

TOWN OF MADISON, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2012

TOWN OF MADISON, CONNECTICUT

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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, 2012, 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, 2012, 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 8, 2012 on our consideration of the Town of Madison, Connecticut's internal control over financial reporting and 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 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 assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, the budgetary comparison information on pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Madison, Connecticut's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

December 8, 2012

**TOWN OF MADISON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012. 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 \$3.4 million, or 3.8%.
- During the year, the Town had expenses that were \$3.4 million less than the \$81.5 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$78.0 million with no new programs added this year.
- The General Fund reported a fund balance this year of \$10 million.
- The resources available for appropriation were \$837 thousand more than budgeted for the General Fund. Expenditures were \$802 thousand less than budgeted for the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net 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 3.8% from a year ago from \$90.5 million to \$93.5 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	
	2012	2011
Current and other assets	\$ 31,650,387	\$ 31,805,676
Capital assets, net of accumulated depreciation	116,065,673	116,375,098
Total assets	<u>147,716,060</u>	<u>148,180,774</u>
Long-term debt outstanding	47,506,640	51,545,641
Other liabilities	6,727,231	6,584,547
Total liabilities	<u>54,233,871</u>	<u>58,130,188</u>
Net Assets:		
Invested in capital assets, net of debt	76,395,822	73,287,084
Restricted	383,856	218,552
Unrestricted	<u>16,702,511</u>	<u>16,544,950</u>
Total Net Assets	<u>\$ 93,482,189</u>	<u>\$ 90,050,586</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 \$158 thousand over last year.

**TABLE 2
CHANGES IN NET ASSETS**

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 3,300,950	\$ 3,457,268
Operating grants and contributions	10,116,605	8,863,414
Capital grants and contributions	12,342	23,349
General revenues:		
Property taxes	66,196,047	65,471,668
Grants and contributions not restricted to specific purposes	1,092,438	1,013,775
Unrestricted investment earnings	617,725	625,426
Other general revenues	136,001	86,026
Total revenues	<u>81,472,108</u>	<u>79,540,926</u>
Program expenses:		
General government	3,199,139	2,530,160
Public safety	6,548,536	6,815,181
Public works	5,330,430	4,022,861
Land and building administration	534,776	535,795
Health and welfare	1,769,015	1,860,572
Beach and recreation	1,628,882	1,583,953
Education	56,704,907	54,503,530
Library	1,661,336	1,674,912
Debt service	663,484	1,566,264
Total program expenses	<u>78,040,505</u>	<u>75,093,228</u>
Increase in Net Assets	<u>\$ 3,431,603</u>	<u>\$ 4,447,698</u>

The Town's total revenues were \$81.5 million. The total cost of all programs and services was \$78.0 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General government	\$ 3,199,139	\$ 2,530,160	\$ 1,487,925	\$ 984,548
Public safety	6,548,536	6,815,181	6,399,035	6,710,659
Public works	5,330,430	4,022,861	5,056,959	3,470,044
Education	56,704,907	54,503,530	47,088,605	46,116,497
Other	6,257,493	7,221,496	4,578,084	5,467,449
Total	<u>\$ 78,040,505</u>	<u>\$ 75,093,228</u>	<u>\$ 64,610,608</u>	<u>\$ 62,749,197</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 \$20.7 million, a small decrease from last year's total of \$21.1 million.

Proprietary Funds

The internal service funds' net assets increased by \$89 thousand this year. The Town budgeted the contributions into this fund appropriately for the current year.

General Fund Budgetary Highlights

General property taxes and assessments - property tax revenue was \$483 thousand higher than budgeted due to payments and interest on back taxes and a collection rate that exceeded 98.5%. Despite the economic down turn and reduced interest rates with State of Connecticut Short Term Investments, interest revenue was \$79 thousand more than budgeted due to the market value of long term investments.

During the year the Town experienced significant damage due to Hurricane Irene. Expenditures during this year were in excess of \$500 thousand. Additional repairs will be made during 2012 and 2013. The Federal Emergency Management Agency (FEMA) has approved various reimbursement applications for the costs related to this tropical storm disaster. During the current year, the Town recorded a receivable of approximately \$150 thousand for reimbursements submitted and approved to date. As additional expenditures are incurred and submitted for reimbursement, the Town will record revenue in the appropriate year.

The Special Education Excess Cost grant totaled \$755 thousand and \$651 thousand of this grant was used by the Board of Education for Externally Placed Students. The balance of \$104 thousand was recorded as additional revenue for the Town.

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

Board of Education Facilities Rental amounts to \$20 thousand less than anticipated due to renegotiated contract with a long standing lessee.

Board of Selectman revenues are over budget by \$143 thousand. This includes increases in cell tower rentals (\$63 thousand), and various insurance rebates (\$58 thousand).

Departmental revenues budgets for the Town Clerk, which includes Document Fees and Real Estate Conveyance Tax, were under budget by \$75 thousand due to a continued drop in housing sales and the unfavorable economic climate. The revenue budget for the Building Department had a positive variance of \$80 thousand due to the construction and completion of a major hotel in town.

Police revenues are over budget by \$76 thousand primarily due to police special duty revenue.

Beach and recreation revenue were under budget by \$155 thousand due to the following:

1. Pass Revenue is estimated on the previous year sales and is completely dependent upon the communities desire to utilize the town beaches and gym. This year many families purchased one pass rather than two.
2. Facilities Rental Revenue is estimated according to available days and the average fee associated with the rental for the Surf Club, Gymnasium, Arts Barn and Memorial Town Hall. Rentals have fallen off as a result of the current economy.
3. Recreation Program Revenue has decreased due to many classes running with the minimum number which only covered the cost of the instructor and supplies. There has been a dramatic drop in participation due to the economy.

Town departments made a rigorous effort to curtail expenditures, almost all departments contributed to the positive variance recognized for expenditures totaling \$802 thousand. The Public Works departments showed a positive variance due to the warm weather and the savings in energy costs. The Board of Education also under spent their budget by \$268 thousand due to prudent spending.

Special Appropriations during the year totaled \$1,252,775 for the following purposes:

- \$43,775 for the generator at the Town Garage
- \$40,000 for additional funding for the reserve established in 2009-2010 for the Board of Education / Special Education External Placements
- \$950,000 for emergency management due to the occurrence of Hurricane Irene
- \$125,000 for a severance payment to a retiree
- \$41,000 for tax refunds for the prior year
- \$31,000 for additional costs related to Police Special Duty
- \$22,000 for Police Gasoline

Long Term Capital Maintenance Projects (LOCAP) initiated during fiscal year 2011-2012:

- Town Garage generator
- Brown School HVAC Phase III
- Brown School Efficiency Wall System.

The Town's General Fund balance of \$10 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$8.8 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes approximately \$1.2 million of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the Town had \$116.0 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	
	2012	2011
Land	\$ 21.1	\$ 21.1
Construction in progress		3.6
Buildings and improvements	75.6	71.9
Equipment and vehicles	3.1	3.2
Infrastructure	16.2	16.6
Total	<u>\$ 116.0</u>	<u>\$ 116.4</u>

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

During the year the Town completed the Senior Center and Ambulance Garage, therefore transferring the assets from Construction in progress to Buildings and improvements.

Long-Term Debt

At June 30, 2012, the Town had \$39.4 million in bonds outstanding versus \$42.7 million last year - a decrease of 7.7% - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT AT YEAR END (In millions)

	Governmental Activities	
	2012	2011
General Obligation Bonds (Backed by the Town)	\$ <u>39.4</u>	\$ <u>42.7</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The total budget for Madison Public Schools and the Town of Madison for 2012-2013 increased by \$\$1,155,605 and 1.63 % over the prior year. To mitigate the tax increase for residents the Board of Finance used \$150,000 from the fund balance.

The Town's fiscal year 2012-2013 capital budget includes \$985,239 for capital projects, including \$305,000 for Major Roads and \$680,239 for updating fire, safety and communications. In addition, the Town continues to fund the Long Term Capital Maintenance Projects currently at \$1,107,110 and Planned and Cycled Maintenance for the Town and Madison Public Schools at \$337,938.

Unemployment in the Town of Madison is 5.8% and continues to stand below the State's unemployment rate of 9.0%.

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF MADISON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Primary Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 17,263,666
Investments	12,200,221
Receivables, net	1,756,065
Due from fiduciary funds	36,133
Inventory	16,272
Net pension asset	378,030
Capital assets:	
Capital assets not being depreciated	21,131,657
Capital assets being depreciated, net	94,934,016
Total assets	<u>147,716,060</u>
Liabilities:	
Accounts and other payables	2,044,071
Due to fiduciary funds	66,886
Unearned revenue	4,616,274
Noncurrent liabilities:	
Due within one year	4,660,535
Due in more than one year	42,846,105
Total liabilities	<u>54,233,871</u>
Net Assets:	
Invested in capital assets, net of related debt	76,395,822
Restricted for:	
Trust purposes:	
Expendable	383,856
Unrestricted	<u>16,702,511</u>
Total Net Assets	<u>\$ 93,482,189</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, 2012

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
Governmental activities:					
General government	\$ 3,199,139	\$ 670,083	\$ 1,041,131		\$ (1,487,925)
Public safety	6,548,536	149,501			(6,399,035)
Public works	5,330,430	10,538	262,933		(5,056,959)
Land and building administration	534,776	398,582			(136,194)
Health and welfare	1,769,015	86,991	135,251		(1,546,773)
Beach and recreation	1,628,882	1,052,761			(576,121)
Education	56,704,907	932,494	8,671,466	12,342	(47,088,605)
Library	1,661,336				(1,661,336)
Interest on long-term debt	663,484		5,824		(657,660)
Total	\$ 78,040,505	\$ 3,300,950	\$ 10,116,605	\$ 12,342	(64,610,608)
General revenues:					
Property taxes					66,196,047
Grants and contributions not restricted to specific programs					1,092,438
Unrestricted investment earnings					617,725
Miscellaneous					136,001
Total general revenues					<u>68,042,211</u>
Change in net assets					3,431,603
Net Assets, July 1, 2011					<u>90,050,586</u>
Net Assets, June 30, 2012					<u>\$ 93,482,189</u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 10,102,788	\$ 997,000	\$ 2,072,137	\$ 13,171,925
Investments	12,200,221			12,200,221
Receivables, net	1,153,338		29,590	1,182,928
Due from other funds	950,806	7,833,066	122,481	8,906,353
Due from other governments	376,101	52,087	110,597	538,785
Inventory			16,272	16,272
Total Assets	<u>\$ 24,783,254</u>	<u>\$ 8,882,153</u>	<u>\$ 2,351,077</u>	<u>\$ 36,016,484</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 1,061,084	\$ 101,547	\$ 37,693	\$ 1,200,324
Due to other funds	8,022,433		411,759	8,434,192
Deferred revenue	5,670,845		60,407	5,731,252
Total liabilities	<u>14,754,362</u>	<u>101,547</u>	<u>509,859</u>	<u>15,365,768</u>
Fund Balances:				
Nonspendable			16,272	16,272
Restricted			1,441,090	1,441,090
Committed		7,646,120	383,856	8,029,976
Assigned	1,363,696	1,134,486		2,498,182
Unassigned	8,665,196			8,665,196
Total fund balances	<u>10,028,892</u>	<u>8,780,606</u>	<u>1,841,218</u>	<u>20,650,716</u>
Total Liabilities and Fund Balances	<u>\$ 24,783,254</u>	<u>\$ 8,882,153</u>	<u>\$ 2,351,077</u>	<u>\$ 36,016,484</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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	\$ 20,650,716
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 159,998,939	
Less accumulated depreciation	<u>(43,933,266)</u>	
Net capital assets		116,065,673

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

Net pension asset	378,030
Property tax receivables greater than 60 days	791,040
Property tax interest receivable	212,089
Assessments receivable	32,411
Receivable from the state for school construction projects	111,849

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.

3,059,768

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

Bonds payable	(39,380,000)
Notes payable	(80,000)
Interest payable on bonds and notes	(312,747)
Compensated absences	(2,559,291)
Net other post-employment benefits payable	(2,175,844)
Heart and hypertension	(1,573,438)
Deferred charges on refunding	(209,851)
Termination benefits	<u>(1,528,216)</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u>93,482,189</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 66,155,979	\$	\$	\$ 66,155,979
Intergovernmental	8,300,730	760,000	1,822,983	10,883,713
Charges for services	1,639,846		1,710,196	3,350,042
Income on investments	615,757		1,972	617,729
Contributions and donations		68,496		68,496
Miscellaneous		3,330	346,996	350,326
Total revenues	<u>76,712,312</u>	<u>831,826</u>	<u>3,882,147</u>	<u>81,426,285</u>
Expenditures:				
Current:				
General government	1,562,865		272,286	1,835,151
Public safety	4,452,420		37,000	4,489,420
Public works	3,478,661			3,478,661
Land and building administration	379,466			379,466
Health and welfare	1,025,488		230,076	1,255,564
Beach and recreation	336,940		677,417	1,014,357
Education	52,720,499		2,265,528	54,986,027
Library	1,281,136			1,281,136
Insurance, employee benefits and miscellaneous	3,826,092		249,643	4,075,735
Capital outlay	50,903	4,888,958		4,939,861
Debt service	4,101,296			4,101,296
Total expenditures	<u>73,215,766</u>	<u>4,888,958</u>	<u>3,731,950</u>	<u>81,836,674</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,496,546</u>	<u>(4,057,132)</u>	<u>150,197</u>	<u>(410,389)</u>
Other Financing Sources (Uses):				
Transfers in	64,100	3,062,032		3,126,132
Transfers out	(3,062,032)		(64,100)	(3,126,132)
Total other financing sources (uses)	<u>(2,997,932)</u>	<u>3,062,032</u>	<u>(64,100)</u>	<u>-</u>
Net Change in Fund Balances	498,614	(995,100)	86,097	(410,389)
Fund Balance, July 1, 2011	<u>9,530,278</u>	<u>9,775,706</u>	<u>1,755,121</u>	<u>21,061,105</u>
Fund Balance, June 30, 2012	<u>\$ 10,028,892</u>	<u>\$ 8,780,606</u>	<u>\$ 1,841,218</u>	<u>\$ 20,650,716</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, 2012

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) \$ (410,389)

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	2,535,065
Depreciation expense	(2,837,827)

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. (6,663)

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	(38,270)
Property tax receivable - accrual basis change	39,346
Property tax interest and lien revenue - accrual basis change	6,477
Assessment receivable - accrual basis change	(7,544)
Net pension asset	2,912

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

Bond principal payments	3,285,000
Capital lease principal payments	13,767
Other post-employment benefits obligation	(562,623)
Notes payable	91,856

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	164,681
Accrued interest	19,649
Amortization of deferred charge on refunding	27,540
Early retirement incentive	482,958
Heart and hypertension	535,822

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. 89,846

Change in Net Assets of Governmental Activities (Exhibit II) \$ 3,431,603

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 4,091,741
Accounts receivable	1,941
Total assets	<u>4,093,682</u>
Liabilities:	
Due to other funds	502,914
Risk management claims	531,000
Total liabilities	<u>1,033,914</u>
Net Assets:	
Restricted	43,724
Unrestricted	<u>3,016,044</u>
Total Net Assets	<u>\$ 3,059,768</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, 2012

	Governmental Activities
	Internal Service Funds
	<u> </u>
Operating Revenues:	
Employee contributions and charges for services	\$ <u>9,246,961</u>
Operating Expenses:	
Administrative expense	917,019
Employee benefits	<u>8,242,669</u>
Total operating expenses	<u>9,159,688</u>
Operating income	87,273
Nonoperating Revenues:	
Income on investments	<u>2,573</u>
Change in Net Assets	89,846
Total Net Assets, July 1, 2011	<u>2,969,922</u>
Total Net Assets, June 30, 2012	<u>\$ <u>3,059,768</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities <hr/> Internal Service Funds <hr/>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 9,935,969
Cash payments for claims paid	(7,671,465)
Cash payments to providers of benefits	(917,019)
Net cash provided by operating activities	<hr/> 1,347,485
Cash Flows from Investing Activities:	
Income on investments	<hr/> 2,573
Net Increase in Cash and Cash Equivalents	1,350,058
Cash and Cash Equivalents, July 1, 2011	<hr/> 2,741,683
Cash and Cash Equivalents, June 30, 2012	<hr/> <hr/> \$ 4,091,741
Reconciliation of Operating Gain to Net Cash Provided by Operating Activities:	
Operating income	\$ 87,273
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in receivables	685,562
Decrease in due from other funds	3,446
Increase in other liabilities	571,204
Net Cash Provided by Operating Activities	<hr/> <hr/> \$ 1,347,485

The accompanying notes are an integral part of the financial statements

TOWN OF MADISON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,193,764	\$ 822,241
Investments, at fair value:		
U.S. Government obligations	4,297,897	
Marketable equity securities	14,599,057	
Corporate bonds	2,596,782	
Foreign bonds	416,707	
Mutual funds	1,430,940	
Annuities	1,011,228	
Due from other funds		<u>66,886</u>
Total assets	<u>25,546,375</u>	<u>\$ 889,127</u>
Liabilities:		
Due to employees and others		\$ 882,994
Due to other funds	<u>30,000</u>	<u>6,133</u>
Total liabilities	<u>30,000</u>	<u>\$ 889,127</u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 25,516,375</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, 2012

Additions:	
Contributions:	
Employer	\$ 1,170,285
Plan members	198,026
Total contributions	<u>1,368,311</u>
Investment income:	
Interest	677,455
Net depreciation in fair value of investments	<u>(596,203)</u>
Total investment income	<u>81,252</u>
Net additions	<u>1,449,563</u>
Deductions:	
Benefits	1,520,441
Administration	<u>230,494</u>
Total deductions	<u>1,750,935</u>
Net Decrease	(301,372)
Net Assets Held in Trust for Pension Benefits, July 1, 2011	<u>25,817,747</u>
Net Assets Held in Trust for Pension Benefits, June 30, 2012	<u>\$ 25,516,375</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). The major sources of revenue for this fund are General Fund contributions and bond proceeds.

Additionally, the Town reports the following fund types:

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

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

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

Section 12-165 of the general statutes of the State of Connecticut requires each municipality to write-off, on an annual basis, the property taxes which are deemed uncollectible. Property taxes receivables as of June 30, 2012 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

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

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

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund. Additional appropriations approved during the year amounted to \$1,252,775. All unencumbered appropriations lapse at year end, except those for capital projects and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$7,209,212 of the Town’s bank balance of \$7,550,359 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,555,344
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>653,868</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 7,209,212</u>

Cash Equivalents

At June 30, 2012, the Town’s cash equivalents amounted to \$12,382,761. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

As of June 30, 2012, 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/AA+	\$ 8,825,406	\$	\$ 8,825,406	\$
U.S. Treasury notes	AAA/AA+	422,807	422,807		
U.S. Treasury notes	AAA/NR	1,022,709		1,022,709	
U.S. Treasury notes	AAA/AA+	276,694		276,694	
U.S. Treasury notes	AAA/N/A	118,060		118,060	
U.S. Treasury notes	AAA/N/A	1,174,445		1,174,445	
U.S. Treasury notes	AAA/AA+	714,196		714,196	
U.S. Treasury bonds	AAA/AA+	1,855,657		1,855,657	
U.S. Treasury bonds	N/A/N/A	736,501		736,501	
U.S. Treasury bonds	AAA/AAA	782,658		782,658	
U.S. Treasury bonds	AAA/NR	407,754			407,754
Government Asset backed/CMO Securities	N/A/N/A	161,231			161,231
Foreign Bonds	A3/A-	82,788		82,788	
Foreign Bonds	AA3/AA-	84,156		84,156	
Foreign Bonds	BAA3/BBB-	81,827		81,827	
Foreign Bonds	AA1/AA-	83,134		83,134	
Foreign Bonds	A2/A	84,802		84,802	
Corporate bonds	WR/A-	117,868		117,868	
Corporate bonds	A2/A	116,781		116,781	
Corporate bonds	A3/A-	117,973		117,973	
Corporate bonds	A1/AA	119,032		119,032	
Corporate bonds	A2/A+	119,560			119,560
Corporate bonds	A3/A-	118,235			118,235
Corporate bonds	A1/A	117,759			117,759
Corporate bonds	A1/AA+	119,990			119,990
Corporate bonds	NR/CCC+	14,138			14,138
Corporate bonds	CAA2/CCC-	9,581		9,581	
Corporate bonds	A2/A	166,857		166,857	
Corporate bonds	A3/A-	292,174		292,174	
Corporate bonds	BAA2/BBB	83,394		83,394	
Corporate bonds	AA2/AA-	166,943		166,943	
Corporate bonds	A1/A+	168,116		168,116	
Corporate bonds	AA3/AA-	82,588		82,588	
Corporate bonds	A2/A-	167,167		167,167	
Corporate bonds	BAA1/A-	86,010		86,010	
Corporate bonds	AA2/AA+	81,402		81,402	
Corporate bonds	AA3/A-	122,764		122,764	
Corporate bonds	A1/AA+	126,330		126,330	
Corporate bonds	BAA1/BBB+	82,120		82,120	
Total		19,511,607	\$ 422,807	\$ 18,030,133	\$ 1,058,667
Other Investments:					
Equities		14,599,057			
Mutual Funds		1,430,940			
Annuities		1,011,228			
Total Investments		\$ 36,552,832			

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, 2012, 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>Internal Service Fund</u>	<u>Total</u>
Receivables:					
Interest	\$ 215,834	\$	\$	\$	\$ 215,834
Taxes	919,553				919,553
Intergovernmental	376,101	52,087	110,597		538,785
Accounts	37,290		29,590	1,941	68,821
Special assessments	29,161				29,161
Gross receivables	<u>1,577,939</u>	<u>52,087</u>	<u>140,187</u>	<u>1,941</u>	<u>1,772,154</u>
Less allowance for uncollectibles	<u>48,500</u>				<u>48,500</u>
Net Total Receivables	<u>\$ 1,529,439</u>	<u>\$ 52,087</u>	<u>\$ 140,187</u>	<u>\$ 1,941</u>	<u>\$ 1,723,654</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	\$ 742,541	\$
Accrued property tax interest	212,089	
Special assessments not yet due	32,411	
Property taxes collected in advance		4,514,025
Grant drawdowns prior to meeting all eligibility requirements		60,407
School building grants	111,849	
Other	<u>16,088</u>	<u>41,842</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,114,978</u>	<u>\$ 4,616,274</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,118,276	\$ 1,000	\$	\$ 21,119,276
Construction in progress	3,559,192		(3,546,811)	12,381
Total capital assets not being depreciated	<u>24,677,468</u>	<u>1,000</u>	<u>(3,546,811)</u>	<u>21,131,657</u>
Capital assets being depreciated:				
Buildings and improvements	95,256,856	5,629,568		100,886,424
Equipment and vehicles	8,036,599	451,308	(402,514)	8,085,393
Infrastructure	29,895,465			29,895,465
Total capital assets being depreciated	<u>133,188,920</u>	<u>6,080,876</u>	<u>(402,514)</u>	<u>138,867,282</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,397,040)	(1,878,127)		(25,275,167)
Equipment and vehicles	(4,792,698)	(540,394)	395,851	(4,937,241)
Infrastructure	(13,301,552)	(419,306)		(13,720,858)
Total accumulated depreciation	<u>(41,491,290)</u>	<u>(2,837,827)</u>	<u>395,851</u>	<u>(43,933,266)</u>
Total capital assets being depreciated, net	<u>91,697,630</u>	<u>3,243,049</u>	<u>(6,663)</u>	<u>94,934,016</u>
Governmental Activities Capital Assets, Net	<u>\$ 116,375,098</u>	<u>\$ 3,244,049</u>	<u>\$ (3,553,474)</u>	<u>\$ 116,065,673</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 205,887
Public safety	495,431
Public works	542,190
Land and building administration	1,755
Health and welfare	6,651
Beach and recreation	31,021
Education	<u>1,554,892</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,837,827</u>

6. INTERFUND ACCOUNTS

At June 30, 2012, 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	\$ 411,759
General Fund	Agency Fund	6,133
General Fund	Internal Service Fund	502,914
General Fund	Pension Fund	30,000
Capital Projects Fund	General Fund	7,833,066
Nonmajor Governmental Fund	General Fund	122,481
Agency Fund	General Fund	<u>66,886</u>
		<u>\$ 8,973,239</u>

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

Interfund transfers:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 3,062,032	\$ 3,062,032
Nonmajor governmental	<u>64,100</u>	<u> </u>	<u>64,100</u>
Total Transfers Out	<u>\$ 64,100</u>	<u>\$ 3,062,032</u>	<u>\$ 3,126,132</u>

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

7. LONG-TERM DEBT

General Obligation Bonds

The following is a summary of bond maturities at June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 3,300,000	\$ 1,337,814	\$ 4,637,814
2014	3,395,000	1,216,951	4,611,951
2015	3,485,000	1,107,364	4,592,364
2016	3,580,000	999,932	4,579,932
2017	3,010,000	886,723	3,896,723
2018	3,050,000	773,147	3,823,147
2019	3,090,000	667,947	3,757,947
2020	2,570,000	554,947	3,124,947
2021	2,555,000	467,682	3,022,682
2022	2,565,000	384,385	2,949,385
2023	2,175,000	297,722	2,472,722
2024	1,660,000	228,650	1,888,650
2025	1,100,000	177,000	1,277,000
2026	710,000	143,831	853,831
2027	710,000	117,575	827,575
2028	710,000	90,581	800,581
2029	710,000	62,700	772,700
2030	710,000	34,300	744,300
2031	295,000	5,900	300,900
Total	\$ <u>39,380,000</u>	\$ <u>9,555,151</u>	\$ <u>48,935,151</u>

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>
2013	\$ <u>80,000</u>	\$ <u>2,400</u>	\$ <u>82,400</u>
Total	\$ <u>80,000</u>	\$ <u>2,400</u>	\$ <u>82,400</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 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	\$ 42,665,000	\$	\$ (3,285,000)	\$ 39,380,000	\$ 3,300,000
Less deferred amounts for issuance discounts on refunding	<u>237,391</u>		<u>(27,540)</u>	<u>209,851</u>	
Total bonds payable	42,902,391	-	(3,312,540)	39,589,851	3,300,000
Termination benefits	2,011,174		(482,958)	1,528,216	541,103
Compensated absences	2,723,972		(164,681)	2,559,291	532,003
Heart and hypertension	2,109,260		(535,822)	1,573,438	207,429
Capital leases	13,767		(13,767)	-	
Note payable	171,856		(91,856)	80,000	80,000
Net OPEB obligation	<u>1,613,221</u>	<u>562,623</u>		<u>2,175,844</u>	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 51,545,641</u>	<u>\$ 562,623</u>	<u>\$ (4,601,624)</u>	<u>\$ 47,506,640</u>	<u>\$ 4,660,535</u>

Legal Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 149,266,303	\$ 17,222,000	\$ 132,044,303
Schools	298,532,606	22,746,151	275,786,455
Sewers	248,777,171		248,777,171
Urban renewal	215,606,882		215,606,882
Pension deficit	199,021,737		199,021,737

Total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$464,384,053.

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 16,272	\$ 16,272
Restricted for:				
Grants			702,270	702,270
Endowments			738,820	738,820
Committed to:				
Capital projects		7,646,120		7,646,120
General government			35,596	35,596
Public safety			64,624	64,624
Beach and recreation			60,950	60,950
Health and welfare			130,528	130,528
Education			92,158	92,158
Assigned to:				
Subsequent year's budget	150,000			150,000
Encumbrances -Capital projects		1,134,486		1,134,486
General government	59,023			59,023
Public safety	10,748			10,748
Public works	376,886			376,886
Land and building	15,379			15,379
Health and welfare	8,562			8,562
Education	732,238			732,238
Capital outlay	10,860			10,860
Unassigned	<u>8,665,196</u>			<u>8,665,196</u>
Total Fund Balances	<u>\$ 10,028,892</u>	<u>\$ 8,780,606</u>	<u>\$ 1,841,218</u>	<u>\$ 20,650,716</u>

Significant encumbrances at June 30, 2012 are contained in the above table in both the assigned and committed categories of the General Fund.

9. RISK MANAGEMENT

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

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

The claims liability of \$531,000 reported in the Internal Service Fund at June 30, 2012 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payment</u>	<u>Liability June 30,</u>
2010-11	\$ 581,300	\$ 7,248,269	\$ 7,366,859	\$ 462,710
2011-12	462,710	7,982,458	7,914,168	531,000

The Town also maintains the risk related to heart and hypertension claims payable to police employees under State benefit requirements. The Town does not maintain a separate cash reserve to cover the benefits provided by the heart and hypertension program and does not prefund the benefits to be paid in future years. Expenditures related to this program are funded annually from General Fund appropriations. The estimated liability at June 30, 2012 is \$1,573,438.

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, 2010, PERS membership consisted of:

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	26	67	25
Terminated employees entitled to benefit but not yet receiving them	10	38	
Current employees:			
Vested	26	202	65
Nonvested			9
	<u> </u>	<u> </u>	<u> </u>
Total	<u>62</u>	<u>307</u>	<u>99</u>

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

Town Employees' Retirement Plan - The retirement plan for Town employees is a noncontributory plan that provides retirement benefits only. However, Town NAGE employees will pay 2.0% of pre-tax salary through payroll deduction to the pension fund. Beginning July 1, 2004, the vesting period was reduced from 10 years to 5 years of credited service. Members who retire at or after age 65 with 10 years of credited service are entitled to an annuity benefit, payable monthly for life, in an amount equal to 2% average compensation (average salary over highest 5 consecutive years) times credited service, with a maximum benefit of 70% of average compensation. Employees may elect actuarial equivalent options including joint and survivor or contingent annuities. Early retirement is available at age 55 and 10 years of employment at a reduced benefit level.

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

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: Financial statements are prepared using the accrual basis of accounting. 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 \$728,213, \$341,993 and \$100,176 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	\$ 341,993	\$ 728,213	\$ 100,176
Interest on net pension obligation	(4,306)	(25,703)	
Adjustment to annual required contribution	4,209	22,791	
Annual pension cost	341,896	725,301	100,176
Contributions made	341,767	728,342	100,176
Increase in net pension asset	129	(3,041)	-
Net pension asset, beginning of year	(53,831)	(321,287)	-
Net Pension Asset, End of Year	<u>\$ (53,702)</u>	<u>\$ (324,328)</u>	<u>\$ -</u>

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

	<u>Police</u>	<u>Town</u>	<u>Fire</u>
Actuarial valuation date	7/1/10	7/1/10	7/1/10
Actuarial cost method	Entry Age	Projected	Frozen
Amortization method	Normal Level Dollar	Unit Credit Level Dollar	Initial Liability Level Dollar
Remaining amortization period	Closed 19 years	Closed 22 years	Closed 12 years
Asset valuation method	Fair Value	Fair Value	Fair Value
Actuarial assumptions:			
Investment rate of return	8.0%	8.0%	6.5%
Projected salary increases	4.0%	4.0%	N/A

E. Trend Information

<u>Police</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/10	\$ 229,735	100.60%	\$ (53,289)
6/30/11	280,458	100.10	(53,831)
6/30/12	341,896	99.96	(53,702)
<u>Town</u>			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/10	\$ 544,501	100.90%	\$ (317,140)
6/30/11	641,073	100.65	(321,287)
6/30/12	725,301	100.42	(324,328)

Fire			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/10	\$ 89,874	100%	\$ -
6/30/11	103,836	100	-
6/30/12	100,176	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)
7/1/05	\$ 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
7/1/09	11,491,958	12,764,296	(1,272,338)	88.90	1,697,961	74.93
7/1/10	11,556,512	13,541,062	(1,984,550)	85.34	1,901,249	104.40

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)
7/1/05	\$ 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
7/1/09	11,969,512	13,093,707	(1,124,195)	91.40	6,651,553	16.90
7/1/10	12,116,917	13,870,912	(1,753,995)	87.40	7,118,814	24.64

Fire						
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)
7/1/05	\$ 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
7/1/09	1,761,403	1,823,730	(62,327)	96.58	N/A	N/A
7/1/10	1,776,064	1,821,132	(45,068)	97.46	N/A	N/A

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
6/30/06	\$ 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
6/30/10	280,857	100.0	645,549	99.9	103,836	100.0
6/30/11	341,993	99.9	728,213	100.0	100,176	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, 2012 covered by this plan amounted to \$1,362,409. The total contribution for the year ended June 30, 2012 amounted to \$292,861.

H. Teachers' Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$23,374,547 or 73.9% of the total Board of Education payroll of \$31,493,745.

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 \$4,811,484 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, 2012 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	\$ 595,354	\$ 590,940	\$ 7,470	\$ 1,193,764
Investments	<u>11,334,120</u>	<u>12,007,263</u>	<u>1,011,228</u>	<u>24,352,611</u>
Total Assets	<u>11,929,474</u>	<u>12,598,203</u>	<u>1,018,698</u>	<u>25,546,375</u>
Liabilities:				
Due to other funds			<u>30,000</u>	<u>30,000</u>
Net Assets Held in Trust for Pension Benefits	<u>\$ 11,929,474</u>	<u>\$ 12,598,203</u>	<u>\$ 988,698</u>	<u>\$ 25,516,375</u>

	Combining Statement of Net Assets			
	Employee Retirement Funds			
	<u>Police</u>	<u>Town</u>	<u>Fire</u>	<u>Total</u>
Additions:				
Contributions:				
Employer	\$ 341,767	\$ 728,342	\$ 100,176	\$ 1,170,285
Plan members	<u>190,355</u>	<u>7,671</u>		<u>198,026</u>
Total contributions	<u>532,122</u>	<u>736,013</u>	<u>100,176</u>	<u>1,368,311</u>
Investment income:				
Interest	386,461	282,295	8,699	677,455
Net depreciation in fair value of investments	<u>(339,418)</u>	<u>(246,687)</u>	<u>(10,098)</u>	<u>(596,203)</u>
Net investment income (loss)	<u>47,043</u>	<u>35,608</u>	<u>(1,399)</u>	<u>81,252</u>
Total additions	<u>579,165</u>	<u>771,621</u>	<u>98,777</u>	<u>1,449,563</u>
Deductions:				
Benefits	771,026	646,641	102,774	1,520,441
Administration	<u>111,830</u>	<u>114,131</u>	<u>4,533</u>	<u>230,494</u>
Total deductions	<u>882,856</u>	<u>760,772</u>	<u>107,307</u>	<u>1,750,935</u>
Net (decrease) increase	(303,691)	10,849	(8,530)	(301,372)
Net assets held in trust for pension benefits, July 1, 2011	<u>12,233,165</u>	<u>12,587,354</u>	<u>997,228</u>	<u>25,817,747</u>
Net Assets Held in Trust for Pension Benefits, June 30, 2012	<u>\$ 11,929,474</u>	<u>\$ 12,598,203</u>	<u>\$ 988,698</u>	<u>\$ 25,516,375</u>

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description and Benefits Provided

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

Unrepresented Retired Employees

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

NAGE RI-215 Building & Grounds Retired Employees

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

AFSCME Police

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

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

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

UPSEU Emergency Dispatchers

No contract language regarding health insurance for retirees.

Board of Education

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

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

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

Custodians: Can purchase post-retirement until Medicare eligible.

Cafeteria Workers: No post-retirement benefits.

B. Membership

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

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

C. Description of Actuarial Assumptions and Methods

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

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

D. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Medical Program
Annual required contribution	\$ 1,169,000
Interest on net OPEB obligation	64,529
Adjustment to annual required contribution	<u>(69,906)</u>
Annual OPEB cost	1,163,623
Contribution made	<u>601,000</u>
Increase in net OPEB obligation	562,623
Net OPEB obligation, July 1, 2011	<u>1,613,221</u>
Net OPEB obligation, June 30, 2012	<u>\$ 2,175,844</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, 2012 and 2011, is presented below.

	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/10	\$ 1,080,000	\$ 592,000	\$ 54.81%	\$ 1,112,000
6/30/11	1,133,221	632,000	55.80%	1,613,221
6/30/12	1,163,623	601,000	51.65%	2,175,844

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):

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Underfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll ((b-a)/c)</u>
1/1/09	\$ -	\$ 16,070,000	\$ 16,070,000	0%	N/A	N/A
1/1/11	-	16,656,000	16,656,000	0%	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, 2012. 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.

13. SUBSEQUENT EVENTS

The Town issued \$9,200,000 of general obligation refunding bonds dated November 7, 2012 to advance refund \$1,630,000 of 2002 bonds with an interest rate of 3%, \$1,035,000 of taxable bonds with rates of 2 -3% and \$6,535,000 of 2010 Series A bonds carrying interest rates of 2- 3%. This advance refunding was undertaken to reduce total debt service payments by \$861,958 and resulted in a net present value savings of \$778,131.

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, 2012

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Property taxes:				
Property tax	\$ 65,664,474	\$ 65,664,474	\$ 66,147,070	\$ 482,596
Lien and warrant fees	3,600	3,600	8,909	5,309
Total property taxes	<u>65,668,074</u>	<u>65,668,074</u>	<u>66,155,979</u>	<u>487,905</u>
Interest income:				
Interest - property taxes	150,000	150,000	219,704	69,704
Interest on temporary investments	316,900	316,900	396,042	79,142
Coe Park Fund	27	27	11	(16)
Total interest income	<u>466,927</u>	<u>466,927</u>	<u>615,757</u>	<u>148,830</u>
Intergovernmental revenue:				
General government:				
In lieu of taxes - State-owned property	536,574	536,574	536,795	221
In lieu of taxes - water	72,000	72,000	72,632	632
Elderly Homeowner's Program	107,000	107,000	108,664	1,664
Disability exempt	700	700	680	(20)
Additional veterans exempt	20,000	20,000	22,736	2,736
Courts	11,000	11,000	28,648	17,648
Local capital improvement program	115,128	115,128	115,127	(1)
Telecomm. property tax share	57,200	57,200	62,094	4,894
Pequot grant	19,472	19,472	20,352	880
equipment reimbursement	6,000	6,000	-	(6,000)
Municipal revenue sharing			3,673	3,673
Fema grant			149,685	149,685
Miscellaneous State/Federal grant	1,800	1,800	497	(1,303)
Total general government	<u>946,874</u>	<u>946,874</u>	<u>1,121,583</u>	<u>174,709</u>
Board of Education:				
Education cost sharing	1,576,061	1,576,061	1,572,993	(3,068)
Transportation	12,965	12,965	12,342	(623)
School building grants - principal	38,270	38,270	38,270	-
School building grants - interest	5,824	5,824	5,824	-
Private school health and welfare	12,496	12,496	12,436	(60)
Facilities Rental	25,000	25,000	5,454	(19,546)
Miscellaneous	1,112	1,112	13,674	12,562
Total board of education	<u>1,671,728</u>	<u>1,671,728</u>	<u>1,660,993</u>	<u>(10,735)</u>
Total intergovernmental revenue	<u>2,618,602</u>	<u>2,618,602</u>	<u>2,782,576</u>	<u>163,974</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, 2012

	Budgeted Amounts		Actual	Budget Comparison Over (Under)
	Original	Final		
Licenses, fees and charges for services:				
General government:				
Board of Selectman	\$ 143,564	\$ 143,564	\$ 286,399	\$ 142,835
Town Clerk	508,000	508,000	432,776	(75,224)
Public Works - landfill	11,600	11,600	10,538	(1,062)
Police Department	59,850	59,850	136,293	76,443
Fire, ambulance and civil preparedness	2,000	2,000	5,606	3,606
Land Use	22,000	22,000	16,743	(5,257)
Building Department	302,000	302,000	381,839	79,839
Beach and Recreation	441,360	441,360	285,856	(155,504)
Youth Services	96,762	96,762	79,336	(17,426)
Senior Citizens Council	14,200	14,200	2,275	(11,925)
Health Department	2,000	2,000	2,185	185
Total licenses, fees and charges for goods and services	<u>1,603,336</u>	<u>1,603,336</u>	<u>1,639,846</u>	<u>36,510</u>
Other financing sources:				
Transfer in - Dog Fund	4,100	4,100	4,100	-
Transfer in - Beach and Recreation	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Total other financing sources	<u>64,100</u>	<u>64,100</u>	<u>64,100</u>	<u>-</u>
Total	\$ <u>70,421,039</u>	\$ <u>70,421,039</u>	71,258,258	\$ <u>837,219</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

4,811,484

Special education excess cost grant is reported gross for GAAP purposes

755,725

Cancellation of prior year encumbrances are recognized as

budgetary revenue

(49,055)

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

\$ 76,776,412

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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
General Government:				
Board of Selectmen	\$ 189,936	\$ 194,604	\$ 192,881	\$ 1,723
Human Resources	72,691	83,750	79,513	4,237
Fiscal Services	243,214	253,893	239,274	14,619
Town Counsel	294,000	294,000	290,232	3,768
Town Clerk	147,717	170,004	163,643	6,361
Election expense (Registrars)	54,700	54,700	47,208	7,492
Assessor's Office	155,435	157,752	157,121	631
Board of Assessment Appeals	675	342	342	-
Tax Collector	155,995	197,801	193,152	4,649
Courts	6,000	6,000	5,708	292
Technology	140,109	141,173	140,236	937
Total	<u>1,460,472</u>	<u>1,554,019</u>	<u>1,509,310</u>	<u>44,709</u>
Public Safety:				
Police Service	2,777,741	2,852,195	2,838,560	13,635
Animal Control	50,335	53,729	53,720	9
Communications	513,813	565,442	554,836	10,606
Fire/ambulance/civil preparedness	752,311	1,029,673	1,012,002	17,671
Total	<u>4,094,200</u>	<u>4,501,039</u>	<u>4,459,118</u>	<u>41,921</u>
Public Works:				
Public Works	1,336,070	1,345,234	1,323,518	21,716
Highway	742,210	1,026,110	961,989	64,121
Maintenance	1,204,670	1,218,751	1,132,651	86,100
Landfill	154,878	124,278	121,474	2,804
Total	<u>3,437,828</u>	<u>3,714,373</u>	<u>3,539,632</u>	<u>174,741</u>
Land and Building Administration:				
Land Use Office	190,503	190,504	159,136	31,368
Conservation Commission	3,328	3,328	(199)	3,527
Economic Development	8,350	8,350	4,140	4,210
Building Department	180,167	181,507	172,576	8,931
Town Campus Operations	55,000	55,000	45,616	9,384
Total	<u>437,348</u>	<u>438,689</u>	<u>381,269</u>	<u>57,420</u>
Health and Welfare:				
Department of Health	180,430	177,087	168,055	9,032
VNA	25,000	25,000	25,000	-
Youth Services	611,131	627,084	603,878	23,206
Community Support Services	23,949	23,949	23,949	-
Senior Citizen Council	220,486	222,486	202,110	20,376
Total	<u>1,060,996</u>	<u>1,075,606</u>	<u>1,022,992</u>	<u>52,614</u>
Beach and Recreation	<u>362,017</u>	<u>357,428</u>	<u>336,521</u>	<u>20,907</u>

(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, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Board of Education:				
Public Schools	\$ 41,698,559	\$ 41,698,559	\$ 41,429,818	\$ 268,741
Private Schools	294,802	294,802	294,358	444
Health Benefit	5,866,247	5,866,247	5,866,247	-
Total	<u>47,859,608</u>	<u>47,859,608</u>	<u>47,590,423</u>	<u>269,185</u>
Library	<u>1,281,136</u>	<u>1,281,136</u>	<u>1,281,136</u>	<u>-</u>
Employee Benefits - Town	<u>3,533,103</u>	<u>3,533,103</u>	<u>3,489,416</u>	<u>43,687</u>
Miscellaneous:				
General Insurance	219,835	208,710	208,310	400
Contingency	100,000	6,241	-	6,241
Other	339,893	222,843	135,084	87,759
Total	<u>659,728</u>	<u>437,794</u>	<u>343,394</u>	<u>94,400</u>
Capital Outlay:				
Beach and Recreation		9,941	9,915	26
Fire/ambulance/civil preparedness	24,840	24,840	24,026	814
Public Works	10,000	10,000	8,317	1,683
Youth Services	410	410	345	65
General Government	2,500	12,500	12,216	284
Total	<u>37,750</u>	<u>57,691</u>	<u>54,819</u>	<u>2,872</u>
Debt Service:				
General Government	1,624,981	1,624,981	1,624,981	-
Board of Education	2,476,315	2,476,315	2,476,315	-
Total	<u>4,101,296</u>	<u>4,101,296</u>	<u>4,101,296</u>	<u>-</u>
Total expenditures	<u>68,325,482</u>	<u>68,911,782</u>	<u>68,109,326</u>	<u>802,456</u>
Transfers to other funds:				
Reserve Fund	<u>2,395,557</u>	<u>3,062,032</u>	<u>3,062,032</u>	<u>-</u>
Total	<u>\$ 70,721,039</u>	<u>\$ 71,973,814</u>	71,171,358	<u>\$ 802,456</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	4,811,484
Special education excess cost grant is reported gross for GAAP purposes	651,490
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>(356,534)</u>

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV\$ 76,277,798

TOWN OF MADISON, CONNECTICUT**GENERAL FUND****COMPARATIVE BALANCE SHEET****JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 10,102,788	\$ 11,424,973
Investments	12,200,221	11,839,066
Uncollected property taxes, net of allowance for uncollectible amounts	871,053	796,602
Assessments receivable	29,161	36,705
Due from State and Federal governments	376,101	264,685
Accounts receivable	37,290	26,556
Interest receivable	215,834	209,357
Due from other funds	<u>950,806</u>	<u>157,695</u>
Total Assets	<u>\$ 24,783,254</u>	<u>\$ 24,755,639</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 1,061,084	\$ 1,230,735
Property taxes collected in advance	4,514,025	3,788,622
Due to other funds	8,022,433	8,855,596
Deferred revenue	1,156,820	1,350,408
Total liabilities	<u>14,754,362</u>	<u>15,225,361</u>
Fund balance:		
Assigned for encumbrances	1,213,696	906,217
Assigned for subsequent year's budget	150,000	300,000
Unassigned	8,665,196	8,324,061
Total fund balance	<u>10,028,892</u>	<u>9,530,278</u>
Total Liabilities and Fund Balance	<u>\$ 24,783,254</u>	<u>\$ 24,755,639</u>

TOWN OF MADISON, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

Grand List	Uncollected Taxes July 1, 2011	Lawful Corrections		Over Payments	Transfers to Suspense	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2012
		Additions	Deductions				Taxes	Interest	Fees	Total	
2010	\$ 66,513,183	\$ 63,257	\$ 230,800	\$ 1,769	\$	\$ 66,347,409	\$ 65,889,778	\$ 149,822	\$ 7,116	\$ 66,046,716	\$ 457,631
2009	435,148	1,062	70,285	9,184		375,109	211,420	44,142	1,385	256,947	163,689
2008	156,749	879	49,696	12,148		120,080	17,809	12,709	216	30,734	102,271
2007	91,206	744	47,581	24,338		68,707	(11,271)	4,063	72	(7,136)	79,978
2006	70,564		1,721		37,169	31,674	45	1,806	24	1,875	31,629
2005	56,804	120	1,796			55,128	(15)	1,527	24	1,536	55,143
2004	9,672	417	228			9,861	1,471	1,750	24	3,245	8,390
2003	9,346					9,346	1,221	1,649	24	2,894	8,125
2002	3,554					3,554	1,154	1,766	24	2,944	2,400
2001	1,324	137				1,461	137	237		374	1,324
2000	1,879	185				2,064	184	148		332	1,880
1999	1,789					1,789				-	1,789
1998	1,722					1,722				-	1,722
1997	1,804					1,804				-	1,804
1996	1,777	33				1,810	33	85		118	1,777
Total	\$ 67,356,521	\$ 66,834	\$ 402,107	\$ 47,439	\$ 37,169	\$ 67,031,518	66,111,966	\$ 219,704	\$ 8,909	\$ 66,340,579	\$ 919,552

Property taxes receivable considered available:

June 30, 2011	(93,408)
June 30, 2012	<u>128,512</u>

Property Tax Revenues \$ 66,147,070

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, 2012

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
11th Course Stipends	\$ 34,683	\$ 59,399	\$ 59,091	\$ 308
Certified teachers	21,147,129	20,956,675	20,950,249	6,426
Certified administrators	2,255,388	2,248,594	2,244,155	4,439
Extra pay/extra duty	119,136	121,051	121,051	-
Co-curricular salaries	354,039	345,521	341,235	4,286
Early retirement	541,103	570,235	570,235	-
Directors/managers	235,709	242,086	242,086	-
Office staff	1,377,128	1,403,953	1,388,136	15,817
Paraprofessional	1,104,030	1,144,810	1,138,390	6,420
Custodians	1,402,305	1,375,478	1,362,409	13,069
Media staff	196,560	194,465	192,659	1,806
Security	122,111	122,111	119,699	2,412
School health services	348,214	354,617	350,394	4,223
Athletic trainer	33,021	33,021	33,021	-
Attendance incentive	12,318	13,389	12,731	658
Occupational Therapist	300,064	282,498	282,145	353
Substitute teachers	230,000	328,855	311,523	17,332
Certified substitutes/special education	22,625	30,000	26,644	3,356
Substitutes/school health services	12,000	20,980	20,934	46
Paraprofessional substitutes	10,000	9,500	8,394	1,106
Classified substitutes	109,268	21,039	3,626	17,413
Overtime	77,493	66,432	64,650	1,782
Custodial/casual labor	39,752	46,252	46,355	(103)
Life insurance	91,461	55,510	52,022	3,488
Social security	459,212	425,619	425,002	617
Medicare	423,710	377,605	377,605	-
FAS administration	8,120	9,096	9,096	-
Pension administration	661,330	661,887	661,887	-
Unemployment	40,000	82,988	82,988	-
Worker's compensation	318,289	256,974	256,974	-
Disability insurance	70,962	70,963	69,602	1,361
Labor and legal services	120,000	90,955	90,920	35
Program evaluation	53,489	56,716	56,329	387
Staff development	139,214	157,328	157,071	257

(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, 2012

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
NEASC Accreditation Services	\$ 27,942	\$ 27,972	\$ 25,783	\$ 2,189
Student services	87,751	50,456	50,456	-
Adult education	60,000	60,000	60,000	-
Professional/technical services	513,484	573,043	573,111	(68)
Athletic medical	7,700	7,700	6,805	895
Disposal/recycling	75,600	55,800	55,791	9
Snow removal	59,000	14,973	14,973	-
Repairs and maintenance	277,076	322,201	281,565	40,636
Technical/infrastructure	22,000	22,000	22,000	-
Emergency maintenance	50,000	50,000		50,000
Kitchen maintenance	13,401	8,901	8,633	268
Treatment plant repairs	26,000	26,000	25,506	494
Repair/contracts	36,500	36,500	35,441	1,059
Alarm services	15,872	8,372	8,366	6
Telephone maintenance	14,024	14,024	14,023	1
Rental agreements	15,700	15,734	15,477	257
Tree services	8,828	8,828	8,760	68
Purchase services	600	600	1,270	(670)
Student activity transportation	106,402	111,661	110,099	1,562
Regular transportation	1,595,000	1,565,300	1,567,757	(2,457)
Fuel transportation	320,000	336,175	336,182	(7)
School choice transportation	67,500	47,025	46,992	33
Special education transportation	808,740	763,820	763,371	449
General insurance	207,279	204,815	204,815	-
Educator's legal insurance	22,245	22,245	22,245	-
Student insurance	13,500	12,156	12,156	-
Telecommunications	167,982	98,292	96,163	2,129
Postage	32,523	25,630	24,863	767
Reports/public relations	8,938	8,198	8,158	40
Legal notices and ads	4,500	3,900	3,306	594
Printing and binding	64,948	57,009	54,870	2,139
Printing/instructional supplies	86,176	83,271	80,811	2,460
External placement - public	195,000	239,920	239,920	-
Tuition/Typicals	(37,435)	(34,329)	(35,310)	981
Excess cost reimbursement	(100,000)	(100,000)	(100,000)	-
External placement - private*	915,000	955,000	952,612	2,388
School choice tuition	20,500	56,596	56,596	-
Extended year services	83,575	86,875	84,530	2,345
External placement/regular ed	10,000	768	768	-

(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, 2012

	Budgeted Amounts		Expenditures and Encumbrances	Variance Favorable (Unfavorable)
	Original	Final		
Travel - staff	\$ 23,675	\$ 19,154	\$ 17,797	\$ 1,357
Travel - Board of Education	320	275	240	35
Miscellaneous purchased services	5,900	4,900	4,560	340
Office supplies	37,669	40,276	39,501	775
Instructional supplies	453,381	452,784	449,979	2,805
Instructional software	18,000	18,000	17,993	7
Custodial and maintenance supplies	82,132	91,076	90,723	353
Maintenance supplies	78,000	78,290	78,066	224
Field maintenance	92,900	118,346	115,967	2,379
Gas services	297,346	222,346	220,993	1,353
Heating fuel	196,095	193,095	187,495	5,600
Water	29,283	36,633	36,594	39
Electricity	952,355	859,074	826,547	32,527
Equipment maintenance	14,672	19,190	19,124	66
Textbooks - replacement	63,844	60,538	59,888	650
Textbooks - new	109,000	89,550	89,031	519
Media supplies	72,632	126,736	126,341	395
Periodicals	26,037	21,164	21,146	18
Print collection	52,824	58,445	58,210	235
Staff uniforms	5,258	5,258	5,254	4
Uniforms/student groups	21,344	22,265	22,265	-
Supplies	65,402	55,169	54,500	669
Equipment	144,034	250,118	248,574	1,544
Software	185,700	186,999	186,968	31
Equipment-lease purchase		9,780	9,780	-
Computer hardware	231,000	496,409	496,407	2
Vehicles		36,333	36,333	-
Furniture and fixtures		21,500	21,041	459
Public safety	6,623	6,623	6,562	61
Dues, fees and memberships	54,219	49,000	48,567	433
Athletic event fees	5,200	5,200	5,200	-
Total	\$ 41,698,559	\$ 41,738,559	\$ 41,469,818	\$ 268,741

* Amounts include an additional appropriation of \$40,000 for a transfer to the Capital Projects Fund.

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012

	<u>Special Revenue</u>								
	<u>Dog</u>	<u>Shellfish Commission</u>	<u>Grants and Miscellaneous Projects</u>	<u>Cafeteria</u>	<u>Special Education Grants</u>	<u>Town Aid Road</u>	<u>Police Seizure</u>	<u>Beach and Recreation Program</u>	<u>Beach and Recreation Grants</u>
ASSETS									
Cash and cash equivalents	\$ 54,073	\$ 65,654	\$ 437,969	\$ 257,798	\$ 105,715	\$ 218,800	\$ 25	\$ 100	\$
Accounts receivable				1,910					
Due from other funds						97	3,284	79,299	20,991
Due from other governments				15,828	94,769				
Inventory				16,272					
Total Assets	<u>\$ 54,073</u>	<u>\$ 65,654</u>	<u>\$ 437,969</u>	<u>\$ 291,808</u>	<u>\$ 200,484</u>	<u>\$ 218,897</u>	<u>\$ 3,309</u>	<u>\$ 79,399</u>	<u>\$ 20,991</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$	\$ 413	\$ 2,713	\$ 1,200	\$ 12,802	\$	\$	\$ 18,449	\$ 621
Due to other funds	1,795	29,645	2,459	254,119	89,414				
Deferred revenue					60,407				
Total liabilities	<u>1,795</u>	<u>30,058</u>	<u>5,172</u>	<u>255,319</u>	<u>162,623</u>	<u>-</u>	<u>-</u>	<u>18,449</u>	<u>621</u>
Fund balance:									
Nonspendable				16,272					
Restricted			432,797		28,850	218,897			20,370
Committed	52,278	35,596		20,217	9,011		3,309	60,950	
Total fund balance	<u>52,278</u>	<u>35,596</u>	<u>432,797</u>	<u>36,489</u>	<u>37,861</u>	<u>218,897</u>	<u>3,309</u>	<u>60,950</u>	<u>20,370</u>
Total Liabilities and Fund Balances	<u>\$ 54,073</u>	<u>\$ 65,654</u>	<u>\$ 437,969</u>	<u>\$ 291,808</u>	<u>\$ 200,484</u>	<u>\$ 218,897</u>	<u>\$ 3,309</u>	<u>\$ 79,399</u>	<u>\$ 20,991</u>

(Continued on next page)

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2012

	Special Revenue									
	Toy Fund	Partnership for Success	Energy Grants	Regional Energy Grants	Meals on Wheels	Madison Board of Education Donations	Emergency Kits	Ryerson Video Production	Island Avenue Classical CD	Total
ASSETS										
Cash and cash equivalents	\$ 15,480	\$	\$	\$	\$ 112,900	\$ 64,300	\$ 57	\$ 117	\$ 16	\$ 1,333,004
Accounts receivable				27,680						29,590
Due from other funds		18,514			109					122,294
Due from other governments										110,597
Inventory										16,272
Total Assets	\$ 15,480	\$ 18,514	\$ -	\$ 27,680	\$ 113,009	\$ 64,300	\$ 57	\$ 117	\$ 16	\$ 1,611,757
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	\$ 995	\$	\$	\$	\$	\$	\$	\$	\$ 37,193
Due to other funds	6,443			27,680		204				411,759
Deferred revenue										60,407
Total liabilities	6,443	995	-	27,680	-	204	-	-	-	509,359
Fund balance:										
Nonspendable										16,272
Restricted						1,356				702,270
Committed	9,037	17,519			113,009	62,740	57	117	16	383,856
Total fund balance	9,037	17,519	-	-	113,009	64,096	57	117	16	1,102,398
Total Liabilities and Fund Balances	\$ 15,480	\$ 18,514	\$ -	\$ 27,680	\$ 113,009	\$ 64,300	\$ 57	\$ 117	\$ 16	\$ 1,611,757

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TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2012

	<u>Permanent</u>						<u>Total</u>	<u>Total Nonmajor Governmental Funds</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>		
ASSETS								
Cash and cash equivalents	\$ 121	\$ 5,000	\$ 1,012	\$ 4,400	\$ 301,900	\$ 426,700	\$ 739,133	\$ 2,072,137
Accounts receivable							-	29,590
Due from other funds				85	48	54	187	122,481
Due from other governments							-	110,597
Inventory							-	16,272
Total Assets	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,485</u>	<u>\$ 301,948</u>	<u>\$ 426,754</u>	<u>\$ 739,320</u>	<u>\$ 2,351,077</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$ 400	\$ 100	\$ 500	\$ 37,693
Due to other funds							-	411,759
Deferred revenue							-	60,407
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>100</u>	<u>500</u>	<u>509,859</u>
Fund balance:								
Nonspendable							-	16,272
Restricted	121	5,000	1,012	4,485	301,548	426,654	738,820	1,441,090
Committed							-	383,856
Total fund balance	<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,485</u>	<u>301,548</u>	<u>426,654</u>	<u>738,820</u>	<u>1,841,218</u>
Total Liabilities and Fund Balances	<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,485</u>	<u>\$ 301,948</u>	<u>\$ 426,754</u>	<u>\$ 739,320</u>	<u>\$ 2,351,077</u>

TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

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	\$	\$	\$ 212,635	\$ 95,311	\$ 1,177,104	\$ 160,708	\$	\$	\$
Charges for services	7,602	3,195		932,494				727,445	39,460
Income on investments	120		205			360			
Contribution			57,870						
Miscellaneous	770		102,719						
Total revenues	<u>8,492</u>	<u>3,195</u>	<u>373,429</u>	<u>1,027,805</u>	<u>1,177,104</u>	<u>161,068</u>	<u>-</u>	<u>727,445</u>	<u>39,460</u>
Expenditures:									
General government			6,463			265,823			
Public safety	3,801		33,199						
Health and welfare		8,834	159,640						
Beach and recreation								653,268	24,149
Education			19,677	1,015,213	1,167,897				
Miscellaneous			137,989						
Total expenditures	<u>3,801</u>	<u>8,834</u>	<u>356,968</u>	<u>1,015,213</u>	<u>1,167,897</u>	<u>265,823</u>	<u>-</u>	<u>653,268</u>	<u>24,149</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,691</u>	<u>(5,639)</u>	<u>16,461</u>	<u>12,592</u>	<u>9,207</u>	<u>(104,755)</u>	<u>-</u>	<u>74,177</u>	<u>15,311</u>
Other Financing Uses									
Transfers out	<u>(4,100)</u>							<u>(60,000)</u>	
Net Change in Fund Balances	591	(5,639)	16,461	12,592	9,207	(104,755)	-	14,177	15,311
Fund Balance, July 1, 2011	<u>51,687</u>	<u>41,235</u>	<u>416,336</u>	<u>23,897</u>	<u>28,654</u>	<u>323,652</u>	<u>3,309</u>	<u>46,773</u>	<u>5,059</u>
Fund Balance, June 30, 2012	<u>\$ 52,278</u>	<u>\$ 35,596</u>	<u>\$ 432,797</u>	<u>\$ 36,489</u>	<u>\$ 37,861</u>	<u>\$ 218,897</u>	<u>\$ 3,309</u>	<u>\$ 60,950</u>	<u>\$ 20,370</u>

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TOWN OF MADISON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Special Revenue

	Toy Fund	Partnership for Success	Energy Grants	Regional Energy Grants	Meals on Wheels	Madison Board of Education Donations	Emergency Kits	Ryerson Video Production	Island Avenue Classical CD	Total
Revenues:										
Intergovernmental	\$	\$ 75,000	\$ 13,993	\$ 88,232	\$	\$	\$	\$	\$	\$ 1,822,983
Charges for services										1,710,196
Income on investments						92				777
Contribution	2,381				120,000	63,187				243,438
Miscellaneous					69					103,558
Total revenues	<u>2,381</u>	<u>75,000</u>	<u>13,993</u>	<u>88,232</u>	<u>120,069</u>	<u>63,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,880,952</u>
Expenditures:										
General government										272,286
Public safety										37,000
Health and welfare		61,602								230,076
Beach and recreation										677,417
Education						61,395				2,264,182
Miscellaneous	2,369		13,993	88,232	7,060	61,395				249,643
Total expenditures	<u>2,369</u>	<u>61,602</u>	<u>13,993</u>	<u>88,232</u>	<u>7,060</u>	<u>61,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,730,604</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>12</u>	<u>13,398</u>	<u>-</u>	<u>-</u>	<u>113,009</u>	<u>1,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,348</u>
Other Financing Uses										
Transfers out										(64,100)
Net Change in Fund Balances	12	13,398	-	-	113,009	1,884	-	-	-	86,248
Fund Balance, July 1, 2011	<u>9,025</u>	<u>4,121</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,212</u>	<u>57</u>	<u>117</u>	<u>16</u>	<u>1,016,150</u>
Fund Balance, June 30, 2012	<u>\$ 9,037</u>	<u>\$ 17,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,009</u>	<u>\$ 64,096</u>	<u>\$ 57</u>	<u>\$ 117</u>	<u>\$ 16</u>	<u>\$ 1,102,398</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, 2012

		<u>Permanent</u>						Total Nonmajor Governmental Funds	
		Emma J. Mellon	Augustus M. Dowd	Walter H. Coe Park	Daniel Hand Trust	Charlotte Dowd Scholarship	Harold C. Strong Trust	Total	
Revenues:									
	Intergovernmental	\$	\$	\$	\$	\$	\$	-	\$ 1,822,983
	Charges for services							-	1,710,196
	Income on investments				7	492	696	1,195	1,972
	Contribution							-	243,438
	Miscellaneous							-	103,558
	Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>492</u>	<u>696</u>	<u>1,195</u>	<u>3,882,147</u>
Expenditures:									
	General government							-	272,286
	Public safety							-	37,000
	Health and welfare							-	230,076
	Beach and recreation							-	677,417
	Education					500	846	1,346	2,265,528
	Miscellaneous							-	249,643
	Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>846</u>	<u>1,346</u>	<u>3,731,950</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>(8)</u>	<u>(150)</u>	<u>(151)</u>	<u>150,197</u>
Other Financing Uses									
	Transfers out							-	(64,100)
Net Change in Fund Balances		-	-	-	7	(8)	(150)	(151)	86,097
Fund Balance, July 1, 2011		<u>121</u>	<u>5,000</u>	<u>1,012</u>	<u>4,478</u>	<u>301,556</u>	<u>426,804</u>	<u>738,971</u>	<u>1,755,121</u>
Fund Balance, June 30, 2012		<u>\$ 121</u>	<u>\$ 5,000</u>	<u>\$ 1,012</u>	<u>\$ 4,485</u>	<u>\$ 301,548</u>	<u>\$ 426,654</u>	<u>\$ 738,820</u>	<u>\$ 1,841,218</u>

TOWN OF MADISON, CONNECTICUT

RESERVE FUND (CAPITAL PROJECTS)

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS

FOR THE YEAR ENDED JUNE 30, 2012

Project	Total Appropriations	Expenditures and Encumbrances	Unexpended Balance June 30, 2012
Reserve Fund:			
Technology	\$ 168,602	\$ 129,537	\$ 39,065
Major roads	1,934,726	5,534	1,929,192
Madison Fire Department:			
Truck replacement	412,221		412,221
Hose replacement	35,036	33,662	1,374
North Madison Fire Department:			
Truck replacement	356,141		356,141
Hose replacement	36,774	27,538	9,236
Ambulance	218,887		218,887
Planned/cycled maintenance - BOE	572,805	380,633	192,172
Planned/cycled maintenance - Town	294,396	42,554	251,842
Facilities reserve	3,331,541	1,709,340	1,622,201
Communication equipment	264,257	263,332	925
Vehicle replacement	47,965	47,715	250
North Madison water tanks	171,558		171,558
Town vehicles	384,735	83,154	301,581
Town center renovation	20,959	11,497	9,462
Nathan lane bus parking	194,600	84,800	109,800
Energy assistance - utilities	3,042	2,980	62
Severance pay	310,545	262,358	48,187
Self-insurance	111,060	69,586	41,474
Revaluation	245,311		245,311
DEF contribution pension	45,000		45,000
Open space reserve	342,012	125,000	217,012
Debt service reserve	500,000	40,000	460,000
BOE External Placements	200,000		200,000
GASB 45 reserve	47,325	15,210	32,115
Planning reserve	117,038	77,000	40,038
Total Reserve Fund	\$ 10,366,536	\$ 3,411,430	\$ 6,955,106

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011

	Health Benefits	Flexible Spending	Total	
			2012	2011
Assets:				
Cash and cash equivalents	\$ 4,038,017	\$ 53,724	\$ 4,091,741	\$ 2,741,683
Accounts receivable	1,941		1,941	687,503
Due from other funds			-	3,446
Total assets	<u>4,039,958</u>	<u>53,724</u>	<u>4,093,682</u>	<u>3,432,632</u>
Liabilities:				
Risk management claims	531,000		531,000	462,710
Due to other funds	492,914	10,000	502,914	
	<u>1,023,914</u>	<u>10,000</u>	<u>1,033,914</u>	<u>462,710</u>
Net Assets:				
Restricted net assets		43,724	43,724	38,433
Unrestricted net assets	<u>3,016,044</u>		<u>3,016,044</u>	<u>2,931,489</u>
Total Net Assets	<u>\$ 3,016,044</u>	<u>\$ 43,724</u>	<u>\$ 3,059,768</u>	<u>\$ 2,969,922</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETSFOR THE YEAR ENDED JUNE 30, 2012 WITH
COMPARATIVE TOTALS FOR 2011

	<u>Health Benefits</u>	<u>Flexible Spending</u>	<u>Total</u>	
			<u>2012</u>	<u>2011</u>
Operating revenues:				
Employee contributions and charges for services	\$ 8,981,459	265,502	\$ 9,246,961	\$ 9,085,695
Operating expenses:				
Administrative expense	917,019		917,019	902,400
Employee benefits	7,982,458	260,211	8,242,669	7,248,269
Total operating expenses	<u>8,899,477</u>	<u>260,211</u>	<u>9,159,688</u>	<u>8,150,669</u>
Operating Income	81,982	5,291	87,273	935,026
Nonoperating Revenue:				
Interest income	<u>2,573</u>		<u>2,573</u>	<u>2,354</u>
Net Income	84,555	5,291	89,846	937,380
Net Assets, July 1, 2011	<u>2,931,489</u>	<u>38,433</u>	<u>2,969,922</u>	<u>2,032,542</u>
Net Assets, June 30, 2012	<u>\$ 3,016,044</u>	<u>\$ 43,724</u>	<u>\$ 3,059,768</u>	<u>\$ 2,969,922</u>

TOWN OF MADISON, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011

	Health Benefits	Flexible Spending	Total	
			2012	2011
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 9,670,467	\$ 265,502	\$ 9,935,969	\$ 8,835,745
Cash payments for claims paid	(7,421,254)	(250,211)	(7,671,465)	(7,366,859)
Cash payments to providers of benefits	(917,019)		(917,019)	(902,400)
Net cash provided by operating activities	<u>1,332,194</u>	<u>15,291</u>	<u>1,347,485</u>	<u>566,486</u>
Cash Flows from Investing Activities:				
Income on investments	<u>2,573</u>		<u>2,573</u>	<u>2,354</u>
Net Increase in Cash and Cash Equivalents	1,334,767	15,291	1,350,058	568,840
Cash and Cash Equivalents at Beginning of Year	<u>2,703,250</u>	<u>38,433</u>	<u>2,741,683</u>	<u>2,172,843</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,038,017</u>	<u>\$ 53,724</u>	<u>\$ 4,091,741</u>	<u>\$ 2,741,683</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 81,982	\$ 5,291	\$ 87,273	\$ 935,026
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease in receivables	685,562		685,562	(246,803)
Decrease in due from other funds	3,446		3,446	(3,147)
Increase (decrease) in other liabilities	<u>561,204</u>	<u>10,000</u>	<u>571,204</u>	<u>(118,590)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,332,194</u>	<u>\$ 15,291</u>	<u>\$ 1,347,485</u>	<u>\$ 566,486</u>

TOWN OF MADISON, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>Performance Bonds</u>	<u>Police Explorers Post 492</u>	<u>Student Activities</u>	<u>Alumni Activities</u>	<u>Summer School</u>	<u>Athletic Registrations</u>	<u>DHHS Athletics</u>	<u>Total</u>
Assets:								
Cash and cash equivalents	\$ 433,917	\$ 7,752	\$ 340,972	\$ 4,023	\$ 6,904	\$	\$ 28,673	\$ 822,241
Due from other funds	<u>300</u>	<u></u>	<u></u>	<u></u>	<u>2,312</u>	<u>64,274</u>	<u></u>	<u>66,886</u>
Total Assets	<u>\$ 434,217</u>	<u>\$ 7,752</u>	<u>\$ 340,972</u>	<u>\$ 4,023</u>	<u>\$ 9,216</u>	<u>\$ 64,274</u>	<u>\$ 28,673</u>	<u>\$ 889,127</u>
Liabilities:								
Due to employees, students or others	\$ 434,217	\$ 6,478	\$ 340,972	\$ 4,023	\$ 9,216	\$ 64,274	\$ 23,814	\$ 882,994
Due to other funds	<u></u>	<u>1,274</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>4,859</u>	<u>6,133</u>
Total Liabilities	<u>\$ 434,217</u>	<u>\$ 7,752</u>	<u>\$ 340,972</u>	<u>\$ 4,023</u>	<u>\$ 9,216</u>	<u>\$ 64,274</u>	<u>\$ 28,673</u>	<u>\$ 889,127</u>

TOWN OF MADISON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 406,286	\$ 27,631	\$	\$ 433,917
Due from other funds	300			300
	<u>406,586</u>	<u>27,631</u>	<u>-</u>	<u>434,217</u>
Total Assets	<u>\$ 406,586</u>	<u>\$ 27,631</u>	<u>\$ -</u>	<u>\$ 434,217</u>
Liabilities:				
Due to employees, students or others	\$ 406,586	\$ 27,631	\$ -	\$ 434,217
	<u>406,586</u>	<u>27,631</u>	<u>-</u>	<u>434,217</u>
	<u>\$ 406,586</u>	<u>\$ 27,631</u>	<u>\$ -</u>	<u>\$ 434,217</u>
Police Explorers Post 492				
Assets:				
Cash and cash equivalents	\$ 7,752	\$ 315	\$ 315	\$ 7,752
	<u>7,752</u>	<u>315</u>	<u>315</u>	<u>7,752</u>
Liabilities:				
Due to employees, students or others	\$ 6,793	\$	\$ 315	\$ 6,478
Due to other funds	959	315		1,274
	<u>6,793</u>	<u>315</u>	<u>315</u>	<u>6,478</u>
Total Liabilities	<u>\$ 7,752</u>	<u>\$ 315</u>	<u>\$ 315</u>	<u>\$ 7,752</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 351,068	\$ -	\$ 10,096	\$ 340,972
	<u>351,068</u>	<u>-</u>	<u>10,096</u>	<u>340,972</u>
Liabilities:				
Due to employees, students or others	\$ 351,068	\$ -	\$ 10,096	\$ 340,972
	<u>351,068</u>	<u>-</u>	<u>10,096</u>	<u>340,972</u>
	<u>\$ 351,068</u>	<u>\$ -</u>	<u>\$ 10,096</u>	<u>\$ 340,972</u>
Alumni Activities				
Assets:				
Cash and cash equivalents	\$ 4,023	\$ -	\$ -	\$ 4,023
	<u>4,023</u>	<u>-</u>	<u>-</u>	<u>4,023</u>
Liabilities:				
Due to employees, students or others	\$ 4,023	\$ -	\$ -	\$ 4,023
	<u>4,023</u>	<u>-</u>	<u>-</u>	<u>4,023</u>
	<u>\$ 4,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,023</u>

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TOWN OF MADISON, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Summer School				
Assets:				
Cash and cash equivalents	\$ 5,814	\$ 1,090	\$	\$ 6,904
Due from other funds	<u>2,312</u>	<u></u>	<u></u>	<u>2,312</u>
Total Assets	<u>\$ 8,126</u>	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ 9,216</u>
Liabilities:				
Due to employees, students or others	<u>\$ 8,126</u>	<u>\$ 1,090</u>	<u>\$ -</u>	<u>\$ 9,216</u>
Athletic Registrations				
Assets:				
Due from other funds	<u>\$ 38,580</u>	<u>\$ 25,694</u>	<u>\$ -</u>	<u>\$ 64,274</u>
Liabilities:				
Due to employees, students or others	<u>\$ 38,580</u>	<u>\$ 25,694</u>	<u>\$ -</u>	<u>\$ 64,274</u>
DHHS Athletics				
Assets:				
Cash and cash equivalents	<u>\$ 10,365</u>	<u>\$ 19,389</u>	<u>\$ 1,081</u>	<u>\$ 28,673</u>
Liabilities:				
Due to employees, students or others	\$ 4,425	\$ 19,389	\$	\$ 23,814
Due to other funds	<u>5,940</u>	<u></u>	<u>1,081</u>	<u>4,859</u>
Total Liabilities	<u>\$ 10,365</u>	<u>\$ 19,389</u>	<u>\$ 1,081</u>	<u>\$ 28,673</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 785,308	\$ 48,425	\$ 11,492	\$ 822,241
Due from other funds	<u>41,192</u>	<u>25,694</u>	<u></u>	<u>66,886</u>
Total Assets	<u>\$ 826,500</u>	<u>\$ 74,119</u>	<u>\$ 11,492</u>	<u>\$ 889,127</u>
Liabilities:				
Due to employees and others	\$ 819,601	\$ 73,804	\$ 10,411	\$ 882,994
Due to other funds	<u>6,899</u>	<u>315</u>	<u>1,081</u>	<u>6,133</u>
Total Liabilities	<u>\$ 826,500</u>	<u>\$ 74,119</u>	<u>\$ 11,492</u>	<u>\$ 889,127</u>

TOWN OF MADISON, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2012

Total tax collections (including interest and lien fees) received for year ended June 30, 2012					\$ <u>66,340,579</u>
Base					\$ <u><u>66,340,579</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 149,266,303	\$	\$	\$	\$
4-1/2 times base		298,532,606			
3-3/4 times base			248,777,171		
3-1/4 times base				215,606,882	
3 times base					199,021,737
					<u>199,021,737</u>
Total debt limitation	<u>149,266,303</u>	<u>298,532,606</u>	<u>248,777,171</u>	<u>215,606,882</u>	<u>199,021,737</u>
Indebtedness:					
Bonds and notes payable	16,522,000	22,858,000			
Bonds authorized and unissued	700,000				
School building grants receivable		(111,849)			
Net indebtedness	<u>17,222,000</u>	<u>22,746,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 132,044,303</u>	<u>\$ 275,786,455</u>	<u>\$ 248,777,171</u>	<u>\$ 215,606,882</u>	<u>\$ 199,021,737</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation \$464,384,053.