

**TOWN OF BEACON FALLS, CONNECTICUT**

**BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2014**

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**INDEPENDENT AUDITOR'S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Finance  
Town of Beacon Falls, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Beacon Falls, Connecticut (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Beacon Falls, Connecticut, as of June 30, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedule of funding progress on page 44 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
February 27, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED**

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**TOWN OF BEACON FALLS, CONNECTICUT**  
Management's Discussion and Analysis - Unaudited

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The management of the Town of Beacon Falls, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

**HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$15,158,072 (net position). Of this amount, \$4,932,324 represents unrestricted net position, which may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$400,457 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,534,582, an increase of \$4,182,107 in comparison with the prior year.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$3,112,585 or 15.9% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.9 months of General Fund operating expenditures.
- The Town's total short-term and long-term debt increased by \$1,837,956 or 27.9% during the current fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

## **OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

### **Government-wide Financial Statements *(Continued)***

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, public works, public safety, culture and recreation, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

#### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Bonding Projects Fund, both of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

**TOWN OF BEACON FALLS, CONNECTICUT**  
Management's Discussion and Analysis - Unaudited *(Continued)*

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**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 43 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on page 44 of this report. Combining and individual fund statements and schedules can be found on pages 45 through 54 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

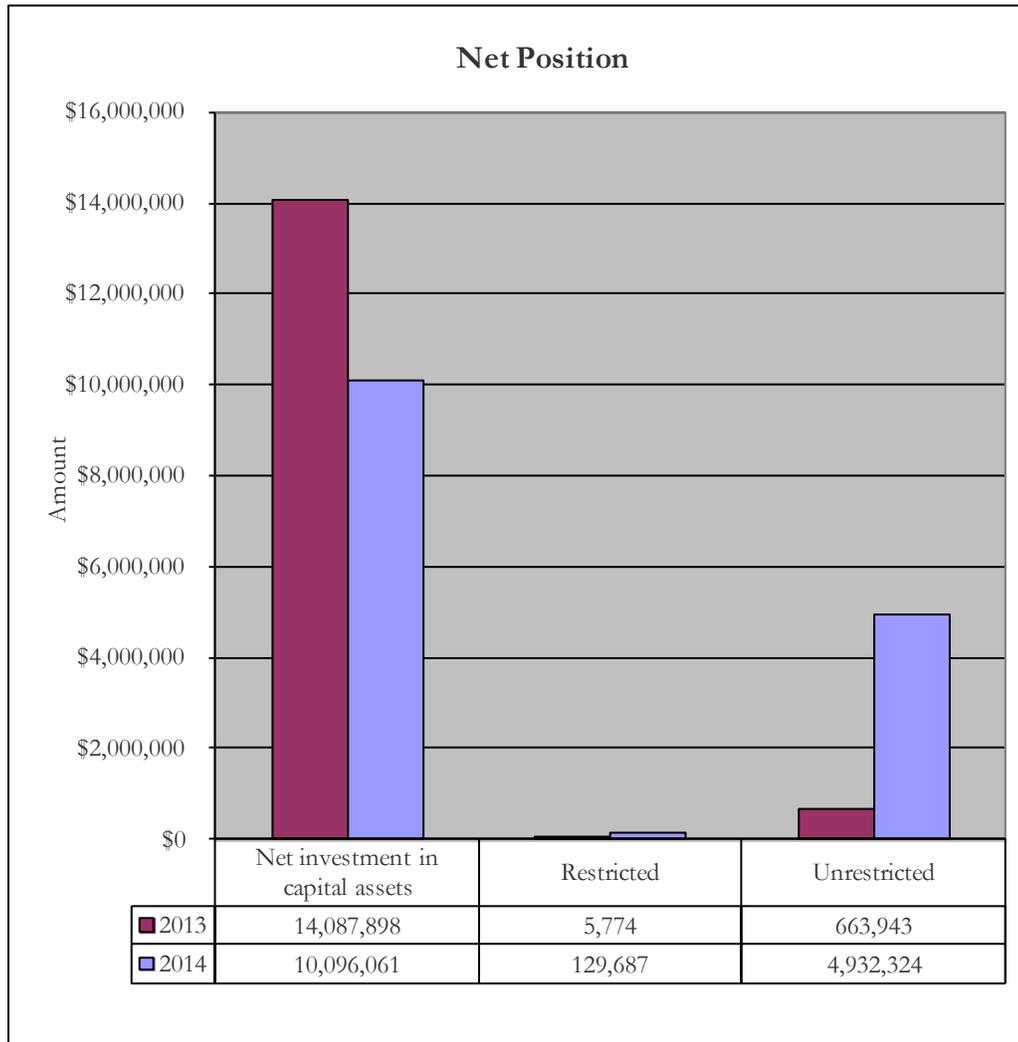
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$15,158,072 and \$14,757,615 as of June 30, 2014 and 2013, respectively, and are summarized as follows:

<b>Town of Beacon Falls, Connecticut</b>		
<b>Net Position</b>		
<b>June 30, 2014 and 2013</b>		
	<b>Total</b>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 8,013,305	\$ 5,455,392
Capital assets	16,418,193	16,487,194
Total assets	<u>24,431,498</u>	<u>21,942,586</u>
Deferred outflows of resources	38,369	-
Other liabilities	1,512,913	3,062,092
Long-term liabilities	7,798,882	4,122,879
Total liabilities	<u>9,311,795</u>	<u>7,184,971</u>
Net position:		
Net investment in capital assets	10,096,061	14,087,898
Restricted	129,687	5,774
Unrestricted	4,932,324	663,943
Total net position	<u>\$ 15,158,072</u>	<u>\$ 14,757,615</u>

**TOWN OF BEACON FALLS, CONNECTICUT**  
 Management's Discussion and Analysis - Unaudited *(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Net Position *(Continued)***



As of June 30, 2014, approximately 66.6% of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1.0% of net position represents resources that are subject to external restrictions on how they may be used.

The remainder of the Town's net position is considered unrestricted. The Town's unrestricted net position increased by approximately \$4.268 million over the prior year primarily due to bonding of capital costs incurred in prior years, which had previously been funded by available operating cash.

Overall, net position increased by \$400,457 in comparison with the prior year.

**TOWN OF BEACON FALLS, CONNECTICUT**  
 Management's Discussion and Analysis - Unaudited *(Continued)*

**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Change in Net Position**

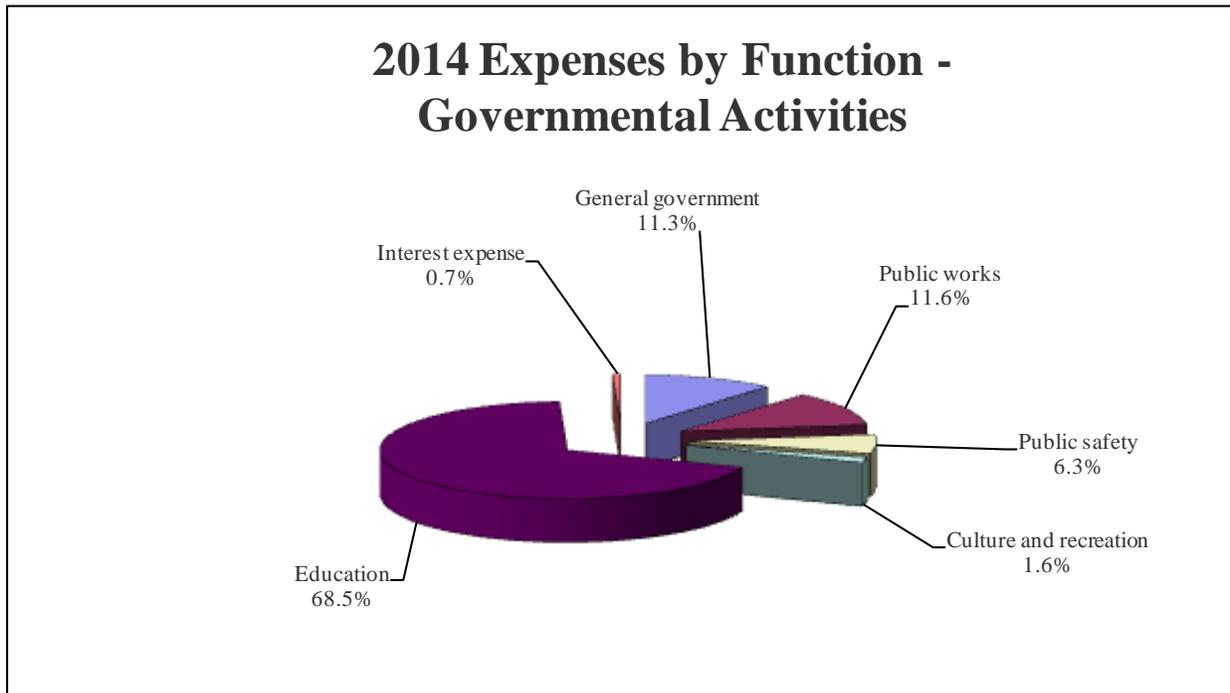
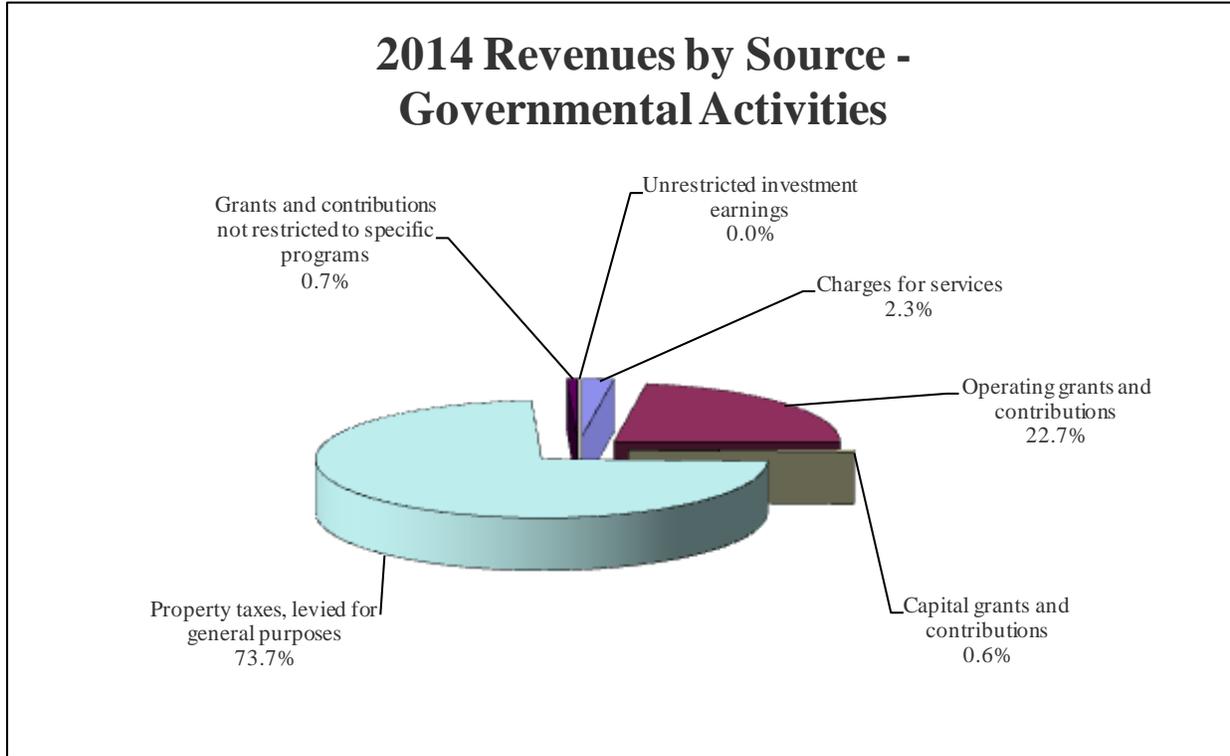
Changes in net position for the years ended June 30, 2014 and 2013 are as follows:

**Town of Beacon Falls, Connecticut**  
**Changes in Net Position**  
**For The Years Ended June 30, 2014 and 2013**

	Total	
	2014	2013
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 476,215	\$ 420,022
Operating grants and contributions	4,721,172	4,299,079
Capital grants and contributions	114,522	337,407
General revenues:		
Property taxes, levied for general purposes	15,339,093	14,900,189
Grants and contributions not restricted to specific programs	146,656	233,119
Gain on sale of Town property	-	925,000
Unrestricted investment earnings	1,202	16,363
Total revenues	20,798,860	21,131,179
<b>Expenses</b>		
General government	2,302,270	2,139,658
Public works	2,360,101	2,372,634
Public safety	1,290,730	1,399,474
Culture and recreation	329,806	353,606
Education	13,978,646	13,516,056
Interest expense	136,850	68,165
Total expenses	20,398,403	19,849,593
Change in net position	\$ 400,457	\$ 1,281,586

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Position (Continued)



**TOWN OF BEACON FALLS, CONNECTICUT**  
Management's Discussion and Analysis - Unaudited *(Continued)*

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**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$3,534,582.

**General Fund**

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance of the General Fund was \$3,136,742, of which \$3,112,585 was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 15.9% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.9 months of General Fund operating expenditures.

The fund balance of the Town's General Fund increased by \$987,356 during the current fiscal year, which was primarily due to a revenue surplus combined with overall budgetary savings.

**Bonding Projects Fund**

The fund balance of the Bonding Projects Fund increased by \$3,077,431 during the current fiscal year, which resulted in a current fund deficit of \$13,632 as of June 30, 2014. This increase was primarily due to the issuance of bonds to fund a portion of expenditures for capital project costs incurred in prior years.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$987,775 in the current fiscal year. Expenditures were \$567,004 less than budgeted. Total budgetary revenues were \$420,771 more than expected, primarily driven by better than expected tax collections.

**TOWN OF BEACON FALLS, CONNECTICUT**  
Management's Discussion and Analysis - Unaudited *(Continued)*

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2014 and 2013 totaled \$16,418,193 and \$16,487,194, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$69,001. This decrease is attributed to depreciation expense of \$811,883 offset by current year capital asset additions of \$745,496. Major capital asset additions during the current year included the following:

- Outlays for various ongoing construction projects totaling \$474,173, including Sewer Plant upgrades, improvements to the fire department roof, town roads and streetscapes;
- Outlays related to new equipment purchases in the amount of \$127,040 for three new snow plows, a snow tractor, and additional equipment for Public Works;
- Outlays for various other asset purchases totaling \$137,937, primarily for the purchase of new accounting software, fire and police department radios, a thermal imaging camera, wood pavilion, and an air conditioning system for the Town Clerk's office.

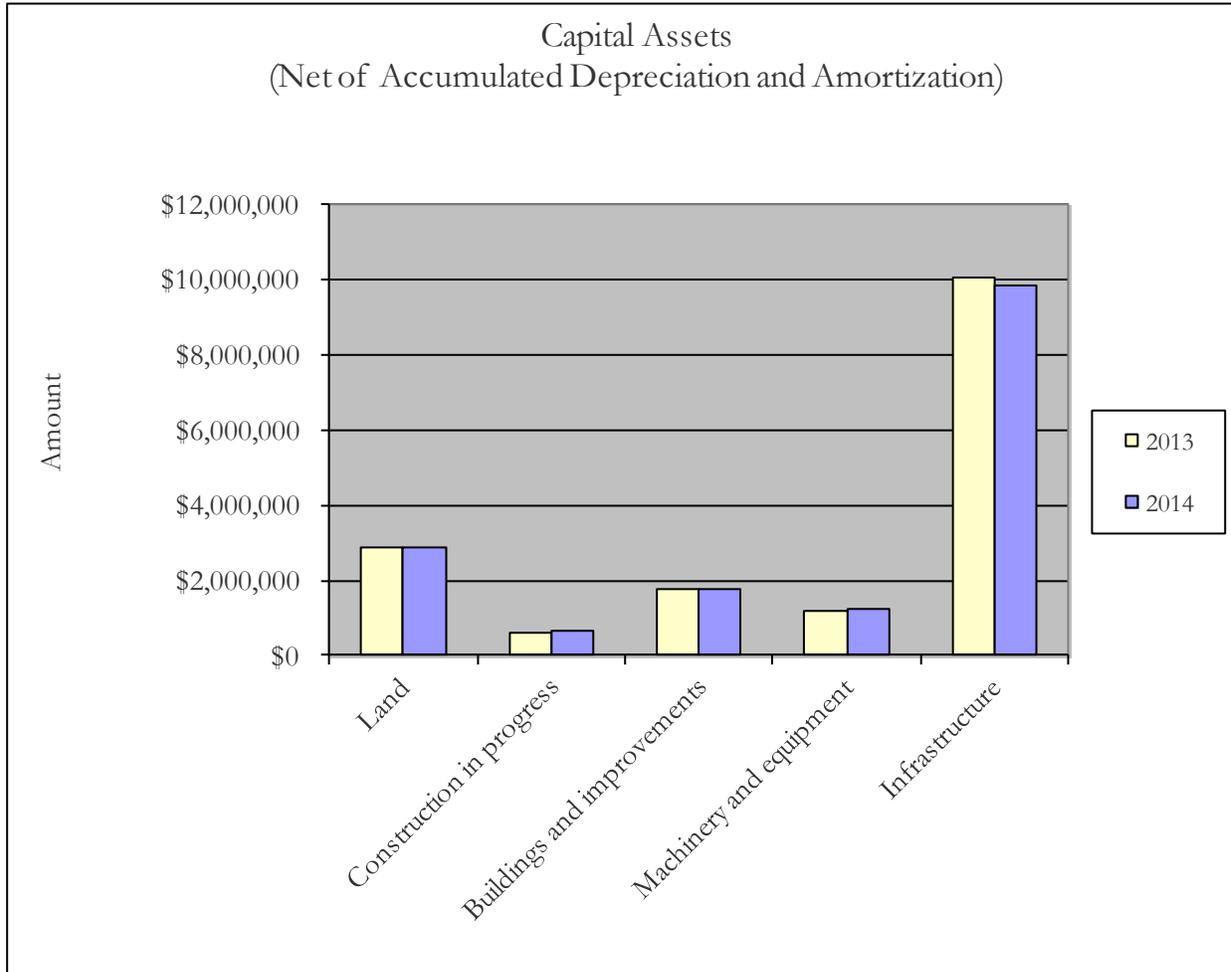
The following table is a two year comparison of the investment in capital assets:

**Town of Beacon Falls, Connecticut**  
**Capital Assets, Net**  
**June 30, 2014 and 2013**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 2,878,308	\$ 2,878,308
Construction in progress	672,996	580,566
Buildings and improvements	1,737,576	1,777,701
Machinery and equipment	1,252,967	1,180,541
Infrastructure	9,876,346	10,070,078
Totals	<u>\$ 16,418,193</u>	<u>\$ 16,487,194</u>

**CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)***

**Capital Assets *(Continued)***



Additional information on the Town's capital assets can be found in Note D on page 33 of this report.

**Short-term and Long-term Debt**

At the end of the current fiscal year, the Town had total short-term and long-term principal debt outstanding of \$8,437,305. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt increased by \$1,837,956 or 27.9% during the current fiscal year. The Town's bond rating has been rated AA- by Standard & Poor's.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

**TOWN OF BEACON FALLS, CONNECTICUT**  
 Management's Discussion and Analysis - Unaudited *(Continued)*

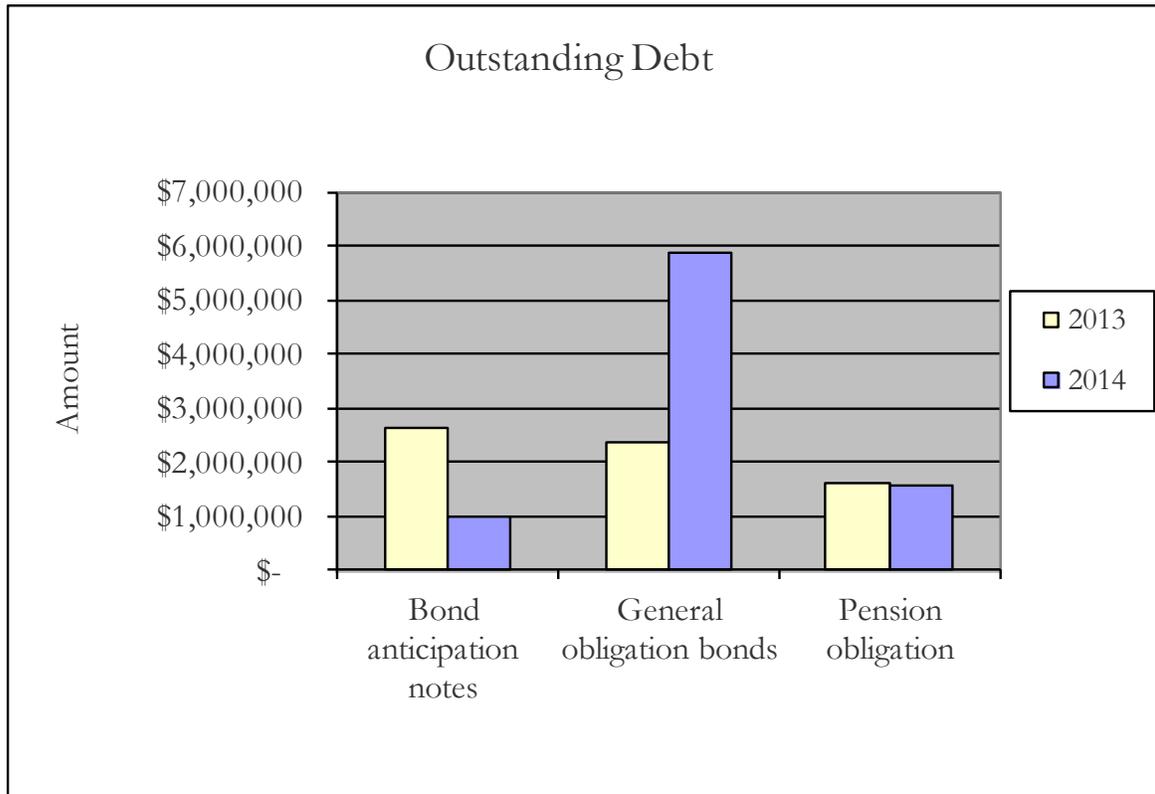
**CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)***

**Short-term and Long-term Debt *(Continued)***

The following table is a two year comparison of short-term and long-term principal debt outstanding:

**Town of Beacon Falls, Connecticut**  
**Short-term and Long-term Debt**  
**June 30, 2014 and 2013**

	Governmental Activities	
	2014	2013
<b>Short-term</b>		
Bond anticipation notes	\$ 1,000,000	\$ 2,645,000
<b>Long-term</b>		
General obligation bonds	5,865,000	2,353,480
Pension obligation	1,572,305	1,600,869
Totals	\$ 8,437,305	\$ 6,599,349



Additional information on the Town's short-term and long-term debt can be found in Note G and H on pages 35 through 38 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 6.6% as of June 2014. This compares favorably to the state's average unemployment rate of 6.7% and the national unemployment rate of 6.1%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
  - For purposes of calculating property tax revenues for fiscal year 2015, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
  - Intergovernmental grants were based on estimates from the State.
  - It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2015.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Office, Town of Beacon Falls, 10 Maple Avenue, Beacon Falls, Connecticut 06403.

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## **BASIC FINANCIAL STATEMENTS**

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# TOWN OF BEACON FALLS, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,416,743
Receivables:	
Property taxes and interest, net of allowance for uncollectibles of \$318,000	1,773,584
Assessments receivable	263,959
Intergovernmental	228,255
Loans	111,395
Other	95,755
Noncurrent assets:	
Receivables:	
Assessments	1,123,614
Capital assets:	
Non-depreciable	3,551,304
Depreciable, net	12,866,889
Total assets	<u>24,431,498</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred charge on refunding	<u>38,369</u>
<b>LIABILITIES</b>	
Accounts payable	387,672
Accrued liabilities:	
Salaries and benefits payable	60,968
Accrued interest	52,079
Unearned revenue	12,194
Bond anticipation note payable	1,000,000
Noncurrent liabilities:	
Due within one year	445,302
Due in more than one year	7,353,580
Total liabilities	<u>9,311,795</u>
<b>NET POSITION</b>	
Net investment in capital assets	10,096,061
Restricted for:	
External donor restrictions	18,292
Grant programs	111,395
Unrestricted	4,932,324
Total net position	<u>\$ 15,158,072</u>

*The accompanying notes are an integral part of these financial statements .*

# TOWN OF BEACON FALLS, CONNECTICUT

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government:</b>					
Governmental activities:					
General government	\$ 2,302,270	\$ 232,283	\$ 146,315	\$ -	\$ (1,923,672)
Public works	2,360,101	133,003	441,263	114,522	(1,671,313)
Public safety	1,290,730	95,069	-	-	(1,195,661)
Culture and recreation	329,806	15,860	13,474	-	(300,472)
Education	13,978,646	-	4,120,120	-	(9,858,526)
Interest expense	136,850	-	-	-	(136,850)
Total governmental activities	20,398,403	476,215	4,721,172	114,522	(15,086,494)
General revenues:					
					15,339,093
					146,656
					1,202
					15,486,951
					400,457
					14,757,615
					\$ 15,158,072

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BEACON FALLS, CONNECTICUT**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

	<u>General Fund</u>	<u>Bonding Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,219,742	\$ 714,858	\$ 482,143	\$ 4,416,743
Receivables:				
Property taxes, net of allowance for doubtful accounts of \$152,000	1,151,675	-	-	1,151,675
Interest on property taxes, net of allowance for uncollectibles of \$166,000	621,909	-	-	621,909
Assessments	1,387,573	-	-	1,387,573
Intergovernmental	139,694	-	88,561	228,255
Loans	24,157	-	87,238	111,395
Other	95,755	-	-	95,755
Due from other funds	230,047	271,510	44,699	546,256
Total assets	<u>\$ 6,870,552</u>	<u>\$ 986,368</u>	<u>\$ 702,641</u>	<u>\$ 8,559,561</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 373,818	\$ -	\$ 13,854	\$ 387,672
Accrued liabilities:				
Salaries and benefits payable	60,968	-	-	60,968
Bond anticipation note payable	-	1,000,000	-	1,000,000
Due to other funds	273,559	-	272,697	546,256
Unearned revenue	7,576	-	4,618	12,194
Total liabilities	<u>715,921</u>	<u>1,000,000</u>	<u>291,169</u>	<u>2,007,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,637,535	-	-	1,637,535
Unavailable revenue - assessments	1,380,354	-	-	1,380,354
Total deferred inflows of resources	<u>3,017,889</u>	<u>-</u>	<u>-</u>	<u>3,017,889</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Loans receivable	24,157	-	87,238	111,395
Restricted for:				
General government	-	-	3,250	3,250
Culture and recreation	-	-	15,042	15,042
Committed to:				
General government	-	-	6,040	6,040
Sewer waste water system	-	-	194,943	194,943
Culture and recreation	-	-	8,061	8,061
Special projects	-	-	20,449	20,449
Capital projects	-	-	76,449	76,449
Unassigned (deficit)	3,112,585	(13,632)	-	3,098,953
Total fund balances	<u>3,136,742</u>	<u>(13,632)</u>	<u>411,472</u>	<u>3,534,582</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,870,552</u>	<u>\$ 986,368</u>	<u>\$ 702,641</u>	<u>\$ 8,559,561</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

Total fund balance for governmental funds	\$	3,534,582
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land	\$	2,878,308
Construction in progress		672,996
Buildings and improvements		3,352,601
Machinery and equipment		5,217,382
Infrastructure		20,612,112
Less: accumulated depreciation and amortization		<u>(16,315,206)</u>
Total capital assets, net		16,418,193
Some of the Town's taxes, assessments, and interest receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		
		3,017,889
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest payable		(52,079)
Long-term debt:		
Bonds payable		(5,865,000)
Unamortized premium		(185,602)
Deferred charges on refunding		38,369
Capital lease obligations		(24,757)
Other long-term liabilities:		
Compensated absences		(73,650)
Pension obligation		(1,572,305)
Insurance assessment		(19,984)
Net OPEB obligation		<u>(57,584)</u>
Total long-term liabilities		<u>(7,812,592)</u>
Net position of governmental activities	\$	<u><u>15,158,072</u></u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<b>General Fund</b>	<b>Bonding Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Property taxes	\$ 15,270,452	\$ -	\$ -	\$ 15,270,452
Assessments	130,707	-	-	130,707
Intergovernmental	4,717,436	-	248,915	4,966,351
Charges for services	359,365	-	58,795	418,160
Miscellaneous	58,055	-	15,999	74,054
Interest income	1,031	35	136	1,202
Total revenues	<u>20,537,046</u>	<u>35</u>	<u>323,845</u>	<u>20,860,926</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,075,706	515	50,349	2,126,570
Public works	1,675,380	-	3,898	1,679,278
Public safety	1,198,318	-	-	1,198,318
Culture and recreation	284,058	-	26,635	310,693
Education	13,978,646	-	-	13,978,646
Contingency	3,680	-	-	3,680
Debt service:				
Principal payments	151,609	-	-	151,609
Interest and fiscal charges	77,139	22,476	-	99,615
Capital outlays	153,425	605,359	136,643	895,427
Total expenditures	<u>19,597,961</u>	<u>628,350</u>	<u>217,525</u>	<u>20,443,836</u>
Excess (deficiency) of revenues over expenditures	939,085	(628,315)	106,320	417,090
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of general obligation bonds	2,210,000	3,655,000	-	5,865,000
Premium on general obligation bonds	188,496	-	-	188,496
Payment to refunded bond escrow agent	(2,261,897)	-	-	(2,261,897)
Debt issuance costs	(38,017)	-	-	(38,017)
Premium on bond anticipation notes	-	11,435	-	11,435
Transfers in	-	39,311	11,000	50,311
Transfers out	(50,311)	-	-	(50,311)
Total other financing sources (uses)	<u>48,271</u>	<u>3,705,746</u>	<u>11,000</u>	<u>3,765,017</u>
Net change in fund balances	987,356	3,077,431	117,320	4,182,107
Fund balances - beginning	<u>2,149,386</u>	<u>(3,091,063)</u>	<u>294,152</u>	<u>(647,525)</u>
Fund balances - ending	<u>\$ 3,136,742</u>	<u>\$ (13,632)</u>	<u>\$ 411,472</u>	<u>\$ 3,534,582</u>

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014

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Net change in fund balances - total governmental funds \$ 4,182,107

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 745,496	
Depreciation and amortization expense	<u>(811,883)</u>	
Net adjustment		(66,387)

In the statement of activities, only the loss on the sale of capital assets is reported whereas the proceeds from the sale increase financial resources in the governmental funds. (2,614)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Bonds issued	(3,655,000)	
Premium on bonds issued	(188,496)	
Principal repayments:		
Bonds payable	143,480	
Capital lease obligations	<u>21,059</u>	
Net adjustment		(3,678,957)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	(12,949)	
Amortization on bond premium	2,894	
Deferred amount on refunding	38,369	
Compensated absences	(4,972)	
Pension obligation	28,564	
Insurance assessment	(11,061)	
Net OPEB obligation	<u>(12,471)</u>	
		28,374

Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred inflows of revenue in governmental funds. This amount represents the change in deferred inflows. (62,066)

Change in net position of governmental activities \$ 400,457

**TOWN OF BEACON FALLS, CONNECTICUT**  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 14,994,239	\$ 14,994,239	\$ 15,270,452	\$ 276,213
Water and sewer assessments	200,000	200,000	130,707	(69,293)
Intergovernmental revenues	4,637,924	4,637,924	4,606,978	(30,946)
Charges for services	154,500	154,500	293,746	139,246
Other revenues	77,500	77,500	193,020	115,520
Investment income	11,000	11,000	1,031	(9,969)
Total revenues	<u>20,075,163</u>	<u>20,075,163</u>	<u>20,495,934</u>	<u>420,771</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,139,787	2,162,197	2,075,287	(86,910)
Public works	1,785,578	1,821,509	1,675,380	(146,129)
Public safety	1,214,076	1,223,200	1,198,318	(24,882)
Library	151,463	154,131	155,270	1,139
Recreation	137,700	138,822	128,788	(10,034)
Education	13,948,646	13,978,646	13,978,646	-
Contingency	100,000	28,745	3,680	(25,065)
Capital outlays	99,251	99,251	87,427	(11,824)
Debt service:				
Principal payments	260,530	260,530	130,550	(129,980)
Interest and fiscal charges	238,132	208,132	74,813	(133,319)
Total expenditures	<u>20,075,163</u>	<u>20,075,163</u>	<u>19,508,159</u>	<u>(567,004)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	987,775	<u>\$ 987,775</u>
Fund balances - beginning			<u>2,149,386</u>	
Fund balances - ending			<u>\$ 3,137,161</u>	

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

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	<b>Private Purpose Trust Fund - Melborne Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,624
<b>NET POSITION</b>	
Held in trust for scholarship benefits	\$ 17,624

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF BEACON FALLS, CONNECTICUT**  
**STATEMENT OF CHANGES**  
**IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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	<b>Private Purpose Trust Fund - Melborne Trust Fund</b>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 8
<b>DEDUCTIONS</b>	
Awards expense	2,000
Change in net position	(1,992)
Net position - beginning	19,616
Net position - ending	\$ 17,624

*The accompanying notes are an integral part of these financial statements .*

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements

June 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Beacon Falls, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

**Financial Reporting Entity**

The Town was incorporated in 1871. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government.

The legislative power of the Town is vested with the Board of Selectmen and by Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by the Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town provides the following services: public works, public safety, culture and recreation, education and general administrative services.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

**Government-wide and Fund Financial Statements**

**Government-wide Financial Statements**

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2014

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

**Government-wide and Fund Financial Statements (Continued)**

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Town reports the following major governmental funds:

***General Fund*** - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

***Bonding Projects Fund*** - This fund is used to account for the financial activity of capital projects financed with debt proceeds and government grants.

In addition, the Town reports the following fiduciary fund types:

***Private Purpose Trust Funds*** - This fund type is used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town utilizes a private purpose trust fund to account for activities of the Melborne Trust Fund.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Measurement Focus and Basis of Accounting *(Continued)***

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The private-purpose trust fund is reported using the economic resources measurement focus and the accrual basis of accounting.

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity**

**Cash Equivalents**

The Town's cash and cash equivalents include short-term highly liquid investments with original maturities of three months or less when purchased.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity**  
**(Continued)**

**Property Taxes, Sewer Assessment and Usage Charges**

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charges. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Sewer and water assessments are levied over various periods, and annual installments on the amounts levied are due and payable similar to property taxes. The Town may foreclose liens against property benefited by special assessment, when assessment payers are in arrears.

**Loans Receivable**

The Town administers a loan program for low to moderate income families through the Small Cities grant program. The loans bear an interest rate of 0%. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty.

**Capital Assets**

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 with 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	15 - 50
Machinery and equipment	8 - 15
Infrastructure	15 - 60

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

***Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity***  
***(Continued)***

**Unearned Revenue**

This liability represents resources that have been received but not yet earned.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In the government-wide financial statements, deferred outflows of resources consist of a deferred charge on refunding. This amount is being amortized to interest expense using the effective-interest method over the life of the related bonds.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town only has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated Absences**

Town employees are granted vacation and sick leave based upon length of employment. In the event of termination or retirement, employees are compensated for accumulated vacation and sick time.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental funds 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 reported as debt service expenditures.

TOWN OF BEACON FALLS, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2014

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity (Continued)**

**Net Position and Fund Balance**

The government-wide statement of net position presents the Town's non-fiduciary assets, deferred outflows of resources and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

***Net investment in capital assets*** – This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

***Restricted net position*** – This component of net position consists of the portion of net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted net position*** – This component of net position consists of amounts which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

***Nonspendable*** – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

***Restricted*** – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

***Committed*** – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures consistent with the Town's budgeting procedures as described in Note B.

***Assigned*** – Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. The Board of Finance and Board of Selectmen may assign fund balance as needed to meet the obligations of the Town.

***Unassigned*** – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position/Fund Equity**  
**(Continued)**

**Net Position and Fund Balance *(Continued)***

***Net Position Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over net position. In practice, the Town considers restricted net position to have been depleted before unrestricted net position is applied.

***Fund Balance Flow Assumption***

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, when committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

**Interfund Activities**

Interfund activities are reported as follows:

**Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

**Interfund Services Provided and Used**

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Interfund Activities *(Continued)***

**Interfund Transfers**

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

**Interfund Reimbursements**

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE**

**Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Board of Selectmen a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Board of Selectmen reviews the budget estimates with the heads of all Town supported departments, offices and agencies. In preparing the proposed budget, the Board of Selectmen may add to, delete from or eliminate requests made by the various departments, offices and agencies. The Board of Selectmen includes in the budget the estimated budget request of Regional School District No. 16. The Board of Selectmen submits its budget recommendations to the Board of Finance.
- The Board of Finance may review the budget requests with the head of each department, board, agency and commission. These estimates are recommended as the annual operating budget for adoption either at the Town meeting in May or at Town referendum, in accordance with Connecticut General Statutes.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)***

***Budgetary Information (Continued)***

- The Board of Finance may authorize the transfer of appropriations between departments, and may authorize supplemental appropriations during the year provided that such appropriations do not cumulatively exceed \$20,000. Transfers and additional appropriations exceeding \$20,000 require Town meeting approval.
- Unexpended appropriations lapse at the end of the fiscal year. Appropriations for capital projects do not lapse until completion of the applicable project.
- The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP basis”). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2014:

	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Other Financing Sources (Uses), Net</b>	<b>Net Change in Fund Balance</b>
Budgetary basis	\$ 20,495,934	\$ 19,508,159	\$ -	\$ 987,775
Intergovernmental receipts netted against expenditures	139,694	139,694	-	-
Transfers out recorded as expenditures for budgetary purposes	-	(50,311)	(50,311)	-
Refunding bonds not recorded for budgetary purposes, net	(98,582)	-	98,582	-
Town Clerk Fund activity	-	419	-	(419)
GAAP basis	\$ 20,537,046	\$ 19,597,961	\$ 48,271	\$ 987,356

***Expenditures Which Exceed Appropriations***

As discussed above, the legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2014, expenditures exceeded appropriations in the following amounts:

<b>Department</b>	<b>Amount</b>
Library	\$ 1,139

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND BALANCE *(Continued)***

**Deficit Fund Equity**

The Bonding Projects Fund has a deficit fund balance as of June 30, 2014 of \$13,632, which does not constitute a violation of statutory provisions. The deficit arose due to expenditures being funded by short-term financing. This deficit is expected to be funded by the issuance of long-term debt and/or future transfers from the General Fund.

**NOTE C - CASH DEPOSITS**

A reconciliation of the Town's cash deposits as of June 30, 2014 is as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 4,416,733
Statement of fiduciary net position:	
Cash and cash equivalents	<u>17,624</u>
	<u><u>\$ 4,434,357</u></u>

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$4,052,335 of the Town's bank balance of \$4,476,154 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,647,102
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>405,233</u>
	<u><u>\$ 4,052,335</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 2,878,308	\$ -	\$ -	\$ -	\$ 2,878,308
Construction in progress	580,566	549,104	-	(456,674)	672,996
Total capital assets, not being depreciated	<u>3,458,874</u>	<u>549,104</u>	<u>-</u>	<u>(456,674)</u>	<u>3,551,304</u>
Capital assets, being depreciated:					
Buildings and improvements	3,327,596	25,005	-	-	3,352,601
Machinery and equipment	4,987,729	166,387	(8,715)	71,981	5,217,382
Infrastructure	20,222,419	5,000	-	384,693	20,612,112
Total capital assets, being depreciated	<u>28,537,744</u>	<u>196,392</u>	<u>(8,715)</u>	<u>456,674</u>	<u>29,182,095</u>
Less accumulated depreciation and amortization for:					
Buildings and improvements	1,549,895	65,130	-	-	1,615,025
Machinery and equipment	3,807,188	163,328	(6,101)	-	3,964,415
Infrastructure	10,152,341	583,425	-	-	10,735,766
Total accumulated depreciation and amortization	<u>15,509,424</u>	<u>811,883</u>	<u>(6,101)</u>	<u>-</u>	<u>16,315,206</u>
Total capital assets, being depreciated, net	<u>13,028,320</u>	<u>(615,491)</u>	<u>(2,614)</u>	<u>456,674</u>	<u>12,866,889</u>
Governmental activities capital assets, net	<u>\$ 16,487,194</u>	<u>\$ (66,387)</u>	<u>\$ (2,614)</u>	<u>\$ -</u>	<u>\$ 16,418,193</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 20,933
Public safety	72,806
Public works	697,672
Culture and recreation	20,472
Total depreciation and amortization expense - governmental activities	<u>\$ 811,883</u>

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE E - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds:</b>		
General Fund	Nonmajor governmental funds	<u>\$ 230,047</u>
Bonding Projects Fund	General Fund	231,364
	Nonmajor governmental funds	<u>40,146</u>
		<u>271,510</u>
Nonmajor governmental funds	General Fund	42,195
	Nonmajor governmental funds	<u>2,504</u>
		<u>44,699</u>
		<u>\$ 546,256</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**NOTE F - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Bonding Projects Fund	General Fund	<u>\$ 39,311</u>
Nonmajor governmental funds	General Fund	<u>11,000</u>
		<u>\$ 50,311</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

**NOTE G - SHORT-TERM LIABILITIES**

The following is a summary of changes in short-term debt for the year ended June 30, 2014:

	<u>Due Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>						
Bond anticipation notes	7/2013	1.0%	\$ 2,645,000	\$ -	\$ (2,645,000)	\$ -
Bond anticipation notes	10/2013	1.0%	-	2,570,000	(2,570,000)	-
Bond anticipation notes	12/2013	0.5%	-	4,050,000	(4,050,000)	-
Bond anticipation notes	3/2014	0.5%	-	4,655,000	(4,655,000)	-
Bond anticipation notes	3/2015	1.0%	-	1,000,000	-	1,000,000
			<u>\$ 2,645,000</u>	<u>\$ 12,275,000</u>	<u>\$ (13,920,000)</u>	<u>\$ 1,000,000</u>

The purpose of the bond anticipation notes are to provide interim financing for various ongoing construction projects until future general obligation bonds are issued.

**NOTE H - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 2,353,480	\$ 3,655,000	\$ (143,480)	\$ 5,865,000	\$ 375,000
Unamortized premium	-	188,496	(2,894)	185,602	-
Total bonds payable	<u>2,353,480</u>	<u>3,843,496</u>	<u>(146,374)</u>	<u>6,050,602</u>	<u>375,000</u>
Other liabilities:					
Pension obligation	1,600,869	-	(28,564)	1,572,305	30,871
Capital lease obligation	45,816	-	(21,059)	24,757	12,082
Compensated absences	68,678	7,998	(3,026)	73,650	7,365
Insurance assessment	8,923	11,061	-	19,984	19,984
Net OPEB obligation	45,113	12,471	-	57,584	-
	<u>\$ 4,122,879</u>	<u>\$ 3,875,026</u>	<u>\$ (199,023)</u>	<u>\$ 7,798,882</u>	<u>\$ 445,302</u>

Long - term liabilities above typically have been liquidated by the General Fund.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

**NOTE H - LONG-TERM LIABILITIES *(Continued)***

**General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2014 is as follows:

<u>Purpose of Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	2014	\$ 5,865,000	2.0% - 4.0%	3/15/2033	\$ 5,865,000

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2014:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 375,000	\$ 180,069	\$ 555,069
2016	355,000	174,081	529,081
2017	350,000	166,981	516,981
2018	385,000	156,481	541,481
2019	385,000	144,931	529,931
2020-2024	1,885,000	557,532	2,442,532
2025-2029	1,810,000	260,670	2,070,670
2030-2033	320,000	31,800	351,800
	<u>\$ 5,865,000</u>	<u>\$ 1,672,545</u>	<u>\$ 7,537,545</u>

**Overlapping Debt**

The Town is contingently liable for its pro-rata share of Regional School District No. 16's (the "District") outstanding bonds. At June 30, 2014, the District's total outstanding bonds, net of school construction grant reimbursements were \$20,136,999. The Town's share is approximately 39.364% of the total, or \$7,926,728. Such outstanding indebtedness represents general obligations of Regional School District No. 16 and its member towns. However, the Town is not required to record its share in the accompanying statement of net position. Regional School District No. 16 has \$6,155,139 of authorized, unissued bonds, for which the Town would be contingently liable for its share of the total, or \$2,422,909.

**Legal Debt Limit**

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2014.

**Refunding**

On March 18, 2014 the Town issued \$2,210,000 in general obligation bonds with an average interest rate of 2.72% to refund \$2,222,930 of outstanding USDA Rural Development loans, with an average interest rate of 4.70%. The transaction generated a cash flow savings of \$271,001 and an economic gain (difference between the present value of the debt service payments of the old and new bonds) of \$260,181. The reacquisition price exceeded the carrying value of the old debt by \$38,967. This amount is presented as a deferred outflow of resources on the government-wide statement of net position and will be amortized over the life of the related debt.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

**NOTE H - LONG-TERM LIABILITIES *(Continued)***

**General Obligation Bonds *(Continued)***

**Refunding *(Continued)***

The net proceeds of \$2,261,897 was deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunding bonds. The refunded bonds are considered defeased and the liability for the bonds has been removed from the governmental-wide statement of net position.

The amount of authorized, unissued bonds at June 30, 2014 totaled \$4,157,200 for sewer upgrade purposes.

**Pension Obligation**

The Town participates in the Connecticut Municipal Employee Retirement System (MERS). Upon joining MERS, the Town became obligated and entered into an agreement to pay MERS for prior unfunded actuarial accrued liabilities for Town employees participating in MERS.

Annual debt service requirements to maturity on the unfunded pension obligation are as follows as of June 30, 2014:

Year ending <u>June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 30,871	\$ 126,962	\$ 157,833
2016	33,363	124,470	157,833
2017	36,057	121,776	157,833
2018	38,968	118,865	157,833
2019	42,115	115,718	157,833
2020-2024	267,414	521,751	789,165
2025-2029	394,272	394,893	789,165
2030-2034	581,312	207,853	789,165
2035-2036	147,933	12,680	160,613
	<u>\$ 1,572,305</u>	<u>\$ 1,744,968</u>	<u>\$ 3,317,273</u>

**Capital Leases**

A summary of assets acquired through capital leases are as follows as of June 30, 2014:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 87,630
Less: accumulated amortization	25,954
	<u>\$ 61,676</u>

Amortization expense of leased property under capital leases totaled \$8,477 for the year ended June 30, 2014 and is included in depreciation and amortization expense disclosed in Note D.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE H - LONG-TERM LIABILITIES *(Continued)***

**Capital Leases *(Continued)***

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2014 is as follows:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>
2015	\$ 13,296
2016	13,296
Total minimum lease payments	26,592
Less: amount representing interest	(1,835)
Present value of minimum lease payments	<u>\$ 24,757</u>

**Insurance Assessment**

The Town has obtained worker's compensation insurance coverage as a member of the Municipal Interlocal Risk Management Agency ("MIRMA"), a public entity risk pool established for the purpose of administering an interlocal risk management program. MIRMA is to be self-sustaining through members' premiums. The Town incurred a supplemental assessment of \$63,848 during the year-ended June 30, 2010 for prior years MIRMA deficiencies. The remaining balance of \$19,984 is expected to be paid in full in the year ending June 30, 2015.

**NOTE I - EMPLOYEE RETIREMENT PLANS**

**Connecticut Municipal Employees' Retirement System**

**Plan Description and Benefit Provisions**

Union employees, police officers and other Town employees, who were hired after September 30, 1969, who are 55 or younger at the date of hire, and who work at least 20 hours per week are eligible to participate in the Connecticut Municipal Employees' Retirement System (MERS), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost of living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Annual cost of living increases between 3% and 5% are paid to disabled members and nondisabled retired members which have reached age 65. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life. Chapter 113, Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERS 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 or by calling (860) 702-3480.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE I - EMPLOYEE RETIREMENT PLANS *(Continued)***

**Connecticut Municipal Employees' Retirement System *(Continued)***

**Contributions**

Plan members are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 16.96% of annual covered payroll for police officer and 11.98% of annual covered payroll for all other eligible participants. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to the MERS for the years ended June 30, 2014 and 2013 were \$166,802 and \$165,193 respectively, which were equal to the required contributions for each year.

**NOTE J - OTHER POST-EMPLOYMENT BENEFITS**

**Plan Description**

The Town provides healthcare insurance benefits for eligible retirees through the Town's group health insurance plan, which covers both active and retired members (the "Plan"). Benefit provisions are established by various collective bargaining and employment agreements with the Town. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

**Funding Policy**

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, employees who are age 55 and older, with 20 years of service in the Town, are eligible to receive benefits. Police officers are required to pay 25% of the cost, single coverage only. Town Hall employees are required to pay 50% of cost, single coverage only. Public works employees shall contribute at the same level as active employees, which may be adjusted from time to time. For fiscal year 2014, the Town and retirees contributions totaled \$74,701 and is funded on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2014, to irrevocably segregate assets to fund the liability for post-employment benefits, which would require the reporting of a trust fund.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

**NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. 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 over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 87,925
Interest on net OPEB obligation	1,805
Adjustment to annual required contribution	<u>(2,558)</u>
Annual OPEB cost (expense)	87,172
Contributions made	<u>74,701</u>
Increase in net OPEB obligation	12,471
Net OPEB obligation, beginning of year	<u>45,113</u>
Net OPEB obligation, end of year	<u><u>\$ 57,584</u></u>

**Three-year Trend Information**

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 28,006	58.8%	\$ 33,614
2013	27,421	58.1%	45,113
2014	87,172	85.7%	57,584

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2013 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost Method (B)	(Unfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 1,195,490	\$ (1,195,490)	0.0%	N/A	N/A

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE J - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***

**Funded Status and Funding Progress *(Continued)***

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2013
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar
Remaining amortization period:	30 years, open
Asset valuation method:	N/A
Actuarial assumptions:	
Inflation rate	0.0%
Interest rate	4.0%
Healthcare cost trend rate	8.0% initial
	5.0% final

**NOTE K - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

The Town has obtained workers compensation insurance coverage as a member of the Municipal Interlocal Risk Management Agency, a public entity risk pool established for the purpose of administering an interlocal risk management program. MIRMA is to be self-sustaining through members' premiums.

**TOWN OF BEACON FALLS, CONNECTICUT**

Notes to Financial Statements *(Continued)*

June 30, 2014

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**NOTE L - COMMITMENTS AND CONTINGENCIES**

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

**NOTE M - RECENTLY ISSUED ACCOUNTING STANDARD**

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the effect implementation of this standard will have on its financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF BEACON FALLS, CONNECTICUT**

SCHEDULE OF FUNDING PROGRESS - UNAUDITED

JUNE 30, 2014

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**Other Post-Employment Benefits Program**

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Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age normal (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2008	\$ -	\$ 142,112	\$ 142,112	0.0%	N/A	N/A
July 1, 2013	-	1,195,490	1,195,490	0.0%	N/A	N/A

*See accompanying Independent Auditor's Report.*

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**General Fund**

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**TOWN OF BEACON FALLS, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>PROPERTY TAXES</b>				
Property taxes - current year	\$ 14,616,239	\$ 14,616,239	\$ 14,702,740	\$ 86,501
Property taxes - prior years	250,000	250,000	378,459	128,459
Interest and lien fees	128,000	128,000	189,253	61,253
Total property taxes	<u>14,994,239</u>	<u>14,994,239</u>	<u>15,270,452</u>	<u>276,213</u>
<b>WATER AND SEWER ASSESSMENTS</b>	<u>200,000</u>	<u>200,000</u>	<u>130,707</u>	<u>(69,293)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
Ambulance corps reimbursement	20,000	20,000	-	(20,000)
State property tax	45,713	45,713	45,747	34
Elderly tax relief	49,210	49,210	51,759	2,549
Library	1,410	1,410	1,400	(10)
Disability relief	1,826	1,826	1,799	(27)
Additional exemption for vets	12,129	12,129	11,956	(173)
Town aid road maintenance	187,095	187,095	186,864	(231)
School equalization grant	4,120,120	4,120,120	4,120,120	-
Distressed municipalities	32,551	32,551	9,857	(22,694)
Pequot grant	11,341	11,341	25,538	14,197
Miscellaneous grants	20,000	20,000	77,509	57,509
Miscellaneous reimbursements	25,000	25,000	29,227	4,227
Property tax relief	70,327	70,327	-	(70,327)
Municipal purposes and projects grant	41,202	41,202	41,202	-
Historical document grant	-	-	4,000	4,000
Total intergovernmental revenues	<u>4,637,924</u>	<u>4,637,924</u>	<u>4,606,978</u>	<u>(30,946)</u>
<b>CHARGES FOR SERVICES</b>				
Planning & zoning commission	3,000	3,000	22,566	19,566
Zoning board of appeals	1,000	1,000	375	(625)
Building permits	35,000	35,000	81,284	46,284
Miscellaneous permits	15,000	15,000	23,794	8,794
Inlands wetlands fees	2,000	2,000	6,865	4,865
Disposal fees	3,500	3,500	9,014	5,514
Mini-bus	3,500	3,500	2,751	(749)
Town clerk conveyance	60,000	60,000	51,492	(8,508)
Park & recreation - summer program	6,500	6,500	-	(6,500)
Police extra duty/vehicles/fees	25,000	25,000	95,069	70,069
Miscellaneous fees	-	-	536	536
Total charges for services	<u>154,500</u>	<u>154,500</u>	<u>293,746</u>	<u>139,246</u>

*(Continued)*

**TOWN OF BEACON FALLS, CONNECTICUT**  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES *(Continued)*  
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
OTHER REVENUES				
Gas & miscellaneous refunds	\$ 1,500	\$ 1,500	\$ 270	\$ (1,230)
Leachate collection system	50,000	50,000	69,631	19,631
Telecom property tax	26,000	26,000	-	(26,000)
Other revenues	-	-	123,119	123,119
Total other revenues	<u>77,500</u>	<u>77,500</u>	<u>193,020</u>	<u>115,520</u>
INVESTMENT INCOME	<u>11,000</u>	<u>11,000</u>	<u>1,031</u>	<u>(9,969)</u>
Total revenues	<u>\$ 20,075,163</u>	<u>\$ 20,075,163</u>	<u>\$ 20,495,934</u>	<u>\$ 420,771</u>

**TOWN OF BEACON FALLS, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>GENERAL GOVERNMENT</b>				
First selectman	\$ 98,506	\$ 100,450	\$ 100,450	\$ -
Town hall	113,809	124,479	116,698	(7,781)
Town clerk	111,824	112,739	98,061	(14,678)
Tax collector	83,431	86,747	79,387	(7,360)
Treasurer	5,697	5,697	5,697	-
Building inspector	36,000	40,772	31,208	(9,564)
Employee benefits	1,000,069	978,723	977,440	(1,283)
Board of assessors	92,825	95,367	93,027	(2,340)
Board of assessment appeals	2,300	2,300	2,100	(200)
Zoning board of appeals	1,450	2,041	1,907	(134)
Board of finance	109,836	98,879	98,453	(426)
Economic development	11,550	11,550	4,710	(6,840)
Inland wetlands	9,500	9,000	6,299	(2,701)
Conservation commission	3,798	3,983	2,638	(1,345)
Planning & zoning commission	47,722	47,722	36,035	(11,687)
Water pollution control	2,740	2,740	831	(1,909)
Registrars of voters	46,550	46,459	36,415	(10,044)
Professional fees	135,000	158,582	158,582	-
Welfare	7,500	7,500	5,000	(2,500)
Insurance	102,000	103,181	103,181	-
Agency memberships	7,779	8,639	8,639	-
Community welfare	64,609	65,723	62,307	(3,416)
Commission for elderly	2,067	2,067	1,000	(1,067)
Minibus operations	27,800	28,868	28,562	(306)
Senior citizen center	14,100	16,664	16,609	(55)
Miscellaneous boards and commissions	1,325	1,325	51	(1,274)
Total general government	<u>2,139,787</u>	<u>2,162,197</u>	<u>2,075,287</u>	<u>(86,910)</u>
<b>PUBLIC WORKS</b>				
Highway maintenance	771,995	806,703	753,457	(53,246)
Town garage	28,500	30,522	25,338	(5,184)
Refuse	369,238	369,238	307,317	(61,921)
Wastewater treatment	615,845	615,046	589,268	(25,778)
Total public works	<u>1,785,578</u>	<u>1,821,509</u>	<u>1,675,380</u>	<u>(146,129)</u>

*(Continued)*

**TOWN OF BEACON FALLS, CONNECTICUT**  
 SCHEDULE OF EXPENDITURES *(Continued)*  
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC SAFETY				
Emergency services	\$ 315,140	\$ 319,301	\$ 297,955	\$ (21,346)
Fire marshall	3,400	3,936	2,511	(1,425)
Civil defense	14,010	14,010	9,338	(4,672)
Safety committee	1,300	1,300	1,155	(145)
Water hydrants	188,895	195,605	204,099	8,494
Police	603,119	598,859	596,843	(2,016)
Animal control	8,816	8,816	7,716	(1,100)
Public safety officer	79,396	81,373	78,701	(2,672)
Total public safety	<u>1,214,076</u>	<u>1,223,200</u>	<u>1,198,318</u>	<u>(24,882)</u>
LIBRARY	<u>151,463</u>	<u>154,131</u>	<u>155,270</u>	<u>1,139</u>
RECREATION	<u>137,700</u>	<u>138,822</u>	<u>128,788</u>	<u>(10,034)</u>
DEBT SERVICE				
Principal	260,530	260,530	130,550	(129,980)
Interest	238,132	208,132	74,813	(133,319)
Total debt service	<u>498,662</u>	<u>468,662</u>	<u>205,363</u>	<u>(263,299)</u>
CONTINGENCY	<u>100,000</u>	<u>28,745</u>	<u>3,680</u>	<u>(25,065)</u>
CAPITAL PROJECTS	<u>99,251</u>	<u>99,251</u>	<u>87,427</u>	<u>(11,824)</u>
EDUCATION	<u>13,948,646</u>	<u>13,978,646</u>	<u>13,978,646</u>	<u>-</u>
Total expenditures	<u><u>\$ 20,075,163</u></u>	<u><u>\$ 20,075,163</u></u>	<u><u>\$ 19,508,159</u></u>	<u><u>\$ (567,004)</u></u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
 SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
 FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Balance Uncollected June 30, 2013	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2014
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
1997 and prior	\$ 12,012	\$ -	\$ -	\$ 12,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	22,161	-	-	-	-	22,161	-	-	-	22,161
1999	22,386	-	-	-	-	22,386	121	288	409	22,265
2000	36,336	-	-	-	-	36,336	148	306	454	36,188
2001	10,104	-	-	-	-	10,104	-	-	-	10,104
2002	9,023	-	91	91	-	9,023	-	-	-	9,023
2003	8,396	-	-	-	-	8,396	-	-	-	8,396
2004	8,799	-	-	-	-	8,799	-	-	-	8,799
2005	15,223	-	-	81	-	15,142	134	288	422	15,008
2006	20,787	-	-	-	-	20,787	692	957	1,649	20,095
2007	61,901	-	-	-	-	61,901	1,654	1,804	3,458	60,247
2008	126,366	-	-	214	-	126,152	40,399	22,663	63,062	85,753
2009	209,718	-	-	535	-	209,183	48,538	23,414	71,952	160,645
2010	301,356	-	-	613	-	300,743	79,717	33,059	112,776	221,026
2011	438,853	-	108	3,349	-	435,612	201,861	47,544	249,405	233,751
2012	-	14,996,982	10,057	22,403	-	14,984,636	14,594,422	58,222	14,652,644	390,214
	<u>\$ 1,303,421</u>	<u>\$ 14,996,982</u>	<u>\$ 10,256</u>	<u>\$ 39,298</u>	<u>\$ -</u>	<u>\$ 16,271,361</u>	<u>\$ 14,967,686</u>	<u>\$ 188,545</u>	<u>\$ 15,156,231</u>	<u>\$ 1,303,675</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
SCHEDULE OF DEBT LIMITATION  
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)  
FOR THE YEAR ENDED JUNE 30, 2014

Total cash collections for the year ended  
June 30, 2014:

Taxes	\$ 14,967,686
Interest and lien fees	188,545
Base	<u>\$ 15,156,231</u>

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 34,101,520	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	68,203,040	-	-	-
3-3/4 times base	-	-	56,835,866	-	-
3-1/4 times base	-	-	-	49,257,751	-
3 times base	-	-	-	-	45,468,693
Total debt limitation	<u>34,101,520</u>	<u>68,203,040</u>	<u>56,835,866</u>	<u>49,257,751</u>	<u>45,468,693</u>
Indebtedness:					
Bonds payable	2,030,000	-	3,835,000	-	-
Bond anticipation note payable	-	-	1,000,000	-	-
Bonds payable, net - Regional School District No. 16	-	7,926,728	-	-	-
Pension obligation	-	-	-	-	1,572,305
Authorized but unissued bonds	-	-	4,157,200	-	-
Authorized but unissued bonds - Regional School District No. 16	-	2,422,909	-	-	-
Total indebtedness	<u>2,030,000</u>	<u>10,349,637</u>	<u>8,992,200</u>	<u>-</u>	<u>1,572,305</u>
Less: assessments receivable	-	-	1,387,573	-	-
Net indebtedness	<u>2,030,000</u>	<u>9,135,706</u>	<u>7,604,627</u>	<u>-</u>	<u>1,572,305</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 32,071,520</u>	<u>\$ 59,067,334</u>	<u>\$ 49,231,239</u>	<u>\$ 49,257,751</u>	<u>\$ 43,896,388</u>
Total capacity of borrowing (7 times base)	\$ 106,093,617				
Total present indebtedness	20,342,638				
Margin for additional borrowing	<u>\$ 85,750,979</u>				

*See accompanying Independent Auditor's Report.*

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**Nonmajor Governmental Funds**

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**TOWN OF BEACON FALL, CONNECTICUT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2014

	Nonmajor Special Revenue Funds					
	Recreation Special Activities Fund	Library Fund	Dog Fund	Special Projects Fund	Sewer Waste Water Fund	Flag Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,061	\$ 15,042	\$ 6,029	\$ 41,095	\$ 184,723	\$ 3,250
Receivables:						
Intergovernmental	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Due from other funds	-	-	-	2,504	10,220	-
Total assets	<u>\$ 8,061</u>	<u>\$ 15,042</u>	<u>\$ 6,029</u>	<u>\$ 43,599</u>	<u>\$ 194,943</u>	<u>\$ 3,250</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	23,150	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,150</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Loans receivable	-	-	-	-	-	-
Restricted for:						
General government	-	-	-	-	-	3,250
Culture and recreation	-	15,042	-	-	-	-
Committed to:						
General government	-	-	6,029	-	-	-
Sewer waste water system	-	-	-	-	194,943	-
Culture and recreation	8,061	-	-	-	-	-
Special projects	-	-	-	20,449	-	-
Capital projects	-	-	-	-	-	-
Total fund balances	<u>8,061</u>	<u>15,042</u>	<u>6,029</u>	<u>20,449</u>	<u>194,943</u>	<u>3,250</u>
Total liabilities and fund balances	<u>\$ 8,061</u>	<u>\$ 15,042</u>	<u>\$ 6,029</u>	<u>\$ 43,599</u>	<u>\$ 194,943</u>	<u>\$ 3,250</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF BEACON FALLS, CONNECTICUT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS *(Continued)*

JUNE 30, 2014

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Small Cities Fund	Total Special Revenue Funds	Non-recurring Capital Expenditure Fund	Streetscape Enhancement Fund	Total Capital Project Funds	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 28,046	\$ 286,246	\$ -	\$ 195,897	\$ 195,897	\$ 482,143
Receivables:						
Intergovernmental receivables	-	-	-	88,561	88,561	88,561
Loans	87,238	87,238	-	-	-	87,238
Due from other funds	-	12,724	31,975	-	31,975	44,699
Total assets	<u>\$ 115,284</u>	<u>\$ 386,208</u>	<u>\$ 31,975</u>	<u>\$ 284,458</u>	<u>\$ 316,433</u>	<u>\$ 702,641</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 13,854	\$ 13,854	\$ -	\$ -	\$ -	\$ 13,854
Due to other funds	9,563	32,713	-	239,984	239,984	272,697
Unearned revenue	4,618	4,618	-	-	-	4,618
Total liabilities	<u>28,035</u>	<u>51,185</u>	<u>-</u>	<u>239,984</u>	<u>239,984</u>	<u>582,338</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Loans receivable	87,238	87,238	-	-	-	87,238
Restricted for:						
General government	-	3,250	-	-	-	3,250
Culture and recreation	-	15,042	-	-	-	15,042
Committed to:						
General government	11	6,040	-	-	-	6,040
Sewer waste water system	-	194,943	-	-	-	194,943
Culture and recreation	-	8,061	-	-	-	8,061
Special projects	-	20,449	-	-	-	20,449
Capital projects	-	-	31,975	44,474	76,449	76,449
Total fund balances	<u>87,249</u>	<u>335,023</u>	<u>31,975</u>	<u>44,474</u>	<u>76,449</u>	<u>411,472</u>
Total liabilities and fund balances	<u>\$ 115,284</u>	<u>\$ 386,208</u>	<u>\$ 31,975</u>	<u>\$ 284,458</u>	<u>\$ 316,433</u>	<u>\$ 702,641</u>

*See accompanying Independent Auditor's Report.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds					
	Recreation Special Activities Fund	Library Fund	Dog Fund	Special Projects Fund	Sewer Waste Water Fund	Flag Fund
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	13,109	-	2,981	-	42,705	-
Miscellaneous	-	8,074	-	6,500	-	1,425
Interest income	-	-	3	24	109	-
Total revenues	<u>13,109</u>	<u>8,074</u>	<u>2,984</u>	<u>6,524</u>	<u>42,814</u>	<u>1,425</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	2,819	-	-	375
Public works	-	-	-	-	3,898	-
Culture and recreation	19,029	7,606	-	-	-	-
Capital outlays	-	-	-	26,835	-	-
Total expenditures	<u>19,029</u>	<u>7,606</u>	<u>2,819</u>	<u>26,835</u>	<u>3,898</u>	<u>375</u>
Excess (deficiency) of revenues over expenditures	(5,920)	468	165	(20,311)	38,916	1,050
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	11,000	-	-	-	-
Total other financing sources	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,920)	11,468	165	(20,311)	38,916	1,050
Fund balances - beginning	<u>13,981</u>	<u>3,574</u>	<u>5,864</u>	<u>40,760</u>	<u>156,027</u>	<u>2,200</u>
Fund balances - ending	<u>\$ 8,061</u>	<u>\$ 15,042</u>	<u>\$ 6,029</u>	<u>\$ 20,449</u>	<u>\$ 194,943</u>	<u>\$ 3,250</u>

*(Continued)*

*See accompanying Independent Auditor's Report.*

**TOWN OF BEACON FALLS, CONNECTICUT**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2014

	Nonmajor Special Revenue Funds		Nonmajor Capital Project Funds			Total Nonmajor Governmental Funds
	Small Cities Fund	Total Special Revenue Funds	Non-recurring Capital Expenditure Fund	Streetscape Enhancement Fund	Total Capital Project Funds	
<b>REVENUES</b>						
Intergovernmental	\$ 134,393	\$ 134,393	\$ -	\$ 114,522	\$ 114,522	\$ 248,915
Charges for services	-	58,795	-	-	-	58,795
Miscellaneous	-	15,999	-	-	-	15,999
Interest income	-	136	-	-	-	136
Total revenues	<u>134,393</u>	<u>209,323</u>	<u>-</u>	<u>114,522</u>	<u>114,522</u>	<u>323,845</u>
<b>EXPENDITURES</b>						
Current:						
General government	47,144	50,338	-	11	11	50,349
Public works	-	3,898	-	-	-	3,898
Culture and recreation	-	26,635	-	-	-	26,635
Capital outlays	-	26,835	32,000	77,808	109,808	136,643
Total expenditures	<u>47,144</u>	<u>107,706</u>	<u>32,000</u>	<u>77,819</u>	<u>109,819</u>	<u>217,525</u>
Excess (deficiency) of revenues over expenditures	87,249	101,617	(32,000)	36,703	4,703	106,320
<b>OTHER FINANCING SOURCES</b>						
Transfers in	-	11,000	-	-	-	11,000
Total other financing sources	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Net change in fund balances	87,249	112,617	(32,000)	36,703	4,703	117,320
Fund balances - beginning	-	222,406	63,975	7,771	71,746	294,152
Fund balances - ending	<u>\$ 87,249</u>	<u>\$ 335,023</u>	<u>\$ 31,975</u>	<u>\$ 44,474</u>	<u>\$ 76,449</u>	<u>\$ 411,472</u>

*See accompanying Independent Auditor's Report.*