

TOWN OF SOUTHBURY, CONNECTICUT
FINANCIAL STATEMENTS

JUNE 30, 2013

TOWN OF SOUTHBURY, CONNECTICUT

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10

Exhibit

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Position	11
II	Statement of Activities	12

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16

Fiduciary Funds:

V	Statement of Fiduciary Net Position	17
VI	Statement of Changes in Fund Net Position - Pension Trust Fund	18
	Notes to Financial Statements	19-34

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	35
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	36-37

Combining, Individual Fund and Account Group Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	38
A-2	Report of Tax Collector	39

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	40-41
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	42-43

Long-Term Debt:

C	Statement of Debt Limitation	44
---	------------------------------	----

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Southbury, 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 Southbury, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Southbury, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of June 30, 2013 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison information on pages 35 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013 on our consideration of the Town of Southbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southbury, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 5, 2013

TOWN OF SOUTHBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

This discussion and analysis of the Town of Southbury, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2013. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

Financial Highlights

- Net position of our governmental activities increased by \$2.8 million.
- During the year, the Town had \$62.0 million in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$59.2 million with no new programs added this year.
- The General Fund reported a GAAP fund balance this year of \$8.4 million. \$6.1 million of this is assigned and \$.3 million is committed, leaving an unassigned balance of \$2.0 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to VI. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes to it. The Town's net position, the difference between assets and liabilities, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, general government, public safety, public works, conservation of health and community activities. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the Revaluation Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Fiduciary Funds (Exhibits V and VI)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town’s combined net position increased from a year ago. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town’s governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2013	2012
Current and other assets	\$ 19,938,827	\$ 20,193,176
Capital assets, net of accumulated depreciation	85,872,386	84,577,576
Total assets	<u>105,811,213</u>	<u>104,770,752</u>
Long-term liabilities outstanding	9,967,321	11,022,348
Other liabilities	1,487,426	935,895
Total liabilities	<u>11,454,747</u>	<u>11,958,243</u>
Net Position:		
Net investment in capital assets	76,196,565	74,760,758
Unrestricted	<u>20,340,367</u>	<u>18,951,751</u>
Total Net Position	<u>\$ 96,536,932</u>	<u>\$ 93,712,509</u>

Net position of the Town’s governmental activities increased by 3.0% (\$96.5 million compared to \$93.7 million). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$19.0 million at June 30, 2012 to \$20.3 million at the end of this year.

Net position invested in capital assets increased by \$1.4 million. When developers complete developments and turn over roads to the Town, a contribution is recognized along with the contributed asset.

TABLE 2
CHANGE IN NET POSITION

	Governmental	
	Activities	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,631,408	\$ 1,673,575
Operating grants and contributions	3,095,834	3,968,747
Capital grants and contributions	18,351	1,504
General revenues:		
Property taxes	55,419,469	55,465,761
Grants and contributions not restricted to specific purposes	1,284,440	1,410,311
Unrestricted investment earnings	82,084	66,807
Miscellaneous	423,916	267,158
Total revenues	<u>61,955,502</u>	<u>62,853,863</u>
 Program expenses:		
General government	6,740,112	7,009,448
Public safety	3,989,352	4,969,501
Public works	5,121,815	6,120,715
Conservation of health	472,489	476,995
Community activities	1,444,589	1,589,930
Education	40,999,183	41,344,692
Debt service	363,539	394,798
Total program expenses	<u>59,131,079</u>	<u>61,906,079</u>
 Increase in Net Position	 <u>\$ 2,824,423</u>	 <u>\$ 947,784</u>

The Town's total revenues were \$62.0 million. The total cost of all programs and services was \$59.1 million. Property taxes accounted for 89.4% of all revenues. Revenues from operating grants and contributions, the second largest component, were 5.0%. Education expenses were 69.3% of total expenses.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General government	\$ 6,740,112	\$ 7,009,448	\$ 6,083,061	\$ 6,326,097
Public safety	3,989,352	4,969,501	3,524,177	4,504,338
Public works	5,121,815	6,120,715	4,496,044	5,728,154
Conservation of health	472,489	476,995	467,899	472,070
Community activities	1,444,589	1,589,930	970,485	(85,663)
Education	40,999,183	41,344,692	38,480,281	38,922,459
Debt service	363,539	394,798	363,539	394,798
Totals	<u>\$ 59,131,079</u>	<u>\$ 61,906,079</u>	<u>\$ 54,385,486</u>	<u>\$ 56,262,253</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$19.2 million, which is an increase from last year’s total of \$18.3 million. The original budget for 2013 also utilized \$999,250 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.1 million due primarily to road construction. Some significant expenditures were:

Equipment	\$ 1,257,473
Infrastructure	1,601,163

The Town’s General Fund balance of \$8.4 million reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$8.2 million. This is because budgetary fund balance does not include \$203,214 of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the Town had \$85.9 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges - Table 4. This amount represents a net increase (including additions and deductions) of \$0.4 million over last year.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
(In Thousands)

	Governmental Activities	
	2013	2012
Land	\$ 19,484	\$ 19,283
Buildings and improvements	14,886	15,036
Equipment	5,867	5,459
Infrastructure	43,518	44,235
Construction in progress	2,118	1,464
Totals	<u>\$ 85,873</u>	<u>\$ 85,477</u>

This year's major additions included:

Infrastructure	\$ 1,601,163
Equipment	1,257,473

The Town's fiscal year 2013-14 capital plan calls for it to spend \$700,000 on vehicles. The Town also appropriated an additional \$2.0 million for road improvements.

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2013, the Town had \$9,565,000 in bonds and notes outstanding versus \$10,675,000 last year - a decrease of \$1,110,000. Bonds of \$1,110,000 were retired this year. The Town refinanced a portion of its long-term debt in July 2012, which will result in a savings of \$241,585 of interest over the life of the bonds.

The Town's general obligation bond rating continues to carry the Aa2 rating, a rating that has been assigned by national rating agencies to the Town's debt since June 2012. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$384.3 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2013 budget tax rates. One of those factors is the economy. The Town's employment growth has been affected by the economic turndown. It did, however, show some improvement from the previous year. Unemployment in the Town now stands at 6.5% versus 8.0% a year ago. This compares favorably with the State's unemployment rate of 8.1% and the national rate of 7.6%.

These indicators were taken into account when adopting the General Fund budget for 2013-14. Amounts available for appropriation in the General Fund budget are \$61,078,323, an increase of 1.6% over the original 2013 budget of \$60,134,058. The education budget increased 2.7% while the Town budget decreased by 0.9%. Budgeted property tax revenue increased 0.8% from the previous year.

The Town has added no new programs or initiatives in the 2014 budget. The Town has also appropriated \$1,299,250 of fund balance to balance the 2014 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by June 30, 2014.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Southbury, 501 Main Street, Southbury, Connecticut 06488.

TOWN OF SOUTHBURY, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2013

	Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 18,097,252
Investments	1,903,778
Receivables, net	1,821,155
Net pension asset	276,688
Prepaid items	20,420
Capital assets not being depreciated	21,601,176
Capital assets, net of accumulated depreciation	64,271,210
Total assets	<u>107,991,679</u>
Liabilities:	
Accounts and other payables	1,411,191
Unearned revenue	76,235
Noncurrent liabilities:	
Due within one year	1,313,762
Due in more than one year	8,653,559
Total liabilities	<u>11,454,747</u>
Net Position:	
Net investment in capital assets	76,196,565
Unrestricted	<u>20,340,367</u>
Total Net Position	<u>\$ 96,536,932</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,740,112	\$ 653,051	\$ 4,000	\$	\$ (6,083,061)
Public safety	3,989,352	452,499	12,676		(3,524,177)
Public works	5,121,815	110,011	497,409	18,351	(4,496,044)
Conservation of health	472,489	4,590			(467,899)
Community activities	1,444,589	411,257	62,847		(970,485)
Education	40,999,183		2,518,902		(38,480,281)
Debt service	363,539				(363,539)
Total	<u>\$ 59,131,079</u>	<u>\$ 1,631,408</u>	<u>\$ 3,095,834</u>	<u>\$ 18,351</u>	<u>(54,385,486)</u>
General revenues:					
Property taxes					55,419,469
Grants and contributions not restricted to specific programs					1,284,440
Unrestricted investment earnings					82,084
Miscellaneous					423,916
Total general revenues					<u>57,209,909</u>
Change in net position					2,824,423
Net Position at Beginning of Year					<u>93,712,509</u>
Net Position at End of Year					<u>\$ 96,536,932</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2013

	<u>General</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 8,996,861	\$ 21,631	\$ 235,081	\$ 6,850,861	\$ 1,992,818	\$ 18,097,252
Investments	749,898				1,153,880	1,903,778
Receivables, net	1,321,517	250,251		220,000	29,387	1,821,155
Due from other funds	462,029	1,327	818,695	864,024	67,274	2,213,349
Other assets	20,420					20,420
Total Assets	<u>\$ 11,550,725</u>	<u>\$ 273,209</u>	<u>\$ 1,053,776</u>	<u>\$ 7,934,885</u>	<u>\$ 3,243,359</u>	<u>\$ 24,055,954</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,274,604			\$ 18,924		\$ 1,293,528
Due to other funds	837,780		864,024	53,516	458,029	2,213,349
Deferred revenue	1,022,143	250,251		55,714		1,328,108
Total liabilities	<u>3,134,527</u>	<u>250,251</u>	<u>864,024</u>	<u>128,154</u>	<u>458,029</u>	<u>4,834,985</u>
Fund balances:						
Nonspendable	20,420					20,420
Restricted		22,958	189,752			212,710
Committed	280,000			7,806,731	2,785,330	10,872,061
Assigned	6,117,464					6,117,464
Unassigned	1,998,314					1,998,314
Total fund balances	<u>8,416,198</u>	<u>22,958</u>	<u>189,752</u>	<u>7,806,731</u>	<u>2,785,330</u>	<u>19,220,969</u>
Total Liabilities and Fund Balances	<u>\$ 11,550,725</u>	<u>\$ 273,209</u>	<u>\$ 1,053,776</u>	<u>\$ 7,934,885</u>	<u>\$ 3,243,359</u>	<u>\$ 24,055,954</u>

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

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

Fund balances - total governmental funds (Exhibit III)		\$ 19,220,969
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 162,320,785	
Less accumulated depreciation	<u>(76,448,399)</u>	
Net capital assets		85,872,386
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		276,688
Property tax receivables greater than 60 days		717,073
Interest receivable on property taxes		284,549
Housing and mortgage loans		250,251
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred charge on refunding		493,790
Unamortized bond premium		(596,793)
Bonds and notes payable		(9,565,000)
Interest payable on bonds and notes		(117,663)
Compensated absences		(291,500)
Capital lease		<u>(7,818)</u>
Net Position of Governmental Activities (Exhibit I)		<u>\$ 96,536,932</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	General	Small Cities	Town Aid Road	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 55,006,508	\$	\$	\$	\$	\$ 55,006,508
Intergovernmental	3,816,018	6,877	189,919	315,578	24,144	4,352,536
Charges for services	1,235,469				454,333	1,689,802
Income on investments	43,734			1,259	37,091	82,084
Miscellaneous	125,482			50,000	221,134	396,616
Total revenues	<u>60,227,211</u>	<u>6,877</u>	<u>189,919</u>	<u>366,837</u>	<u>736,702</u>	<u>61,527,546</u>
Expenditures:						
Current:						
General government	6,232,387				73,658	6,306,045
Public safety	3,141,869				247,684	3,389,553
Public works	2,755,315					2,755,315
Conservation of health	468,763					468,763
Community activities	1,157,272	30,444			174,376	1,362,092
Education	40,999,183					40,999,183
Capital outlay				3,899,512		3,899,512
Debt service	1,506,186					1,506,186
Total expenditures	<u>56,260,975</u>	<u>30,444</u>	<u>-</u>	<u>3,899,512</u>	<u>495,718</u>	<u>60,686,649</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,966,236</u>	<u>(23,567)</u>	<u>189,919</u>	<u>(3,532,675)</u>	<u>240,984</u>	<u>840,897</u>
Other Financing Sources (Uses):						
Refunding bonds issued	3,020,000					3,020,000
Premium on refunding bonds	232,933					232,933
Payment to refunded bond escrow agent	(3,169,028)					(3,169,028)
Transfers in	80,000			3,671,818	12,392	3,764,210
Transfers out	(3,304,095)		(380,115)		(80,000)	(3,764,210)
Total other financing sources (uses)	<u>(3,140,190)</u>	<u>-</u>	<u>(380,115)</u>	<u>3,671,818</u>	<u>(67,608)</u>	<u>83,905</u>
Net Change in Fund Balances	826,046	(23,567)	(190,196)	139,143	173,376	924,802
Fund Balances at Beginning of Year	<u>7,590,152</u>	<u>46,525</u>	<u>379,948</u>	<u>7,667,588</u>	<u>2,611,954</u>	<u>18,296,167</u>
Fund Balances at End of Year	<u>\$ 8,416,198</u>	<u>\$ 22,958</u>	<u>\$ 189,752</u>	<u>\$ 7,806,731</u>	<u>\$ 2,785,330</u>	<u>\$ 19,220,969</u>

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 924,802
---	------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,792,461
Depreciation expense	(3,397,651)

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

Property tax receivable - accrual basis change	338,114
Property tax interest and lien revenue - accrual basis change	74,847
Amortization of bond premium	49,358
Net pension asset	(2,300)
Mortgage loan receivables	14,995

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

Premium on refunded bonds	(232,933)
Payment to escrow agent for refunding	3,169,028
Proceeds from sale of refunding bonds	(3,020,000)
Bond principal payments	1,110,000
Capital lease payments	6,383

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	14,030
Amortization of deferred charge on refunding	(40,839)
Accrued interest	24,128
	<hr/>

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>2,824,423</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	Pension Trust Fund
Assets:	
Cash and cash equivalents	\$ 149,071
Investments:	
Mutual funds and equities	12,477,277
Pooled common and collective trusts	1,169,518
Total assets	13,795,866
Liabilities	-
Net Position:	
Held in trust for pension benefits	\$ 13,795,866

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FUND NET POSITION

PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Pension Trust Fund
	<u> </u>
Additions:	
Contributions:	
Plan members	\$ 27,103
Employer	621,135
Total contributions	<u>648,238</u>
Investment income:	
Net appreciation in fair value of investments	586,907
Interest and dividends	319,751
Net investment income	<u>906,658</u>
Total additions	1,554,896
Deductions:	
Benefits	<u>478,257</u>
Change in Net Position	1,076,639
Net Position - Beginning of Year	<u>12,719,227</u>
Net Position - End of Year	<u>\$ 13,795,866</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1787. Its legal authority is derived from its Charter, which was adopted in 1975 and most recently amended in 1997. The Town operates under a Board of Selectmen/Board of Finance/Town Meeting form of government. Services provided include street maintenance, recreation, police and fire protection, planning and zoning, community services and health services. The Town is a member of Regional School District #15, which provides education services for all children.

The legislative power of the Town is vested with the Board of Selectmen and the 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 Charter and Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Small Cities Fund is used to account for federal Small Cities grant and loan program. The major source of revenue for the fund is from federal grant receipts.

The Town Aid Road Fund is used to account for financial resources for the maintenance of the Town's roads. The main source of the fund's revenue is from state grants.

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities. The major source of revenue is from bond proceeds and General Fund transfers.

Additionally, the Town reports the following fund types:

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens on real property are filed on May 1 following the due date. Interest on delinquent taxes accrues at the rate of 1.5% per month. An amount of \$45,274 has been established as an allowance for uncollectible taxes. At June 30, 2013, this represents 5.08% of all property taxes receivable.

F. Prepaid Items

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

G. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	25-50
Public domain infrastructure	20-50
System infrastructure	20-50
Vehicles	5-15
Office equipment	5-15
Land improvements	10-20

H. Compensated Absences

Substantially all Town employees, other than those employed less than 20 hours per week or on a seasonal or temporary basis, are allowed to accumulate a limited amount of unused vacation and sick leave until termination of their employment. Upon termination of service, an employee with over six months of service is entitled to payment for unused vacation.

I. Long-Term Obligations

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

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

J. Fund Equity

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

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

Restricted Net Position - Restrictions on net position are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Town adheres to the following procedures in establishing the budget for the General Fund. On the third Monday in May, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by vote of the Annual Town Meeting.
- The Board of Finance in concurrence with the Board of Selectmen is authorized to make additional appropriations up to \$20,000 to any single agency or department per year. Any appropriation causing the total to exceed or exceeding \$20,000 must be approved by Town Meeting.
- Budgets are adopted on the modified accrual basis of accounting.
- The legal budget is a departmental level budget.
- There were supplemental appropriations of \$225,868 during the year ended June 30, 2013. All additional appropriations were made in accordance with the Charter.
- Budgets for Special Revenue Funds are prepared in accordance with the requirements of the various grant agreements and/or provisions which control the expenditure of such funds. Since such budgets are adopted on a program basis, it is not practicable to present the results of budgetary operations at the combined level.
- Capital Projects appropriations for capital and reserve funds are approved in the annual budget. Projects in excess of \$20,000 not in the annual budget are approved at Town Meeting.

All General Fund appropriations lapse at year end. Appropriations for Capital Projects Funds and several Special Revenue Funds are continued until completion of the project, even when projects extend for more than one fiscal year. If three years lapse without any expenditure or any encumbrance of said funds, the appropriation will lapse.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as either assigned or committed fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

A. Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$856,270 of the Town’s bank balance of \$2,741,684 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 688,585
Uninsured and collateralized held by the pledging bank’s trust department, not in the Town’s name	<u>167,685</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 856,270</u></u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$15,940,283. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Balance, June 30, 2013</u>	<u>Standard & Poor's Rating</u>
Money Market Funds*	\$ 7,230,505	
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	8,709,778	AAA/m

*Not rated

B. Investments

As of June 30, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
			<u>Less than 1</u>	<u>1-10</u>
Interest-bearing investments:				
Certificates of deposit	N/A	\$ 963,593	\$ 709,483	\$ 254,110
Endowment pool	N/A	<u>209,614</u>	<u>209,614</u>	
Total		1,173,207	<u>\$ 919,097</u>	<u>\$ 254,110</u>
Other investments:				
Pooled common and collective trusts		1,155,524		
Mutual funds		<u>13,221,842</u>		
Total Investments		<u>\$ 15,550,573</u>		

Interest Rate Risk - The Town does not limit its maximum final stated maturities to fifteen years. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

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

Concentration of Credit Risk - The Town has a policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has a policy for custodial credit risk. At June 30, 2013, the Town did not have any uninsured and unregistered securities held by the counter party or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 284,549	\$	\$	\$	\$ 284,549
Taxes	890,566				890,566
Accounts	54,629			29,387	84,016
Housing loans		250,251			250,251
Intergovernmental	<u>137,047</u>		<u>220,000</u>		<u>357,047</u>
Gross receivables	<u>1,366,791</u>	<u>250,251</u>	<u>220,000</u>	<u>29,387</u>	<u>1,866,429</u>
Less allowance for uncollectibles:					
Taxes	<u>(45,274)</u>				<u>(45,274)</u>
Net Total Receivables	<u>\$ 1,321,517</u>	<u>\$ 250,251</u>	<u>\$ 220,000</u>	<u>\$ 29,387</u>	<u>\$ 1,821,155</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 717,073	\$
Accrued interest on property taxes	284,549	
Small cities loans and grants	250,251	
Unearned grants		<u>76,235</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,251,873</u>	<u>\$ 76,235</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,283,405	\$	\$	\$ 200,232	\$ 19,483,637
Construction in progress	<u>1,464,106</u>	<u>3,792,461</u>		<u>(3,139,028)</u>	<u>2,117,539</u>
Total capital assets not being depreciated	<u>20,747,511</u>	<u>3,792,461</u>	<u>-</u>	<u>(2,938,796)</u>	<u>21,601,176</u>
Capital assets being depreciated:					
Buildings	19,181,752			183,945	19,365,697
Furniture and equipment	12,957,332		(80,290)	1,257,472	14,134,514
Infrastructure	<u>105,722,019</u>			<u>1,497,379</u>	<u>107,219,398</u>
Total capital assets being depreciated	<u>137,861,103</u>	<u>-</u>	<u>(80,290)</u>	<u>2,938,796</u>	<u>140,719,609</u>
Less accumulated depreciation for:					
Buildings	4,145,467	334,086			4,479,553
Furniture and equipment	7,498,020	849,486	(80,290)		8,267,216
Infrastructure	<u>61,487,551</u>	<u>2,214,079</u>			<u>63,701,630</u>
Total accumulated depreciation	<u>73,131,038</u>	<u>3,397,651</u>	<u>(80,290)</u>	<u>-</u>	<u>76,448,399</u>
Total capital assets being depreciated, net	<u>64,730,065</u>	<u>(3,397,651)</u>	<u>-</u>	<u>2,938,796</u>	<u>64,271,210</u>
Governmental Activities Capital Assets, Net	<u>\$ 85,477,576</u>	<u>\$ 394,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,872,386</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 350,240
Public safety	427,756
Public works	2,537,158
Community activities	<u>82,497</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,397,651</u>

Capital Project Commitments

The Town has active long-term projects as of June 30, 2013. The projects include:

	<u>Appropriation</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Remaining Balance</u>
Capital	\$ 11,749,532	\$ 9,226,731	\$ 739,157	\$ 1,783,644
Reserve Accounts	19,361,088	15,096,308	155,206	4,109,574
Limited Reserve Accounts	19,010,756	18,388,461		622,295

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2013, the interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds Capital Projects	\$ 458,029 <u>4,000</u> <u>462,029</u>
Capital Projects	Town Aid Road Fund	<u>864,024</u>
Small Cities Fund	General Fund	<u>1,327</u>
Town Aid Road Fund	General Fund	<u>818,695</u>
Nonmajor Governmental Funds	Capital Projects General Fund	49,516 <u>17,758</u> <u>67,274</u>
Total		\$ <u><u>2,213,349</u></u>

All balances reflect recurring reimbursement type transactions expected to be repaid in the current period.

Interfund transfers:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 3,304,095	\$	\$ 3,304,095
Town Aid Road		367,723	12,392	380,115
Nonmajor Governmental	<u>80,000</u>			<u>80,000</u>
Total Transfers In	<u>\$ 80,000</u>	<u>\$ 3,671,818</u>	<u>\$ 12,392</u>	<u>\$ 3,764,210</u>

All transfers are for regularly recurring operational transfers.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable and other:					
General obligation bonds	\$ 10,680,000	\$ 3,020,000	\$ 4,135,000	\$ 9,565,000	\$ 1,065,000
Deferred charge on refunding	(390,601)	(144,028)	(40,839)	(493,790)	
For issuance premiums	<u>413,218</u>	<u>232,933</u>	<u>49,358</u>	<u>596,793</u>	
Total bonds payable and other	10,702,617	3,108,905	4,143,519	9,668,003	1,065,000
Capital leases	14,201		6,383	7,818	6,676
Compensated absences	<u>305,530</u>		<u>14,030</u>	<u>291,500</u>	<u>242,086</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 11,022,348</u>	<u>\$ 3,108,905</u>	<u>\$ 4,163,932</u>	<u>\$ 9,967,321</u>	<u>\$ 1,313,762</u>

A schedule of bond and notes outstanding at June 30, 2013 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2013</u>
Bonds payable:					
General purpose	2009	2019	3.52-4.0	\$ 2,400,000	\$ 1,400,000
General purpose	2010	2023	3.0-4.0	6,080,000	5,190,000
General purpose	2012	2025	2.0-5.0	3,020,000	<u>2,975,000</u>
Total					<u>\$ 9,565,000</u>

Annual maturities of bonds and notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,065,000	\$ 317,025	\$ 1,382,025
2015	1,060,000	286,075	1,346,075
2016	1,030,000	253,506	1,283,506
2017	1,020,000	221,475	1,241,475
2018	1,015,000	182,825	1,197,825
2019-2024	<u>4,375,000</u>	<u>421,563</u>	<u>4,796,563</u>
Total	<u>\$ 9,565,000</u>	<u>\$ 1,682,469</u>	<u>\$ 11,247,469</u>

General Obligation Bonds - Advance Refunding

On July 6, 2012, the Town issued \$3,020,000 of general obligation refunding bonds with interest rates ranging from 2% to 5% to currently refund the outstanding principal amounts of \$3,025,000 of General Obligation Bonds dated February 1, 2004.

The net proceeds of \$3,252,933 (including a premium of \$232,933 and issuance costs of \$83,905, including underwriter's fees) will reduce total debt service payments over the next 12 years by approximately \$241,585 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$219,594. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue, which were placed into an irrevocable escrow account until all the defeased bonds have been called. The outstanding balance of the defeased bonds as of June 30, 2013 is \$0.

Capital Lease

The Town entered into a capital lease to acquire a fingerprint scanner. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 7,200
2015	1,200
Total future minimum lease payments	8,400
Less amounts representing interest	582
Present Value of Future Minimum Lease Payments	<u>\$ 7,818</u>

Overlapping Debt

The Town is a member of Regional School District #15, which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2013, the outstanding bonded indebtedness of the District was \$20,410,000. These issues are eligible for partial reimbursement by the State of Connecticut. Total grants anticipated are \$1,275,597. The Town's share will be approximately 68% of the remaining balance. These are general obligations of Regional School District #15 and its member towns.

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 123,509	\$ 9,565	\$ 113,944
Schools	247,019	13,011	234,008
Sewers	205,849		205,849
Urban renewal	178,402		178,402
Pension deficit	164,679		164,679

*Portion of Regional School District #15 indebtedness as described above. Also includes bonds authorized unissued when debt has been issued.

In no case shall total indebtedness exceed seven times annual receipts from taxation (\$384,251).

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<u>General Fund</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$ 20,420					\$ 20,420
Restricted for:						
Grants		22,958	189,752			212,710
Committed to:						
General government					286,335	286,335
Public safety					238,624	238,624
Public works					212	212
Community activities					2,260,159	2,260,159
Insurance reserve	280,000					280,000
Special assessment projects				7,806,731		7,806,731
Assigned to:						
Purchases on order:						
General government	143,812					143,812
Public safety	46,544					46,544
Public works	12,840					12,840
Community activities	18					18
Subsequent year's budget	1,454,250					1,454,250
Future purposes	4,460,000					4,460,000
Unassigned	1,998,314					1,998,314
Total Fund Balances	<u>\$ 8,416,198</u>	<u>\$ 22,958</u>	<u>\$ 189,752</u>	<u>\$ 7,806,731</u>	<u>\$ 2,785,330</u>	<u>\$ 19,220,969</u>

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

The Town of Southbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide retirement, disability and death benefits for its employees. The PERS is considered to be part of the Town of Southbury's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The system was established by vote of the Board of Selectmen July 1, 1970.

The Town of Southbury Retirement System covers substantially all employees working more than 20 hours a week.

Participants who retire at normal retirement date are entitled to a monthly retirement benefit in an amount equal to 1.5 and 2.5% (police) of their average monthly earnings multiplied by years of service up to a maximum of 35 years. Average monthly compensation is the average salary over the 60 consecutive month period that provides the highest average (36 months for police). The plan also produces a preretirement death benefit. Participants become 100% vested on completing 5 years of vesting service. Normal retirement eligibility is later of age 50 and completing 20 years of service but not later than age 55 for police and the later of age 65 or 5 years for all others.

The membership of the plan consisted of the following at July 1, 2012, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	59
Terminated plan members entitled to benefits but not yet receiving them	29
Current plan members	<u>93</u>
Total	<u><u>181</u></u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

Method Used to Value Investments: All assets are valued at fair value. All investments are invested in government bonds, corporate bonds and equity mutual funds.

C. Funding Policy

The Town is required to contribute the amounts necessary to fund the PERS and cover all administrative charges. Police are required to contribute 1.9% of annual earnings. All amounts are determined by annual actuarial valuations and are included as part of the annual budget expenditures. The current contribution rate for the Town is 16.74% of covered payroll. Covered payroll is \$4,667,415 or 82.1% of total Town payroll of \$5,683,554. The contribution requirements of the Town and plan members may be amended by the Board of Selectmen and subject to bargaining unit approval.

D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 621,135
Interest on net pension obligation	(22,319)
Adjustment to annual required contribution	<u>24,619</u>
Annual pension cost	623,435
Contributions made	<u>621,135</u>
Decrease in net pension asset	2,300
Net pension asset at beginning of year	<u>(278,988)</u>
Net Pension Asset at End of Year	<u>\$ (276,688)</u>

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

Actuarial valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	15 years
Asset valuation method	Fair Value - 5 Year Smoothing
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	3.5%
Inflation	3-3.5%

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/13	\$ 623,435	\$ 621,135	99.63%	\$ (276,688)
6/30/12	636,348	635,095	99.80	(278,988)
6/30/11	648,448	648,132	99.95	(280,241)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/12	\$ 13,446,338	\$ 16,640,835	\$ 3,194,497	80.8%	\$ 4,667,415	68.4%
7/1/11	12,884,699	14,678,470	1,793,771	87.8	5,026,644	35.7
7/1/10	12,120,924	13,560,517	1,439,593	89.4	5,236,678	27.5
7/1/09	10,940,626	12,458,889	1,518,263	87.8	5,158,084	29.4
7/1/08	11,337,498	11,391,583	54,085	99.5	4,324,805	1.3
7/1/07	9,594,300	9,902,633	308,333	96.9	3,944,816	7.8

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/13	\$ 621,135	\$ 621,135	100.00%
6/30/12	635,095	635,095	100.00
6/30/11	648,132	648,132	100.00
6/30/10	474,442	600,000	126.46
6/30/09	430,307	435,000	101.09
6/30/08	685,586	704,566	102.77

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

11. CONTINGENT LIABILITIES

The Town is currently a defendant in a number of lawsuits including tax appeals. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Property taxes:				
Property taxes	\$ 53,609,038	\$ 53,609,038	\$ 54,200,360	\$ 591,322
Prior year's taxes	235,355	235,355	269,677	34,322
Motor vehicle supplement	300,000	300,000	337,669	37,669
Interest and liens	180,089	180,089	198,802	18,713
Overpayments	100,000	100,000		(100,000)
Total property taxes	<u>54,424,482</u>	<u>54,424,482</u>	<u>55,006,508</u>	<u>582,026</u>
Intergovernmental revenues:				
State of Connecticut:				
Education Cost Sharing	2,518,902	2,518,902	2,518,902	-
Other	611,276	611,276	1,154,683	543,407
Telecommunication property tax	168,561	168,561	142,433	(26,128)
Total intergovernmental revenues	<u>3,298,739</u>	<u>3,298,739</u>	<u>3,816,018</u>	<u>517,279</u>
Licenses, permits and fees:				
Building and regulatory	194,085	194,085	179,774	(14,311)
Recreation	331,200	331,200	348,634	17,434
Town Clerk	391,316	391,316	414,714	23,398
Dog licenses and fees	9,000	9,000	8,727	(273)
Total licenses, permits and fees	<u>925,601</u>	<u>925,601</u>	<u>951,849</u>	<u>26,248</u>
Investment income	<u>44,000</u>	<u>44,000</u>	<u>43,607</u>	<u>(393)</u>
Other	<u>416,986</u>	<u>416,986</u>	<u>437,292</u>	<u>20,306</u>
Transferred in from other funds	<u>25,000</u>	<u>25,000</u>	<u>80,000</u>	<u>55,000</u>
Total	<u>\$ 59,134,808</u>	<u>\$ 59,134,808</u>	<u>60,335,274</u>	<u>\$ 1,200,466</u>
Budgetary revenues are different than GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(28,190)	
Proceeds from sale of refunding bonds			3,020,000	
Premium on refunding bonds			232,933	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			<u>127</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 63,560,144</u>	

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General government:				
Board of Selectmen	\$ 306,084	\$ 310,733	\$ 307,566	\$ 3,167
Town Hall Service expense	70,500	70,500	68,709	1,791
Other expense	112,298	133,798	131,974	1,824
Social Services	36,181	36,527	36,118	409
Labor related expense	2,783,924	2,716,250	2,714,149	2,101
Computers	169,850	197,850	193,518	4,332
Probate Court	8,417	8,417	5,101	3,316
Elections	113,628	113,890	99,687	14,203
Board of Finance	55,000	55,000	49,235	5,765
Board of Assessment Appeals	2,500	2,500	665	1,835
Controller	226,134	230,518	230,317	201
Tax Collector	135,056	138,514	137,276	1,238
Assessor	163,191	166,443	137,437	29,006
Town Clerk	226,793	232,780	231,915	865
Building Inspector	153,046	154,720	113,556	41,164
Insurance and Bonds	585,759	585,759	449,478	136,281
Legal expense	135,000	135,000	86,157	48,843
Planning Commission	130,620	148,113	136,615	11,498
Inland Wetlands Commission	88,787	92,968	84,365	8,603
Zoning Commission	11,040	11,040	3,141	7,899
Zoning Board of Appeals	33,656	34,512	34,139	373
Economic Development Commission	10,000	10,000	1,644	8,356
Town properties - inside	237,423	241,835	238,194	3,641
Energy	367,816	367,816	320,002	47,814
Town properties - outside	418,175	463,175	420,875	42,300
Contingency	243,000	38,090		38,090
Refunds	100,000	100,000	97,777	2,223
Total	<u>6,923,878</u>	<u>6,796,748</u>	<u>6,329,610</u>	<u>467,138</u>
Public safety:				
Fire Department/hydrants	502,434	502,434	502,434	-
Communications	336,256	336,256	306,514	29,742
Police Protection	1,910,690	1,912,346	1,906,988	5,358
Civil Preparedness	15,570	15,570	15,165	405
Fire Marshal	92,048	112,945	103,051	9,894
Tree Warden	6,000	6,000	5,949	51
Canine Control	66,554	67,807	64,704	3,103
Ambulance Association	335,415	335,415	335,415	-
Total	<u>3,264,967</u>	<u>3,288,773</u>	<u>3,240,220</u>	<u>48,553</u>
Highway-public works:				
General maintenance	1,976,732	2,262,564	2,216,743	45,821
Solid waste disposal	811,239	811,239	746,764	64,475
Total	<u>2,787,971</u>	<u>3,073,803</u>	<u>2,963,507</u>	<u>110,296</u>

(Continued on next page)

TOWN OF SOUTHURY, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Conservation of health:				
Conservation Commission	\$ 200	\$ 13,200	\$ 12,550	\$ 650
Department of Health	154,159	154,159	148,176	5,983
P. River Watershed Coalition	37,400	37,400	37,400	-
Lake Zoar Authority	25,869	25,869	25,869	-
Lake Lillinonah Authority	23,839	23,839	23,839	-
Pomperaug Valley Water Authority	200	200		200
Water Pollution Authority	100	100		100
Commission of Services for Elderly	254,396	260,887	246,162	14,725
Total	<u>496,163</u>	<u>515,654</u>	<u>493,996</u>	<u>21,658</u>
Community activities:				
Committee expenses	32,750	32,750	19,667	13,083
Library	608,122	615,512	613,065	2,447
Recreation Commission	482,153	498,632	497,729	903
Other community activities	116,682	116,682	13,624	103,058
Total	<u>1,239,707</u>	<u>1,263,576</u>	<u>1,144,085</u>	<u>119,491</u>
Education - Region #15	<u>40,999,183</u>	<u>40,999,183</u>	<u>40,999,183</u>	-
Total expenditures	<u>55,711,869</u>	<u>55,937,737</u>	<u>55,170,601</u>	<u>767,136</u>
Transfers out:				
Historic Building Fund	21,900	21,900	21,900	-
Capital Reserve Fund	975,000	975,000	975,000	-
Capital Transfers Other	2,000,000	2,000,000	2,000,000	-
Debt Service	1,425,289	1,425,289	1,425,289	-
Total transfers out	<u>4,422,189</u>	<u>4,422,189</u>	<u>4,422,189</u>	-
Total Expenditures and Transfers	<u>\$ 60,134,058</u>	<u>\$ 60,359,926</u>	59,592,790	<u>\$ 767,136</u>
Budgetary expenditures are different than GAAP expenditures because:				
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes			(98,281)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			70,561	
Payment to refunded bond escrow agent			<u>3,169,028</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 62,734,098</u>	

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 8,996,861	\$ 7,119,924
Investments	749,898	736,078
Property taxes receivable, net of allowance for uncollectible accounts of \$45,274 in 2013 and 2012	845,292	467,272
Other accounts receivable	476,225	702,363
Due from other funds	462,029	248,417
Other assets	<u>20,420</u>	<u>8,532</u>
Total Assets	<u>\$ 11,550,725</u>	<u>\$ 9,282,586</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,274,604	\$ 283,363
Due to other funds	837,780	837,623
Deferred revenues	<u>1,022,143</u>	<u>571,448</u>
Total liabilities	<u>3,134,527</u>	<u>1,692,434</u>
Fund balances:		
Nonspendable	20,420	8,532
Committed	280,000	
Assigned	6,117,464	5,411,498
Unassigned	<u>1,998,314</u>	<u>2,170,122</u>
Total fund balances	<u>8,416,198</u>	<u>7,590,152</u>
Total Liabilities and Fund Balances	<u>\$ 11,550,725</u>	<u>\$ 9,282,586</u>

TOWN OF SOUTHURY, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

Grand List	Due Date	Uncollected Taxes July 1, 2012	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2013	
			Additions	Deductions			Taxes	Interest	Fees	Total		
2011	2012	\$ 54,899,370	\$ 139,871	\$ 115,139	\$ 15,681	\$ 54,908,421	\$ 54,441,731	\$ 118,235	\$ 1,521	\$ 54,561,487	\$ 466,690	
2010	2011	296,781	116,355	12,839	16,517	383,780	170,205	36,155	1,746	208,106	213,575	
2009	2010	92,371	110,666	4,569	17,471	180,997	73,140	31,701	516	105,357	107,857	
2008	2009	33,066	3	2,110	232	30,727	3,366	1,944	78	5,388	27,361	
2007	2008	16,722	7	2,135		14,594	7			7	14,587	
2006	2007	11,336		1,271		10,065				-	10,065	
2005	2006	9,331		1,256		8,075				-	8,075	
2004	2005	8,318		1,196		7,122				-	7,122	
2003	2004	7,067	20	1,126		5,961				-	5,961	
2002	2003	5,700		1,051		4,649				-	4,649	
2001	2002	4,900		885		4,015				-	4,015	
2000	2001	4,860		881		3,979				-	3,979	
1999	2000	4,593		835		3,758				-	3,758	
1998	1999	5,469		813		4,656				-	4,656	
1997	1998	5,182	63	836		4,409				-	4,409	
1996	1997	4,332		525		3,807				-	3,807	
		<u>\$ 55,409,398</u>	<u>\$ 366,985</u>	<u>\$ 147,467</u>	<u>\$ 49,901</u>	<u>\$ 55,579,015</u>	54,688,449	188,035	3,861	54,880,345	<u>\$ 890,566</u>	
							Suspense collections	<u>5,781</u>	<u>5,310</u>	<u>1,594</u>	<u>12,685</u>	
							Total	<u>\$ 54,694,230</u>	<u>\$ 193,345</u>	<u>\$ 5,455</u>	<u>\$ 54,893,030</u>	

29

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

	<u>Special Revenue Funds</u>						
	<u>Private Duty</u>	<u>Police D.A.R.E.</u>	<u>Parks and Recreation Programs and Trips</u>	<u>Probate Court</u>	<u>Three R Investments</u>	<u>Police Forfeitures</u>	<u>Elderly Services and Program Fund</u>
ASSETS							
Cash and cash equivalents	\$ 10,263	\$ 7,826	\$ 378,377	\$ 5,330	\$ 3,458	\$ 1,144	\$ 85,456
Investments							
Accounts receivable	29,387						
Due from other funds	49,516		1,590		3,776		12,392
Total Assets	<u>\$ 89,166</u>	<u>\$ 7,826</u>	<u>\$ 379,967</u>	<u>\$ 5,330</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 97,848</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ _____	\$ 7,822	\$ 372,706	\$ _____	\$ _____	\$ _____	\$ _____
Fund Balances:							
Committed	89,166	4	7,261	5,330	7,234	1,144	97,848
Total Liabilities and Fund Balances	<u>\$ 89,166</u>	<u>\$ 7,826</u>	<u>\$ 379,967</u>	<u>\$ 5,330</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 97,848</u>

(Continued on next page)

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

JUNE 30, 2013

	<u>Special Revenue Funds</u>						Total Nonmajor Governmental Funds
	Town Clerk Record Preservation	Streetscape Reserve	Loss Reserve	Library Gift	Planning	Farm Document	
ASSETS							
Cash and cash equivalents	\$ 50,575	\$ 9,362	\$ 148,310	\$ 1,065,514	\$ 135,385	\$ 91,818	\$ 1,992,818
Investments				1,153,880			1,153,880
Accounts receivable							29,387
Due from other funds							67,274
Total Assets	<u>\$ 50,575</u>	<u>\$ 9,362</u>	<u>\$ 148,310</u>	<u>\$ 2,219,394</u>	<u>\$ 135,385</u>	<u>\$ 91,818</u>	<u>\$ 3,243,359</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	<u>\$ 4,007</u>	<u>\$ 9,150</u>	<u>\$</u>	<u>\$ 64,344</u>	<u>\$</u>	<u>\$</u>	<u>\$ 458,029</u>
Fund Balances:							
Committed	<u>46,568</u>	<u>212</u>	<u>148,310</u>	<u>2,155,050</u>	<u>135,385</u>	<u>91,818</u>	<u>2,785,330</u>
Total Liabilities and Fund Balances	<u>\$ 50,575</u>	<u>\$ 9,362</u>	<u>\$ 148,310</u>	<u>\$ 2,219,394</u>	<u>\$ 135,385</u>	<u>\$ 91,818</u>	<u>\$ 3,243,359</u>

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds						Elderly Services and Program Fund
	Private Duty	Police D.A.R.E.	Parks and Recreation Programs and Trips	Probate Court	Three R Investments	Police Forfeitures	
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$
Charges for services	328,887		62,623	20,363			4,590
Income on investments							6
Miscellaneous			11,880				18,426
Total revenues	<u>328,887</u>	<u>-</u>	<u>74,503</u>	<u>20,363</u>	<u>-</u>	<u>-</u>	<u>23,022</u>
Expenditures:							
Current:							
General government				28,040			19,624
Public safety	242,876	2,757					
Community activities			86,940				4,300
Total expenditures	<u>242,876</u>	<u>2,757</u>	<u>86,940</u>	<u>28,040</u>	<u>-</u>	<u>-</u>	<u>23,924</u>
Excess (Deficiency) of Revenues over Expenditures	<u>86,011</u>	<u>(2,757)</u>	<u>(12,437)</u>	<u>(7,677)</u>	<u>-</u>	<u>-</u>	<u>(902)</u>
Other Financing Sources (Uses):							
Transfers in							12,392
Transfers out	(80,000)						
Total other financing sources (uses)	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,392</u>
Net Change in Fund Balances	6,011	(2,757)	(12,437)	(7,677)	-	-	11,490
Fund Balances, Beginning of Year	<u>83,155</u>	<u>2,761</u>	<u>19,698</u>	<u>13,007</u>	<u>7,234</u>	<u>1,144</u>	<u>86,358</u>
Fund Balances, End of Year	<u>\$ 89,166</u>	<u>\$ 4</u>	<u>\$ 7,261</u>	<u>\$ 5,330</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 97,848</u>

(Continued on next page)

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Town Clerk Record Preservation	Streetscape Reserve	Loss Reserve	Library Gift	Planning	Farm Document	
Revenues:							
Intergovernmental revenues	\$ 4,000	\$	\$	\$ 20,144	\$	\$	\$ 24,144
Charges for services	9,398				14,375	14,097	454,333
Income on investments	154		24	36,887	20		37,091
Miscellaneous			23,719	167,109			221,134
Total revenues	<u>13,552</u>	<u>-</u>	<u>23,743</u>	<u>224,140</u>	<u>14,395</u>	<u>14,097</u>	<u>736,702</u>
Expenditures:							
Current:							
General government	13,950					12,044	73,658
Public safety			2,051				247,684
Community activities			16,065	67,071			174,376
Total expenditures	<u>13,950</u>	<u>-</u>	<u>18,116</u>	<u>67,071</u>	<u>-</u>	<u>12,044</u>	<u>495,718</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(398)</u>	<u>-</u>	<u>5,627</u>	<u>157,069</u>	<u>14,395</u>	<u>2,053</u>	<u>240,984</u>
Other Financing Sources (Uses):							
Transfers in							12,392
Transfers out							(80,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,608)</u>
Net Change in Fund Balances	(398)	-	5,627	157,069	14,395	2,053	173,376
Fund Balances, Beginning of Year	<u>46,966</u>	<u>212</u>	<u>142,683</u>	<u>1,997,981</u>	<u>120,990</u>	<u>89,765</u>	<u>2,611,954</u>
Fund Balances, End of Year	<u>\$ 46,568</u>	<u>\$ 212</u>	<u>\$ 148,310</u>	<u>\$ 2,155,050</u>	<u>\$ 135,385</u>	<u>\$ 91,818</u>	<u>\$ 2,785,330</u>

TOWN OF SOUTHBURY, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2013

(In Thousands)

Total tax collections, including interest and lien fees					\$ <u>54,893</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 123,509	\$	\$	\$	\$
4-1/2 times base		247,019			
3-3/4 times base			205,849		
3-1/4 times base				178,402	
3 times base					164,679
Total debt limitation	123,509	247,019	205,849	178,402	164,679
Indebtedness:					
Bonds and notes payable	9,565				
Overlapping debt:					
Bonds payable and authorized - Regional District #15*, net of school building grants		13,011			
Net indebtedness	9,565	13,011	-	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>113,944</u>	\$ <u>234,008</u>	\$ <u>205,849</u>	\$ <u>178,402</u>	\$ <u>164,679</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$384,251).

* The Town of Southbury is a member of Regional School District #15, which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2013, the outstanding bonded indebtedness of the District was \$20,410. The State of Connecticut will be providing grants to offset the debt of approximately \$1,275. The Town of Southbury's share will be approximately 68% of the remainder. These are general obligations of Regional School District #15 and its member towns.

TOWN OF SOUTHBURY, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2013

TOWN OF SOUTHBURY, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2013

TABLE OF CONTENTS

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	1-3
Schedule of Expenditures of State Financial Assistance	4-5
Notes to Schedule of Expenditures of State Financial Assistance	6
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7-8
Schedule of Findings and Questioned Costs	9



Accounting | Tax | Business Consulting

**Independent Auditors' Report on Compliance for Each Major State Program;
Report on Internal Control Over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act**

To the Members of the Board of Finance
Town of Southbury, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Southbury, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Southbury, Connecticut's major state programs for the year ended June 30, 2013. The Town of Southbury, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Southbury, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Southbury, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Southbury, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Southbury, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Town of Southbury, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Southbury, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Southbury, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Southbury, Connecticut's basic financial statements. We issued our report thereon dated December 5, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 5, 2013

**TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Connecticut State Library		
Grants to Public Libraries	11000-CSL66051-17003	\$ 1,222
ConnectiCard Payments	11000-CSL66051-17010	18,650
Historic Documents Preservation Grants	12060-CSL66094-35150	<u>4,000</u>
Total Connecticut State Library		<u>23,872</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	291,113
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,510
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	233,965
Property Tax Relief for Veterans	11000-OPM20600-17024	<u>14,386</u>
Total Office of Policy and Management		<u>540,974</u>
Department of Energy and Environmental Protection		
Small Town Economic Assistance Program (STEAP)	12052-DEP43153-40531	<u>220,000</u>
Department of Transportation		
Town Aid Road - STO	13033-DOT57000-43459	40,727
Bus Operations	12001-DOT57000-12175	<u>12,392</u>
Total Department of Transportation		<u>53,119</u>

(Continued on next page)

**TOWN OF SOUTHBURY, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2013**

<u>State Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Agriculture		
Agricultural Viability Program	12060-DAG42710-90456	\$ <u>5,000</u>
Total State Financial Assistance Before Exempt Programs		<u>842,965</u>
Exempt Programs		
Office of Policy and Management		
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	38,946
Municipal Revenue Sharing	12060-OPM20600-35458	<u>167,556</u>
Total Office of Policy and Management		206,502
Department of Education		
Educational Cost Sharing	11000-SDE64000-17041-82010	<u>2,518,902</u>
Total Exempt Programs		<u>2,725,404</u>
Total State Financial Assistance		<u>\$ <u>3,568,369</u></u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTHBURY, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Southbury, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town of Southbury, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance or changes in net assets of the Town of Southbury, Connecticut.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Southbury, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.



Accounting | Tax | Business Consulting

**Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Members of the Board of Finance
Town of Southbury, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Southbury, Connecticut's basic financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Southbury, Connecticut's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Southbury, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Southbury, Connecticut's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Southbury, Connecticut's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Southbury, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Southbury, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 5, 2013

**TOWN OF SOUTHBURY, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ yes X no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 291,113
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	233,965

- Dollar threshold used to distinguish between type A and type B programs: \$100,000

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.