fund Balance, June 30, 2010	\$	<u>10,824</u>	\$ 910	\$ -	\$ 32,647	\$ 585	\$ 117	\$ 16	\$ 968,348

(Continued on next page)

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

		<u>Permanent</u>							
		<u>Emma J. Mellon</u>	<u>Augustus M. Dowd</u>	<u>Walter H. Coe Park</u>	<u>Daniel Hand Trust</u>	<u>Charlotte Dowd Scholarship</u>	<u>Harold C. Strong Trust</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:									
	Intergovernmental	\$	\$	\$	\$	\$	\$	-	\$ 2,130,323
	Charges for services							-	1,867,140
	Income on investments	1			17	1,108	1,560	2,686	6,050
	Contribution							-	74,097
	Miscellaneous							-	80,220
	Total revenues	<u>1</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>1,108</u>	<u>1,560</u>	<u>2,686</u>	<u>4,157,830</u>
Expenditures:									
	General government							-	1,925
	Public safety							-	70,731
	Public works							-	95,186
	Health and welfare							-	226,178
	Beach and recreation							-	760,459
	Education					1,137		1,137	2,521,447
	Miscellaneous							-	104,564
	Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,137</u>	<u>-</u>	<u>1,137</u>	<u>3,780,489</u>
Excess (Deficiency) of Revenues over Expenditures		<u>1</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>(29)</u>	<u>1,560</u>	<u>1,549</u>	<u>377,341</u>
Other Financing Uses									
	Transfers out							-	(154,100)
Net Change in Fund Balances		1	-	-	17	(29)	1,560	1,549	223,241
Fund Balance, July 1, 2009		<u>120</u>	<u>5,000</u>	<u>1,012</u>	<u>4,451</u>	<u>301,382</u>	<u>425,349</u>	<u>737,314</u>	<u>1,483,970</u>
Fund Balance, June 30, 2010		<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,468</u>	<u>\$ 301,353</u>	<u>\$ 426,909</u>	<u>\$ 738,863</u>	<u>\$ 1,707,211</u>

TOWN OF MADISON, CONNECTICUT

RESERVE FUND (CAPITAL PROJECTS)

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH THE APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2010

Project	Total Appropriations	Expenditures and Encumbrances	Unexpended Balance June 30, 2010
Reserve Fund:			
Technology	\$ 306,803	\$ 119,886	\$ 186,917
Major roads	1,229,087	134,123	1,094,964
Madison Fire Department:			
Truck replacement	452,090	264,049	188,041
Hose replacement	21,281	12,171	9,110
North Madison Fire Department:			
Truck replacement	261,305	113,504	147,801
Hose replacement	39,575	21,986	17,589
Ambulance	113,387		113,387
Planned/cycled maintenance - BOE	653,502	403,665	249,837
Planned/cycled maintenance - Town	255,098	150,452	104,646
Facilities reserve	3,000,942	1,456,275	1,544,667
Communication equipment	254,928	237,277	17,651
Vehicle replacement	64,793	64,793	
North Madison water tanks	95,652	4,315	91,337
Town vehicles	337,123	185,015	152,108
Town center renovation	103,549	82,590	20,959
Energy assistance - utilities	28,607	13,813	14,794
Severance pay	234,946	76,459	158,487
Self-insurance	111,323	63,537	47,786
Revaluation	140,111	5,000	135,111
Open space reserve	334,064		334,064
BOE External Placements	80,000		80,000
GASB 45 reserve	60,000	11,675	48,325
DHHS Softball fields	427	390	37
Planning reserve	125,938	15,900	110,038
	<u>8,304,531</u>	<u>3,436,875</u>	<u>4,867,656</u>
Total Reserve Fund	\$ 8,304,531	\$ 3,436,875	\$ 4,867,656

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2010</u>	<u>2009</u>
Assets:				
Cash and cash equivalents	\$ 2,151,812	\$ 21,031	\$ 2,172,843	\$ 2,764,321
Accounts receivable	440,700		440,700	
Due from other funds	299		299	561
Total assets	<u>2,592,811</u>	<u>21,031</u>	<u>2,613,842</u>	<u>2,764,882</u>
Liabilities:				
Risk management claims	<u>581,300</u>		<u>581,300</u>	<u>540,116</u>
Net Assets:				
Restricted net assets		21,031	21,031	29,559
Unrestricted net assets	<u>2,011,511</u>		<u>2,011,511</u>	<u>2,195,207</u>
Total Net Assets	<u>\$ 2,011,511</u>	<u>\$ 21,031</u>	<u>\$ 2,032,542</u>	<u>\$ 2,224,766</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETSFOR THE YEAR ENDED JUNE 30, 2010 WITH
COMPARATIVE TOTALS FOR 2009

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2010</u>	<u>2009</u>
Operating revenues:				
Employee contributions and charges for services	\$ 8,283,819	176,657	\$ 8,460,476	\$ 7,969,912
Operating expenses:				
Administrative expense	761,538		761,538	722,255
Employee benefits	7,710,799	185,185	7,895,984	6,459,373
Total operating expenses	<u>8,472,337</u>	<u>185,185</u>	<u>8,657,522</u>	<u>7,181,628</u>
Operating Income (Loss)	(188,518)	(8,528)	(197,046)	788,284
Nonoperating Revenue:				
Interest income	4,822		4,822	19,373
Net Income (Loss)	(183,696)	(8,528)	(192,224)	807,657
Net Assets, July 1, 2009	<u>2,195,207</u>	<u>29,559</u>	<u>2,224,766</u>	<u>1,417,109</u>
Net Assets, June 30, 2010	<u>\$ 2,011,511</u>	<u>\$ 21,031</u>	<u>\$ 2,032,542</u>	<u>\$ 2,224,766</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Health	Flexible	Total	
	Benefits	Spending	2010	2009
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 7,843,119	\$ 176,657	\$ 8,019,776	\$ 7,971,753
Cash payments for claims paid	(7,669,353)	(185,185)	(7,854,538)	(6,472,281)
Cash payments to providers of benefits	(761,538)		(761,538)	(722,255)
Net cash provided by (used in) operating activities	<u>(587,772)</u>	<u>(8,528)</u>	<u>(596,300)</u>	<u>777,217</u>
Cash Flows from Investing Activities:				
Income on investments	<u>4,822</u>		<u>4,822</u>	<u>19,373</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(582,950)	(8,528)	(591,478)	796,590
Cash and Cash Equivalents at Beginning of Year	<u>2,734,762</u>	<u>29,559</u>	<u>2,764,321</u>	<u>1,967,731</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,151,812</u>	<u>\$ 21,031</u>	<u>\$ 2,172,843</u>	<u>\$ 2,764,321</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (188,518)	\$ (8,528)	\$ (197,046)	\$ 788,284
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase in receivables	(440,700)		(440,700)	
Decrease in due from other funds	262		262	1,841
Increase (decrease) in other liabilities	<u>41,184</u>		<u>41,184</u>	<u>(12,908)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (587,772)</u>	<u>\$ (8,528)</u>	<u>\$ (596,300)</u>	<u>\$ 777,217</u>

TOWN OF MADISON, CONNECTICUT
AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	<u>Performance Bonds</u>	<u>Police Explorers Post 492</u>	<u>Police Medical</u>	<u>Student Activities</u>	<u>Alumni Activities</u>	<u>Summer School</u>	<u>Athletic Registrations</u>	<u>DHHS Athletics</u>	<u>Total</u>
Assets:									
Cash and cash equivalents	\$ 438,597	\$ 7,651	\$	\$ 300,127	\$ 4,023	\$ 4,806	\$	\$ 1,080	\$ 756,284
Investments			94,909						94,909
Due from other funds						2,311	11,365		13,676
Total Assets	\$ 438,597	\$ 7,651	\$ 94,909	\$ 300,127	\$ 4,023	\$ 7,117	\$ 11,365	\$ 1,080	\$ 864,869
Liabilities:									
Due to employees, students or others	\$ 438,597	\$ 7,227	\$ 94,909	\$ 300,127	\$ 4,023	\$ 7,117	\$ 11,365	\$ 286	\$ 863,651
Due to other funds		424						794	1,218
Total Liabilities	\$ 438,597	\$ 7,651	\$ 94,909	\$ 300,127	\$ 4,023	\$ 7,117	\$ 11,365	\$ 1,080	\$ 864,869

TOWN OF MADISON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 514,405	\$ 9,523	\$ 85,331	\$ 438,597
Liabilities:				
Due to employees, students or others	\$ 514,405	\$ 9,523	\$ 85,331	\$ 438,597
Police Explorers Post 492				
Assets:				
Cash and cash equivalents	\$ 6,545	\$ 1,106	\$ -	\$ 7,651
Liabilities:				
Due to employees, students or others	\$ 6,177	\$ 1,050	\$ -	\$ 7,227
Due to other funds	368	56		424
Total Liabilities	\$ 6,545	\$ 1,106	\$ -	\$ 7,651
Police Medical				
Assets:				
Investments	\$ 241,786	\$ 39,601	\$ 186,478	\$ 94,909
Liabilities:				
Due to employees, students or others	\$ 241,786	\$ 39,601	\$ 186,478	\$ 94,909
Student Activities				
Assets:				
Cash and cash equivalents	\$ 283,834	\$ 572,574	\$ 556,281	\$ 300,127
Liabilities:				
Due to employees, students or others	\$ 283,834	\$ 572,574	\$ 556,281	\$ 300,127
Alumni Activities				
Assets:				
Cash and cash equivalents	\$ 8,383	\$ -	\$ 4,360	\$ 4,023
Liabilities:				
Due to employees, students or others	\$ 8,383	\$ -	\$ 4,360	\$ 4,023

(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, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
Summer School				
Assets:				
Cash and cash equivalents	\$ 4,806	\$	\$	\$ 4,806
Due from other funds	2,311			2,311
Total Assets	<u>\$ 7,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,117</u>
Liabilities:				
Due to employees, students or others	\$ 7,117			\$ 7,117
Total Liabilities	<u>\$ 7,117</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,117</u>
Athletic Registrations				
Assets:				
Due from other funds	\$ 870	\$ 134,626	\$ 124,131	\$ 11,365
Liabilities:				
Due to employees, students or others	\$ 870	\$ 134,626	\$ 124,131	\$ 11,365
DHHS Athletics				
Assets:				
Cash and cash equivalents	\$ 12,491	\$ 51,390	\$ 62,801	\$ 1,080
Liabilities:				
Due to employees, students or others	\$ 7,193	\$ 51,390	\$ 58,297	\$ 286
Due to other funds	5,298		4,504	794
Total Liabilities	<u>\$ 12,491</u>	<u>\$ 51,390</u>	<u>\$ 62,801</u>	<u>\$ 1,080</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 830,464	\$ 634,593	\$ 708,773	\$ 756,284
Investments	241,786	39,601	186,478	94,909
Due from other funds	3,181	134,626	124,131	13,676
Total Liabilities	<u>\$ 1,075,431</u>	<u>\$ 808,820</u>	<u>\$ 1,019,382</u>	<u>\$ 864,869</u>
Liabilities:				
Due to employees and others	\$ 1,069,765	\$ 808,764	\$ 1,014,878	\$ 863,651
Due to other funds	5,666	56	4,504	1,218
Total Liabilities	<u>\$ 1,075,431</u>	<u>\$ 808,820</u>	<u>\$ 1,019,382</u>	<u>\$ 864,869</u>

TOWN OF MADISON, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2010

Total tax collections (including interest and lien fees) received for
year ended June 30, 2010 \$ 63,269,936

Reimbursement for revenue loss on:

Tax relief for elderly - freeze -

Base \$ 63,269,936

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 142,357,356	\$	\$	\$	\$
4-1/2 times base		284,714,712			
3-3/4 times base			237,262,260		
3-1/4 times base				205,627,292	
3 times base					189,809,808
	<u>142,357,356</u>	<u>284,714,712</u>	<u>237,262,260</u>	<u>205,627,292</u>	<u>189,809,808</u>
Total debt limitation	<u>142,357,356</u>	<u>284,714,712</u>	<u>237,262,260</u>	<u>205,627,292</u>	<u>189,809,808</u>
Indebtedness:					
Bonds and notes payable	16,212,000	26,218,000			
Bonds authorized and unissued	5,515,000				
School building grants receivable		(203,880)			
	<u>21,727,000</u>	<u>26,014,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness	<u>21,727,000</u>	<u>26,014,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 120,630,356</u>	<u>\$ 258,700,592</u>	<u>\$ 237,262,260</u>	<u>\$ 205,627,292</u>	<u>\$ 189,809,808</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation \$426,372,879