

# **Town of Beacon Falls, Connecticut**

## **Financial Statements**



*For the year ended June 30, 2011*

*With Report of Independent Auditor*

# Town of Beacon Falls, Connecticut

## Audited Financial Statements

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Independent Auditor's Report

To the Board of Finance  
Town of Beacon Falls, Connecticut

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Beacon Falls, Connecticut as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Beacon Falls, Connecticut's management. My responsibility is to express opinions on these financial statements based on my audit.

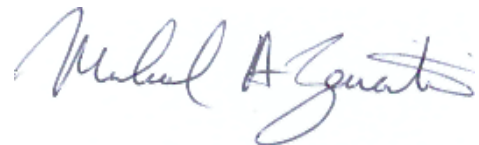
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Beacon Falls, Connecticut as of June 30, 2011, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 29, 2012, on my consideration of the Town of Beacon Falls, Connecticut's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on pages 3 through 9 and 32 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Beacon Falls, Connecticut's financial statements taken as a whole. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink, appearing to read "Michael A. Squatito". The signature is fluid and cursive, with a large initial "M" and "S".

Watertown, Connecticut  
February 29, 2012

# Town of Beacon Falls, Connecticut Management's Discussion and Analysis

*For the year ended June 30, 2011*

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This discussion is intended to provide readers a narrative overview and analysis of the financial activities of the Town of Beacon Falls, Connecticut (the "Town") for the fiscal year ended June 30, 2011. The information presented here should be considered in conjunction with the Town's financial statements that follow.

## **FINANCIAL HIGHLIGHTS**

- . On a government-wide basis, the Town's assets of \$20,264,325 at June 30, 2011 exceeded its liabilities of \$8,020,452 resulting in net assets of \$12,243,873. Of this amount, \$225,443 was restricted for the Town's sewer waste water system, and \$124,675 was restricted for the purposes of various capital project and special revenue funds. Unrestricted net assets of \$2,136,383 were available to meet the Town's ongoing obligations, and net assets of \$9,757,372 were invested in capital assets.
- . The Town's governmental funds reported, on a current financial resources basis, a combined ending fund deficit of \$950,480, a \$373,221 increase in the deficit from the prior fiscal year due primarily to the operating results of the General Fund, Bonding Projects Fund and Sewer Waste Water Fund. The \$822,454 unassigned fund balance of the General Fund available for spending at the Town's discretion represented 4.3% of fiscal year 2012 budgeted appropriations. The \$2,350,180 fund deficit of the Bonding Projects Fund was the result of the short-term financing of capital projects with Bond Anticipation Notes. It is expected that this deficit will be financed with government grants and with general obligation bond proceeds.
- . The Town's long-term debt decreased \$210,295 from the prior fiscal year to \$4,475,643 at June 30, 2011. Significant debt obligations included general obligation bonds (\$2,624,540) and pension benefit obligations (\$1,651,756).

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The statement of net assets and the statement of activities, which are the government-wide statements, report information about Town finances as a whole and about its activities in a way that helps the reader determine whether the Town is better or worse off as a result of the year's activities.

The statement of net assets reflects all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Town's financial position is improving or deteriorating. However, significant changes in net assets can also occur from year to year due to changes in accounting standards issued by the Governmental Accounting Standards Board (GASB). To assess the overall health of the Town other nonfinancial factors such as the property tax base and the condition of the Town's infrastructure also need to be considered.

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

# Town of Beacon Falls, Connecticut Management's Discussion and Analysis

*For the year ended June 30, 2011*

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The government-wide financial statements distinguish functions of the Town that are principally supported by tax revenues, grants and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, sanitation and education. The Town does not report any funds that carry on business-type activities.

The government-wide financial statements can be found on pages 10 and 11 of this report.

## **Fund Financial Statements**

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

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, that is to say the Town's most basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on cash and other financial resources that can be readily converted to cash flow in and out, and balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a near or short-term view of the Town's finances that may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances (deficits) for the General Fund, the Bonding Projects Fund, and the Sewer Waste Water Fund, each of which is considered to be a major fund. The remaining eight funds are combined into a single aggregated presentation in the financial statements. Individual fund data for each of these nonmajor funds is reported as supplementary information to the financial statements.

The Town adopts an annual appropriated budget for its General Fund. Budgetary comparison schedules have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 to 14 of this report.

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town. The Melbourne Trust Fund is the Town's only fiduciary fund.

The basic fiduciary fund financial statements can be found on pages 15 and 16 of this report.

# Town of Beacon Falls, Connecticut Management's Discussion and Analysis

For the year ended June 30, 2011

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## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 31 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. The Town's assets exceeded its liabilities by \$12,243,873 at the close of the fiscal year.

#### Town of Beacon Falls Net Assets

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	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 5,397,514	\$ 6,009,122
Capital assets, net	14,866,811	14,301,584
Total assets	<u>20,264,325</u>	<u>20,310,706</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,544,809	3,795,033
Long-term liabilities	4,475,643	4,685,938
Total liabilities	<u>8,020,452</u>	<u>8,480,971</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	9,757,372	9,130,218
Restricted	350,118	388,654
Unrestricted	2,136,383	2,310,863
Total net assets	<u>\$ 12,243,873</u>	<u>\$ 11,829,735</u>

The largest portion of the Town's net assets (79.7%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure assets such as roads and bridges). The Town uses these assets to provide services to its citizens; consequently these assets are not available for spending. Of the Town's remaining net assets, \$2,136,383 (17.5%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's total net assets increased \$414,138 during the current fiscal year.

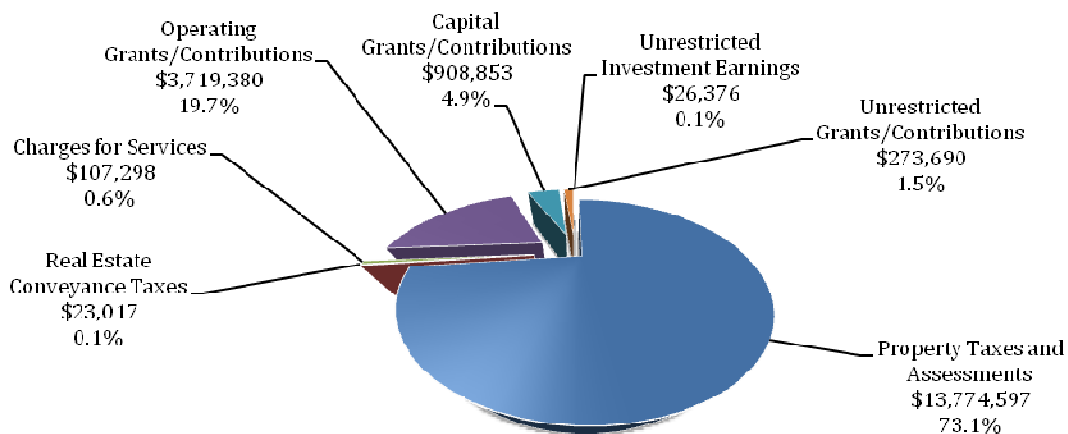
# Town of Beacon Falls, Connecticut Management's Discussion and Analysis

For the year ended June 30, 2011

## Town of Beacon Falls Changes in Net Assets

	2011	2010
<b>Revenues:</b>		
Program:		
Charges for services	\$ 107,298	\$ 188,627
Operating grants and contributions	3,719,380	4,282,979
Capital grants and contributions	908,853	3,264,542
General:		
Property taxes and assessments	13,774,597	12,768,696
Real estate conveyance taxes	23,017	48,375
Grants and contributions, not restricted to specific programs	273,690	292,543
Unrestricted investment earnings	26,376	34,036
Total revenues	<u>18,833,211</u>	<u>20,879,798</u>
<b>Expenses:</b>		
General government and other	1,878,977	1,932,142
Public safety	1,209,034	1,138,739
Public works	1,101,901	888,798
Health and welfare	62,979	62,478
Culture and recreation	365,916	382,955
Sanitation	1,065,753	1,071,294
Education	12,593,791	12,534,084
Interest on long-term debt	140,722	189,729
Total expenses	<u>18,419,073</u>	<u>18,200,219</u>
Change in net assets	414,138	2,679,579
Net assets, beginning of year	<u>11,829,735</u>	<u>9,150,156</u>
Net assets, end of year	<u>\$ 12,243,873</u>	<u>\$ 11,829,735</u>

### 2011 Governmental Activities Revenues by Source



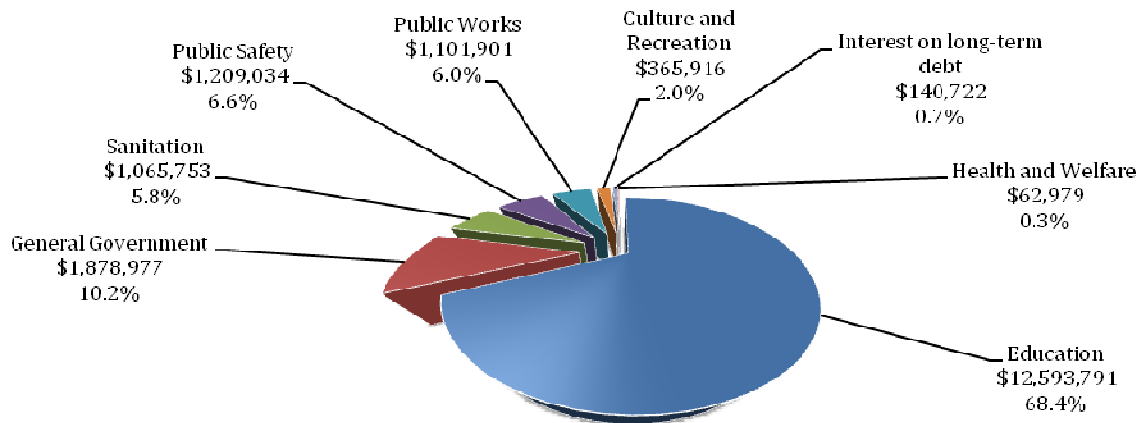


# Town of Beacon Falls, Connecticut Management's Discussion and Analysis

For the year ended June 30, 2011

Governmental activities revenues decreased \$2,046,587 from the prior fiscal year due primarily to a decrease in capital grants and contributions. In particular capital grant revenue received for the Depot Street Bridge Project was \$1,217,911 less than the prior fiscal year, while amounts recognized as contributions as a result of property transfers to the Town was \$815,860 less than the prior fiscal year. The \$1,005,901 increase in property tax and assessment revenue was primarily the result of an increase in the annual tax levy.

## 2011 Governmental Activities Expenses by Function



Governmental activities expenses totaled \$18,419,073 for fiscal year 2011, a \$218,854 increase from the prior fiscal year.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

# **Town of Beacon Falls, Connecticut Management's Discussion and Analysis**

*For the year ended June 30, 2011*

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As of the end of the current fiscal year, the Town's governmental funds reported, on a current financial resources basis, a combined ending fund deficit of \$950,480, which was due to the \$2,350,180 deficit of the Bonding Projects Fund. The deficit of the Bonding Projects Fund is the result of the short-term financing of capital projects with Bond Anticipation Notes. The Town expects to finance the deficit with governmental grants and general obligation bond proceeds, thereby eliminating the deficit.

The \$822,454 unassigned fund balance of the General Fund available for spending at the Town's discretion represented 4.3% of fiscal year 2012 budgeted appropriations.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

On a budgetary basis, revenues and other financing sources for the fiscal year were \$743,118 less than budgetary projections, and expenditures were \$696,091 less than budgeted appropriations. These results were primarily the result of the manner by which the Town provided for the Regional School District #16 (the "District") education assessment when preparing the budget. The Town's budget provided for 100% of the annual education assessment and for 100% of the education grant reimbursements allocated to the Town. Ultimately however the State of Connecticut remitted federal stimulus funding of \$577,052 directly to the District on behalf of the Town. This resulted in original Town budgeted amounts for education revenues and expenditures that were \$577,052 greater than actual amounts received and expended. Other factors affecting the budgetary results included decreases in departmental fee revenues, and positive expenditure variances due to savings realized by several Town departments.

The Town's General Fund budget provided for the use of \$200,000 of general fund balance. No additional appropriations of General Fund unassigned fund balance were approved during the fiscal year. All approved additional departmental appropriations were financed with transfers from the annual contingency appropriation and unexpended appropriations of other Town departments.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2011, the Town's investment in capital assets (net of accumulated depreciation) was \$14,866,811, an increase of \$565,227 from the prior fiscal year. This investment in capital assets includes land, land improvements, buildings and improvements, infrastructure assets (roads, culverts and bridges), machinery, equipment and vehicles.

Major capital asset additions during the year included costs associated with the Depot Street Bridge reconstruction (\$1,110,728) and the capital lease acquisition of a police department vehicle (\$28,180).

Additional information on the Town's capital assets can be found in Note 7 on page 25 of this report.

# **Town of Beacon Falls, Connecticut Management's Discussion and Analysis**

*For the year ended June 30, 2011*

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## **Debt**

At June 30, 2011 the Town's debt included:

- . Long-term general obligation bond debt outstanding of \$2,624,540. The debt, which financed water and sewer projects, is backed by the full faith and credit of the Town. While a portion of the debt is financed through assessments on benefited users, the Town is still obligated to repay all principal and interest.
- . Short-term bond anticipation note debt of \$3,050,000, backed by the full faith and credit of the Town, to provide funding for various capital projects including rehabilitation of the Depot Street Bridge.
- . Obligations under capital leases of \$134,719.
- . Unfunded accrued pension plan liabilities of \$1,651,756. As a participant in the Connecticut Municipal Employee Retirement System (MERS), the Town is obligated to MERS for the plan's unfunded accrued liabilities to participating Town employees.

Additional information on the Town's debt can be found in Notes 8 and 9 on page 26 of this report.

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

These following factors were considered in preparing the Town's budget and rates for the 2011-2012 fiscal year.

- . The Town's unemployment rate which has consistently been between 8.5% and 9.5%.
- . The effect that the economy will likely continue to have on property tax and departmental fee collection.
- . The continued uncertainty of State of Connecticut grants could play an adverse role in the Town's finances based on its heavy dependence on these sources of funding
- . The future needs for capital funding to maintain and improve local infrastructure.

## **Requests for Information**

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

# Town of Beacon Falls, Connecticut

## Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 2,095,037
Receivables, net of allowances:	
Property tax	946,123
Accrued interest and lien fees	382,691
Sewer & Water assessments	1,698,359
Intergovernmental	45,710
Due from Regional School District #16	92,998
Mortgage receivable	24,157
Other	96,551
Other assets	15,888
Noncurrent assets:	
Capital assets not being depreciated	2,351,978
Capital assets, net of accumulated depreciation	12,514,833
<b>Total assets</b>	<u>20,264,325</u>
<b><u>Liabilities</u></b>	
Accounts payable	313,943
Accrued interest	174,662
Other current liabilities	6,204
Bond anticipation notes payable	3,050,000
Noncurrent liabilities:	
Due within one year	255,161
Due in more than one year	4,220,482
<b>Total liabilities</b>	<u>8,020,452</u>
<b><u>Net assets</u></b>	
Invested in capital assets, net of related debt	9,757,372
Restricted for:	
Sewer waste water system	225,443
Special revenue fund purposes	85,893
Capital projects	38,782
Unrestricted	2,136,383
<b>Total net assets</b>	<u><u>\$ 12,243,873</u></u>

The notes to the financial statements are an integral part of this statement.

# Town of Beacon Falls, Connecticut

## Statement of Activities

For the year ended June 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change In Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental activities:</b>					
General government	\$ (1,878,977)	\$ 22,382	\$ -	\$ -	\$ (1,856,595)
Public safety	(1,209,034)	20,239	9,980		(1,178,815)
Public works	(1,101,901)		93,026	908,853	(100,022)
Health and welfare	(62,979)				(62,979)
Culture and recreation	(365,916)	5,830	55,624		(304,462)
Sanitation	(1,065,753)	58,847			(1,006,906)
Education	(12,593,791)		3,560,750		(9,033,041)
Interest on long-term debt	(140,722)				(140,722)
<b>Total governmental activities</b>	<u>\$ (18,419,073)</u>	<u>\$ 107,298</u>	<u>\$ 3,719,380</u>	<u>\$ 908,853</u>	<u>(13,683,542)</u>
<b>General revenues:</b>					
					13,774,597
					23,017
					273,690
					26,376
					<u>14,097,680</u>
					414,138
					<u>11,829,735</u>
					<u>\$ 12,243,873</u>

The notes to the financial statements are an integral part of this statement.

# Town of Beacon Falls, Connecticut

## Balance Sheet - Governmental Funds

June 30, 2011

	<u>General Fund</u>	<u>Bonding Projects</u>	<u>Sewer Waste Water</u>	<u>Nonmajor Funds</u>	<u>Total Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 418,791	\$ 1,166,601	\$ 325,443	\$ 184,202	\$ 2,095,037
Receivables, net of allowances:					
Property tax	946,123				946,123
Accrued interest and lien fees	382,691				382,691
Sewer and water assessments	1,698,359				1,698,359
Intergovernmental	45,710				45,710
Mortgage receivable	24,157				24,157
Other	93,709			2,842	96,551
Other assets	3,075			12,813	15,888
Due from other funds	592,093			179,290	771,383
<b>Total assets</b>	<u>\$ 4,204,708</u>	<u>\$ 1,166,601</u>	<u>\$ 325,443</u>	<u>\$ 379,147</u>	<u>\$ 6,075,899</u>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 311,911	\$ -	\$ -	\$ 2,032	\$ 313,943
Other liabilities	6,204				6,204
Due to other funds	179,290	466,781	100,000	25,312	771,383
Bond anticipation notes payable		3,050,000			3,050,000
Deferred property tax revenue	1,169,050				1,169,050
Deferred sewer assessments	1,691,642				1,691,642
Deferred mortgage receivable	24,157				24,157
<b>Total liabilities</b>	<u>3,382,254</u>	<u>3,516,781</u>	<u>100,000</u>	<u>27,344</u>	<u>7,026,379</u>
<b>Fund balances (deficits):</b>					
Restricted for:					
Sewer waste water system			225,443		225,443
Special revenue fund purposes				85,893	85,893
Capital projects				38,782	38,782
Committed to capital projects				229,290	229,290
Unassigned	822,454	(2,350,180)		(2,162)	(1,529,888)
<b>Total fund balances (deficits)</b>	<u>822,454</u>	<u>(2,350,180)</u>	<u>225,443</u>	<u>351,803</u>	<u>(950,480)</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 4,204,708</u>	<u>\$ 1,166,601</u>	<u>\$ 325,443</u>	<u>\$ 379,147</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	14,866,811
That portion of property taxes, interest, lien fees, and water and sewer assessment receivables that are not available to pay for current period expenditures are deferred, or not recognized, in the funds.	2,860,692
Refunds of surplus fund balance of Regional School District #16 due to the Town that are not available to pay for current period expenditures are deferred, or not recognized in the funds.	92,998
Other receivables that are not available to pay for current period expenditures are deferred, or not recognized in the funds.	24,157
Accrued interest payable on long-term liabilities is not payable in the current period and, therefore, is not reported in the funds.	(174,662)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds	(4,475,643)
Net Assets of Governmental Activities	<u>\$ 12,243,873</u>

The notes to the financial statements are an integral part of this statement.

# Town of Beacon Falls, Connecticut

## Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) Governmental Funds

For the year ended June 30, 2011

	General Fund	Bonding Projects	Sewer Waste Water	Nonmajor Funds	Total Funds
<b>Revenues:</b>					
Taxes and assessments	\$ 13,859,691	\$ -	\$ -	\$ -	\$ 13,859,691
Intergovernmental	3,766,748	823,260		-	4,590,008
Investment income	20,391	5,034	906	45	26,376
Charges for services	78,327		4,175	4,259	86,761
Other	107,158	34,593		105,208	246,959
<b>Total revenues</b>	<b>17,832,315</b>	<b>862,887</b>	<b>5,081</b>	<b>109,512</b>	<b>18,809,795</b>
<b>Expenditures:</b>					
Current:					
General government	1,849,719			34,415	1,884,134
Public safety	1,126,917			6,597	1,133,514
Public works	782,831				782,831
Health and welfare	62,979				62,979
Culture and recreation	296,242			38,810	335,052
Sanitation	868,799		14,720		883,519
Education	12,593,791				12,593,791
Debt service:					
Principal retirements	135,530				135,530
Interest payments	127,772	36,411			164,183
Capital lease payments	67,353				67,353
Capital outlay	43,782	1,109,099		30,941	1,183,822
<b>Total expenditures</b>	<b>17,955,715</b>	<b>1,145,510</b>	<b>14,720</b>	<b>110,763</b>	<b>19,226,708</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(123,400)</b>	<b>(282,623)</b>	<b>(9,639)</b>	<b>(1,251)</b>	<b>(416,913)</b>
<b>Other financing sources (uses):</b>					
Transfers in	105,034	161,411		197,955	464,400
Transfers out	(256,841)	(5,034)	(100,000)	(102,525)	(464,400)
Capital lease proceeds	28,180				28,180
Premium on bond anticipation notes		15,512			15,512
<b>Total other financing sources (uses)</b>	<b>(123,627)</b>	<b>171,889</b>	<b>(100,000)</b>	<b>95,430</b>	<b>43,692</b>
<b>Net change in fund balances</b>	<b>(247,027)</b>	<b>(110,734)</b>	<b>(109,639)</b>	<b>94,179</b>	<b>(373,221)</b>
<b>Fund balances (deficits), beginning of year</b>	<b>1,069,481</b>	<b>(2,239,446)</b>	<b>335,082</b>	<b>257,624</b>	<b>(577,259)</b>
<b>Fund balances (deficits), end of year</b>	<b>\$ 822,454</b>	<b>\$ (2,350,180)</b>	<b>\$ 225,443</b>	<b>\$ 351,803</b>	<b>\$ (950,480)</b>

The notes to the financial statements are an integral part of this statement.

## Town of Beacon Falls, Connecticut

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities

For the year ended June 30, 2011

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#### Amounts reported for governmental activities in the statement of activities are different because:

**Net change in fund balances - total governmental funds** \$ (373,221)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 565,227

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

Property taxes and assessments (85,094)  
Refund of excess fund balance of Regional School District #16 92,998

Changes in the Town's unfunded accrued pension and net other post-employment obligations reported in the statement of activities as expenses do not require the use of current financial resources, and therefore, are not reported in the governmental funds. 16,351

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, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued,, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 197,877

**Change in net assets of governmental activities** \$ 414,138

The notes to the financial statements are an integral part of this statement.



**Town of Beacon Falls, Connecticut**

**Statement of Fiduciary Net Assets - Fiduciary Funds**

*June 30, 2011*

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	<b>Private-Purpose Trust Melborne Fund</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	<u><u>\$ 23,596</u></u>
<b>Net Assets</b>	<u><u>\$ 23,596</u></u>

The notes to the financial statements are an integral part of this statement.

# Town of Beacon Falls, Connecticut

## Statement of Changes in Fiduciary Net Assets - Fiduciary Funds

*For the year ended June 30, 2011*

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	<b>Private-Purpose Trust Melborne Fund</b>
<b>Additions:</b>	
Investment interest	\$ 13
<b>Deductions:</b>	
Scholarships	2,000
<b>Change in net assets</b>	(1,987)
<b>Net assets, beginning of year</b>	25,583
<b>Net assets, end of year</b>	\$ 23,596

The notes to the financial statements are an integral part of this statement.

# Town of Beacon Falls, Connecticut

## Notes to Financial Statements

June 30, 2011

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### Note 1 – Significant Accounting Policies

#### **Reporting Entity**

The Town of Beacon Falls, Connecticut (the “Town”) was incorporated in 1871. It operates under a Board of Selectmen, Town Meeting, Board of Finance form of government and provides a full range of services including public safety, public works, sanitation, health and welfare, culture and recreation, education, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in Governmental Accounting Standards Board (GASB) Codification Section 2100 have been considered and there are no entities which should be presented with the Town.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities, primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental 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.

The various funds included in the financial statements are described below:

**Governmental Funds** are those through which most governmental functions typically are financed. The governmental funds are as follows:

The *General Fund* is the primary operating fund of the Town. It is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.

*Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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*Capital Project Funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**Fiduciary Funds** are used to account for assets held by the town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Private-Purpose Trust Funds* are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

Amounts reported as program revenues in the government-wide financial statements include

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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 generally 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 pension obligations, and claims and judgments, are recorded only when payment is due.

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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Property taxes and assessments, when levied for, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as governmental fund revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when program eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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 *Sewer Waste Water Fund* accounts for the one time sewer connections fees charged as residents/businesses connect to the sewer system, and the related expenditures for upgrades and repairs to the sewer system.

The *Bonding Projects Fund* accounts for the financial activity of capital projects financed with debt proceeds and government grants.

***Accounting Estimates***

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

***Property Taxes and Assessments***

Property taxes are assessed as of October 1, levied on the following July 1, and are due in two installments, July 1, and January 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year. An allowance based on historical collection experience is provided for uncollectible taxes.

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

***Cash Equivalents***

The Town classifies all highly liquid investments, including money market funds, certificates of deposit, and shares held in the Connecticut State Treasurer's Tax-Exempt Proceeds (TEPF) fund having original maturities of three months or less as cash equivalents.

***Investments***

Investments are stated at fair value, primarily utilizing quoted market prices, with the exception of certificates of deposit (cost), and money market funds (amortized cost).

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	15 - 50
Infrastructure	15 - 60
Machinery, equipment and vehicles	8 - 15

Capital asset acquisitions are reported as expenditures and no depreciation is taken in the governmental fund financial statements.

***Compensated Absences***

Employees accumulate, by prescribed formula, vacation and sick days for subsequent use or for payment upon termination or retirement. Town policy provides limited carry forward of accumulated benefit days beyond the end of each fiscal year. As a result, no provision for compensated absences liability is recorded, as it is considered immaterial to the financial statements.

***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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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, including capital leases, 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.

***Net Other Post-employment Benefit Obligations***

During the 2009 fiscal year the Town implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." GASB Statement No. 45 requires the Town to calculate and record a net other post-employment benefit obligation (NOPEBO). The NOPEBO is the difference between the actual contributions and the required contributions since July 1, 2008. The Town pays NOPEBO benefits on behalf of the beneficiaries as they become due.

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is frequently employed by governmental units as an extension of formal budgetary integration in the governmental funds. The Town does not utilize encumbrance accounting.

***Fund Equity and Net Assets***

In the government-wide financial statements, net assets are classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

*Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Assets* – This category represents the net assets of the Town, which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaid expenditures.

*Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Finance and Town Meeting in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by informal action of the Board of Selectmen or Board of Finance.

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, assigned, unassigned) fund balance. However, the Town generally uses restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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**Note 2 – Reconciliation of Government-Wide and Fund Financial Statements**

***Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets***

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ (2,624,540)
Unfunded accrued pension obligation	(1,651,756)
OPEB obligation	(22,063)
Insurance assessment	(42,565)
Capital lease obligations	<u>(134,719)</u>
 Net adjustment to reduce fund balance –total governmental funds to arrive at net assets – governmental activities	 \$ <u>(4,475,643)</u>

***Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 1,188,279
Depreciation expense	<u>(623,052)</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u>565,227</u>

Another element of that reconciliation states that “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, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Bond principal payments	\$ 135,530
Capital lease proceeds	(28,180)
Capital lease payments	65,311
Insurance assessment payments	21,283
Accrued interest	<u>3,933</u>
 Net adjustment to increase net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	 \$ <u>197,877</u>



**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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**Note 3 – Budgets and Budgetary Accounting**

The Town follows these procedures in establishing budgetary data reflected in the financial statements:

Department heads, officers and agencies of the Town file estimates of expenditures to be made and revenues to be collected in the upcoming year to the Board of Selectmen for review. The Board of Selectmen reviews the estimates, proposes any adjustments deemed necessary, and forwards to the Board of Finance for review. These estimates, as revised by the Board of Finance, are recommended as the annual operating budget for adoption at the Town meeting in May. Upon the adoption of the budget, the Board of Finance is authorized to transfer appropriated amounts between departments, and to authorize additional departmental appropriations totaling less than \$20,000. Town meeting approval is required whenever additional appropriations for a department exceed \$20,000 in the aggregate. The legal level of control at which expenditures may not exceed appropriations is at the departmental level. Appropriations for capital projects do not lapse until completion of the applicable projects. All unexpended, noncapital General Fund appropriations lapse at year end.

The Town does not have legally adopted annual budgets for its special revenue funds, and capital project funds, because budgetary control is alternatively achieved by constraints imposed by intergovernmental grant agreements, bond ordinances, or Connecticut General Statutes.

Accounting principles generally accepted in the United States of America (GAAP), unlike the budgetary basis of accounting, require that capital leases be recorded as both an other financing source, and an expenditure in the year the lease is entered into. A reconciliation of general fund operations as presented in accordance with accounting principles generally accepted in the United States of America (GAAP) to the amounts presented on the budgetary basis is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
GAAP basis	\$ 17,832,315	\$(17,955,715)	\$ (123,627)
Continued appropriations transferred to Non-Recurring Capital Expenditure Fund		(95,430)	95,430
Debt service of Bond Anticipation Notes of Bonding Projects Fund financed by General Fund		(161,411)	161,411
Capital leases proceeds	<u>                    </u>	<u>28,180</u>	<u>(28,180)</u>
Budgetary basis	<u>\$ 17,832,315</u>	<u>\$ (18,184,376)</u>	<u>\$ 105,034</u>

**Note 4 – Cash, Cash Equivalents, and Investments**

Cash and cash equivalents at June 30, 2011 consisted of:

Deposits	\$ 316,740
Repurchase accounts	<u>1,801,893</u>
Total cash and cash equivalents	<u>\$ 2,118,633</u>

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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***Credit Risk***

Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. The Town's investing activities conform to Connecticut General Statutes (Section 7-400) which permit municipalities to invest in: 1) obligations of the United States and its agencies; 2) high 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. The statutes also provide for investment in shares of the Tax Exempt Proceeds Fund. Amounts held in Tax Exempt Proceeds Fund accounts are available only for specific capital projects in accordance with agreements between the Town and the State of Connecticut.

***Interest Rate Risk***

The Town does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town is not invested in securities that expose it to interest rate risk.

***Custodial Credit Risk - Deposits***

This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town deposits its public funds in conformance with Connecticut General Statutes (Section 7-402). 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.

At June 30, 2011, a minimum of \$42,407 of the \$464,073 in bank balances of Town deposits was collateralized in accordance with Connecticut General Statutes (collateral held by the pledging banks' trust departments but not in the Town's name and \$290,000 was insured by federal depository insurance. The remaining bank balance of \$131,666 was uninsured and uncollateralized.

***Custodial Credit Risk - Cash Equivalents***

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have a formal policy for custodial credit risk, however the Town investing activities conform to Connecticut General Statutes. At June 30, 2011 the funds held in the repurchase accounts were collateralized with collateral held by the banks' trust departments or agents but not in the Town's name.

**Note 5 - Receivables by Fund Type**

Receivables at June 30, 2011, including the applicable allowance for collection losses, are as follows:

Property tax	\$ 1,275,532
Accrued interest and lien fees	887,446
Sewer and water assessments	1,698,359
Intergovernmental grants	45,710
Other receivables	<u>120,708</u>
Total gross receivables	<u>4,027,755</u>
Allowance for collection losses	<u>(834,164)</u>
Total net receivables	<u>\$ 3,193,591</u>

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

**Note 6 – Interfund Receivables, Payables and Transfers**

As of June 30, 2011, the General Fund had interfund payables due to Nonmajor Funds of \$179,290; and interfund receivables due from the Bonding Projects Fund (\$466,781), the Sewer Waste Water Fund (\$100,000) and the Nonmajor Funds (\$25,312).

Transfers are used to utilize unrestricted fund balances of various funds to finance activities accounted for in other funds. During the year ended June 30, 2011, fund transfers were made from the Sewer Waste Water Fund (\$100,000), and from the Bonding Projects Fund (\$5,034), to the General Fund; from the General Fund to the Bonding Projects Fund (\$161,411) and the Nonmajor Funds (\$95,430). In addition a transfer of \$102,525 was made from the Reserve Fund to the Streetscape Enhancement Fund.

**Note 7 – Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

*Governmental activities:*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$2,320,285	\$	\$	\$2,320,285
Construction in progress	<u>2,665,122</u>	<u>31,693</u>	<u>2,665,122</u>	<u>31,693</u>
Total capital assets, not being depreciated	<u>4,985,407</u>	<u>31,693</u>	<u>2,665,122</u>	<u>2,351,978</u>
Capital assets, being depreciated:				
Land improvements	1,113,042	9,506		1,122,548
Buildings and improvements	3,264,734			3,264,734
Machinery, equipment and vehicles	4,523,651	36,352	67,777	4,492,226
Infrastructure	<u>13,923,208</u>	<u>3,775,850</u>		<u>17,699,058</u>
Total capital assets, being depreciated	<u>22,824,635</u>	<u>3,821,708</u>	<u>67,777</u>	<u>26,578,566</u>
Less accumulated depreciation for:				
Land improvements	422,335	53,602		475,937
Building and improvements	1,357,536	61,849		1,419,385
Machinery, equipment and vehicles	3,515,374	152,008	67,777	3,599,605
Infrastructure	<u>8,213,213</u>	<u>355,593</u>		<u>8,568,806</u>
Total accumulated depreciation	<u>13,508,458</u>	<u>623,052</u>	<u>67,777</u>	<u>14,063,733</u>
Total capital assets, being depreciated, net	<u>9,316,177</u>	<u>3,198,656</u>		<u>12,514,833</u>
Governmental activities, capital assets, net	<u>\$14,301,584</u>	<u>\$3,230,349</u>	<u>\$2,665,122</u>	<u>\$14,866,811</u>

Depreciation expense of governmental activities was charged to functions/programs of the primary government as follows:

General government	\$	17,434
Public safety		75,520
Public works, including depreciation of general infrastructure assets		317,000
Culture and recreation		182,234
Sanitation		<u>30,864</u>
	<u>\$</u>	<u>623,052</u>

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

**Construction Commitments**

Construction commitments of the Town's Bonding Projects fund at June 30, 2011 are as follows:

<u>Project</u>	<u>Appropriations</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Depot Street Bridge	\$ 3,690,000	\$ 3,801,385	\$ (111,385)
Railroad Ave Pump Station	750,000	736,167	13,833
Road/Bridge Improvements	560,000	576,942	(16,942)
Wolf Ave. Property Purchase	<u>425,000</u>	<u>425,020</u>	<u>(20)</u>
	<u>\$ 5,425,000</u>	<u>\$ 5,539,514</u>	<u>\$ (114,514)</u>

The Town has secured State of Connecticut funding for the excess expenditures of the Depot Street Bridge project, and has received funds from the release of project property liens sufficient to finance the excess expenditures of the Road/Bridge Improvement projects.

**Note 8 - Bond Anticipation Notes Payable and Subsequent Event**

Bond anticipation note activity for the year was as follows:

Outstanding, July 1, 2010	\$ 3,175,000
Borrowings	-
Repayments	<u>(125,000)</u>
Outstanding, June 30, 2011	<u>\$ 3,050,000</u>

At a special Town meeting held on August 28, 2006, three capital project appropriations and related bond resolutions were approved; Depot bridge rehabilitation (\$3,690,000), construction of a new sewage pumping station (\$750,000), and road and bridge improvements (\$560,000). An additional appropriation and related bond resolution was approved at a special Town meeting on August 8, 2008 for the purchase of property on Wolfe Avenue (\$425,000). At June 30, 2011, the Town had \$3,050,000 in bond anticipation notes outstanding, maturing July 19, 2012, to finance the projects.

Subsequent to year end the Town paid down \$1,596,000 on the notes, and refinanced the \$1,454,000 notes balance on July 21, 2011 with bond anticipation notes bearing a 1.50% interest rate.

**Note 9 - Long-Term Debt**

Long-term debt activity for the year ended June 30, 2011 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due</u>
	<u>July 1, 2010</u>			<u>June 30, 2011</u>	<u>Within</u>
					<u>One Year</u>
General obligation bonds	\$2,760,070	\$	\$ 135,530	\$2,624,540	\$ 135,530
Pension obligation	1,674,385		20,629	1,651,756	24,456
OPEB obligation	15,785	6,278		22,063	
Insurance assessment	63,848		21,283	42,565	21,283
Capital lease obligation	<u>171,850</u>	<u>28,180</u>	<u>65,311</u>	<u>134,719</u>	<u>73,892</u>
	<u>\$4,685,938</u>	<u>\$ 34,458</u>	<u>\$ 244,753</u>	<u>\$4,475,643</u>	<u>\$ 255,161</u>

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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***General Obligation Bonds***

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. Bonds payable are secured by the general revenue raising powers of the Town.

At June 30, 2011 the Town was indebted under the following general obligation bonds:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Original Issue</u>	<u>Balance June 30, 2011</u>
Sewer	9/25/98	9/25/28	4.75%	\$ 2,529,100	\$ 1,517,400
Sewer	3/25/99	3/25/29	4.75%	\$ 149,400	89,640
Water	1/23/03	1/23/34	4.625%	\$ 1,387,500	<u>1,017,500</u>
					<u>\$ 2,624,540</u>

The annual debt service requirements of the Town's bonded indebtedness are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 135,530	\$ 121,391	\$ 256,921
2013	135,530	115,011	250,541
2014	135,530	108,632	244,162
2015	135,530	102,252	237,782
2016	135,530	95,872	231,402
2017-2021	677,650	383,664	1,061,314
2022-2026	677,650	224,168	901,818
2027-2031	499,090	72,914	572,004
2032-2033	<u>92,500</u>	<u>6,417</u>	<u>98,917</u>
	<u>\$ 2,624,540</u>	<u>\$ 1,230,321</u>	<u>\$3,854,861</u>

***Pension Obligation***

As a participant in the Connecticut Municipal Employee Retirement System (MERS), the Town is obligated to MERS for the plan's unfunded accrued liabilities to participating Town employees.

At June 30, 2011, the Town's annual debt service requirements on the pension obligations are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 24,456	\$ 133,377	\$ 157,833
2013	26,430	131,403	157,833
2014	28,564	129,269	157,833
2015	30,871	126,962	157,833
2016	33,363	124,470	157,833
2017-2021	211,845	577,320	789,165
2022-2026	312,341	476,824	789,165
2027-2031	460,512	328,653	789,165
2032-2036	<u>523,374</u>	<u>110,738</u>	<u>634,112</u>
	<u>\$ 1,651,756</u>	<u>\$ 2,139,016</u>	<u>\$3,790,772</u>

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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***Capital Lease Obligations***

The Town has acquired various machinery, equipment, and vehicles utilizing capital leases. Interest rates on these leases range from 3.56% to 6.95%.

At June 30, 2011, the Town's future minimum capital lease payments are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 73,892	\$ 5,311	\$ 79,203
2013	51,286	3,023	54,309
2014	<u>9,541</u>	<u>548</u>	<u>10,089</u>
	<u>\$ 134,719</u>	<u>\$ 8,882</u>	<u>\$ 143,601</u>

***Authorized but Unissued Bonds***

Bonds authorized but unissued by the Town at June 30, 2011 are as follows:

General Purpose:	
Water line extension	\$ 750,000
Waste Water Treatment Plant Improvements	1,000,000
Fuel Tank Removal	125,000
Depot Street Bridge	<u>212,272</u>
	<u>\$ 2,087,272</u>

***Insurance Assessment***

The Town has obtained worker compensation insurance coverage as a member of Municipal Interlocal Risk Management Agency (MIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Connecticut General Statutes. MIRMA is to be self-sustaining through members' premiums. The Town incurred a supplemental assessment of \$63,848 during the 2009/2010 fiscal year for prior year MIRMA deficiencies. The assessment is to be paid in installments over three fiscal years.

**Note 10 - Fund Deficits**

The Town expects to fund the \$2,350,180 fund deficit of the Bonding Projects Fund with future grant reimbursements and debt issuance.

**Note 11 - Retirement Plan**

***Municipal Employees' Retirement System***

Union employees, police officers and other Town employees participate in the Connecticut Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system established by the State of Connecticut, and administered by the State Retirement Commission to provide benefits for employees of participating municipalities. MERS, considered to be part of the State's financial reporting entity, is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report which may be obtained by writing to the State of Connecticut Retirement Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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Plan provisions are set by State Statute. MERS provides retirement benefits, as well as death and disability benefits. Covered employees, hired after September 30, 1969 and not over age 55 when hired, who work at least 20 hours per week are eligible to participate. Employees hired before September 30, 1969 do not need to meet the 20 hours per week requirement to be eligible to participate. Benefits vest after 10 years of continuous service. Participants who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

Required employee plan contributions are 2 ¼% of earnings upon which Social Security tax is paid, plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute amounts necessary to finance the remaining costs of the plan. In addition to the monthly contribution the Town is obligated to MERS for the unfunded accrued liability of its participants that existed at the inception of Town participation in MERS. The Town's obligation at June 30, 2011 was 1,651,756 and is payable in annual installments that include interest through 2036, currently \$157,833. Town contributions, necessary to fund all of its annual obligations under the plan for 2011, were \$287,746.

**Note 12 – Other Postemployment Benefits**

***Plan Description***

The Town provides post-employment health care benefits for certain employees for current and future health insurance benefit expenses through a single-employer defined benefit plan. A tri-annual actuarial valuation will be made to redetermine the annual required contributions (“ARC”). The latest actuarial valuation was made July 1, 2008.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the ARC using the projected unit credit method.

Membership in the plan consisted of the following at July 1, 2008, the date of the first actuarial valuation:

Public Works employees:	
Active plan members*	11
All other employees:	
Retirees/beneficiaries receiving benefits	3
Active plan members *	<u>27</u>
Total	<u>41</u>

\*Represents current employees potentially eligible for benefits upon retirement.

***Funding Policy***

The Town funding of postemployment benefits is on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

The Town's annual other postemployment benefit (OPEB) cost is calculated on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$	22,636
Interest on net OPEB obligation		947
Adjustment to annual required contribution		<u>(1,147)</u>
Annual OPEB cost		22,436
Contributions made**		<u>(16,158)</u>
Increase in net OPEB obligation		6,278
Net OPEB obligation, beginning of year		<u>15,785</u>
Net OPEB obligation, end of year	\$	<u>22,063</u>

\*\* Represents insurance premiums paid for benefits during the fiscal year.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation each of the last three fiscal years is presented below.

Year Ending <u>June 30,</u>	Annual OPEB <u>Cost (AOC)</u>	Percentage of AOC <u>Contributed</u>	Net OPEB <u>Obligation</u>
2009	\$ 21,117	57.6%	\$ 8,957
2010	22,209	69.3%	15,785
2011	22,436	72.0%	22,063

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The sum of the normal cost as of June 30, 2011 and the actuarial accrued liability for benefits as of the valuation date, resulting in an unfunded actuarial accrued liability of \$155,196 at June 30, 2011.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.



**Town of Beacon Falls, Connecticut**  
**Notes to Financial Statements (continued)**

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The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2008
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	n/a; not funded
Amortization Method:	Level Dollar
Remaining Amortization Period:	30 Years
Actuarial Assumptions:	
Investment rate of return:	n/a
Discount rate	6%
Inflation rate:	None
Health cost trend rates:	6%.

**Note 13 – Risk Management**

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The Town has obtained worker compensation insurance coverage as a member of Municipal Interlocal Risk Management Agency (MIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Connecticut General Statutes. MIRMA is to be self-sustaining through members' premiums. See note 9 for information regarding the Town's liability for a supplemental MIRMA assessment.

**Note 14 - Contingent Liabilities**

***Municipal Solid Waste Agreement***

The Town has entered into a municipal solid waste service agreement with the Connecticut Resources Recovery Authority (CRRRA) pursuant to which it participates in the regional Mid-Connecticut Project system of CRRRA with sixty-nine other municipalities.

Under the service agreement the Town is required to deliver, or cause to be delivered to the system, solid waste generated within its boundaries up to its minimum commitment of 2,550 tons per year, and to pay a uniform per ton disposal service payment. The current aggregate fee is \$69 plus operating expenses per ton. The service agreement provides that the obligation of the Town to pay the service fee is a general obligation of the Town. As a result, the full faith and credit of the Town is pledged to the payments thereof.

***Litigation***

The Town is not a defendant in any lawsuits that, in the opinion of Town Management, in consultation with the Town Attorney, will have a material adverse effect on the Town's financial position.

***Federal and State Grants***

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

**Supplemental and Combining**

**Fund Statements and Schedules**

# Town of Beacon Falls, Connecticut

## Schedule of Revenues and Other Financing Sources - Budgetary Basis Budget and Actual - General Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes and assessments:				
Property taxes	\$ 13,437,663	\$ 13,437,663	\$ 13,490,153	\$ 52,490
Interest and lien fees on taxes	128,000	128,000	190,380	62,380
Water and sewer assessments	200,000	200,000	179,158	(20,842)
Total taxes and assessments	13,765,663	13,765,663	13,859,691	94,028
Intergovernmental:				
Payment in lieu of taxes on state owned property	58,257	58,257	45,046	(13,211)
Elderly tax relief	45,791	45,791	45,546	(245)
Manufacturing machinery and equipment tax relief	77,044	77,044	38,585	(38,459)
Manufacturing equip in distressed municipalities tax relief	-	-	28,103	28,103
Library grant	1,410	1,410	1,416	6
Disability tax relief	1,332	1,332	1,341	9
Veterans' tax relief	8,602	8,602	9,916	1,314
Town aid road maintenance	92,861	92,861	93,026	165
Education cost sharing	4,044,804	4,044,804	3,467,752	(577,052)
Mashantucket Pequot grant	20,000	20,000	23,012	3,012
Commercial vehicle	38,953	38,953	-	(38,953)
Other grants	40,000	40,000	13,005	(26,995)
Total intergovernmental	4,429,054	4,429,054	3,766,748	(662,306)
Investment income	40,000	40,000	20,391	(19,609)
Charges for services:				
Planning and zoning commission	15,000	15,000	3,526	(11,474)
Zoning board of appeals	2,500	2,500	650	(1,850)
Building permits	35,000	35,000	14,666	(20,334)
Ambulance fee reimbursement	65,000	65,000	9,980	(55,020)
Town clerk conveyance taxes	60,000	60,000	23,017	(36,983)
Park & rec summer program	6,500	6,500	-	(6,500)
Inland wetlands	4,000	4,000	220	(3,780)
Police extra duty admin fee	25,000	25,000	15,980	(9,020)
Disposal fees	2,500	2,500	1,138	(1,362)
Mini-bus	3,500	3,500	5,830	2,330
Misc fees and permits	5,850	5,850	3,320	(2,530)
Total charges for services	224,850	224,850	78,327	(146,523)

**Town of Beacon Falls, Connecticut**  
**Schedule of Revenues and Other Financing Sources**  
**Budget and Actual - General Fund (Continued)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Other revenues:				
Telecomm property tax	29,000	29,000	14,635	(14,365)
Gas and misc refunds	400	400	1,020	620
Xerox equipment refunds	2,500	2,500	-	(2,500)
Leachate collection system	60,000	60,000	53,534	(6,466)
Misc revenue	4,000	4,000	37,969	33,969
Total other revenues	<u>95,900</u>	<u>95,900</u>	<u>107,158</u>	<u>11,258</u>
<b>Total revenues</b>	18,555,467	18,555,467	17,832,315	(723,152)
<b>Other financing sources:</b>				
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>105,034</u>	<u>(19,966)</u>
<b>Total revenues and     other financing sources</b>	<u><u>\$ 18,680,467</u></u>	<u><u>\$ 18,680,467</u></u>	<u><u>\$ 17,937,349</u></u>	<u><u>\$ (743,118)</u></u>

# Town of Beacon Falls, Connecticut

## Schedule of Expenditures - Budgetary Basis

### Budget and Actual - General Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
General government:				
Selectmen	\$ 95,808	\$ 97,924	\$ 97,923	\$ 1
Town hall	119,989	112,225	111,545	680
Town clerk	97,116	102,418	102,413	5
Tax collector	81,668	87,892	87,891	1
Town treasurer	5,697	5,697	5,697	-
Building inspector	29,080	28,524	28,523	1
Employee benefits	795,638	883,476	855,027	28,449
Board of assessors	84,343	86,833	86,831	2
Board of assessment appeals	3,312	2,000	2,000	-
Zoning board of appeals	1,350	1,350	1,328	22
Board of finance	96,802	94,481	93,271	1,210
Economic development commission	2,550	2,550	720	1,830
Inland wetlands commission	12,500	12,500	5,005	7,495
Conservation commission	4,200	4,200	3,805	395
Planning and zoning commission	36,870	37,722	34,767	2,955
Registrar of voters	48,350	48,350	41,668	6,682
Professional fees	150,000	150,000	143,665	6,335
Insurance	137,100	137,100	128,157	8,943
Agency memberships	8,569	8,569	8,376	193
Misc boards and commissions	2,000	2,000	265	1,735
Misc other	-	-	10,842	(10,842)
Contingency	80,000	-	-	-
Total general government	<u>1,892,942</u>	<u>1,905,811</u>	<u>1,849,719</u>	<u>56,092</u>
Public safety:				
Emergency services	238,100	289,896	291,895	(1,999)
Fire marshall	3,400	1,195	1,195	-
Civil defense	13,125	9,562	9,561	1
Safety committee	1,300	1,158	1,157	1
Water hydrants	164,979	171,690	171,688	2
Police	576,341	576,341	569,657	6,684
Animal control	8,716	8,716	7,715	1,001
Emergency dispatch	37,566	37,566	34,868	2,698
Street lighting	40,000	40,000	39,181	819
Drug & alcohol testing	1,000	1,000	-	1,000
Total public safety	<u>1,084,527</u>	<u>1,137,124</u>	<u>1,126,917</u>	<u>10,207</u>
Public works:				
Highway maintenance	687,318	758,067	758,067	-
Town garage	29,469	27,078	24,764	2,314
Total public works	<u>716,787</u>	<u>785,145</u>	<u>782,831</u>	<u>2,314</u>

**Town of Beacon Falls, Connecticut**  
**Schedule of Expenditures - Budgetary Basis**  
**Budget and Actual - General Fund (Continued)**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive
				(Negative)
Health and welfare:				
Welfare	7,500	7,500	5,500	2,000
Community welfare	59,114	59,114	57,479	1,635
Total health and welfare	<u>66,614</u>	<u>66,614</u>	<u>62,979</u>	<u>3,635</u>
Culture and recreation:				
Library	130,270	131,364	131,361	3
Parks & recreation commission	133,050	131,293	118,703	12,590
Commission for the elderly	2,067	1,000	1,000	-
Mini-bus operations	18,661	29,759	29,648	111
Senior Citizens' center	14,700	15,531	15,530	1
Total culture and recreation	<u>298,748</u>	<u>308,947</u>	<u>296,242</u>	<u>12,705</u>
Sanitation:				
Water pollution control authority	2,500	2,500	1,276	1,224
Refuse	353,607	339,033	320,679	18,354
Waste water treatment	655,666	623,200	606,844	16,356
Total sanitation	<u>1,011,773</u>	<u>964,733</u>	<u>928,799</u>	<u>35,934</u>
Education	<u>13,186,364</u>	<u>13,093,457</u>	<u>12,593,791</u>	<u>499,666</u>
Debt service:				
Principal retirements	270,530	270,530	260,530	10,000
Interest payments	195,076	195,076	164,183	30,893
Capital lease payments	103,144	99,068	67,353	31,715
Total debt service	<u>568,750</u>	<u>564,674</u>	<u>492,066</u>	<u>72,608</u>
Capital outlay	<u>53,962</u>	<u>53,962</u>	<u>51,032</u>	<u>2,930</u>
<b>Total expenditures</b>	<u><u>\$ 18,880,467</u></u>	<u><u>\$ 18,880,467</u></u>	<u><u>\$ 18,184,376</u></u>	<u><u>\$ 696,091</u></u>

**Town of Beacon Falls, Connecticut**

**Combining Balance Sheet - Nonmajor Governmental Funds**

June 30, 2011

	<b>Special Revenue</b>				
	Recreation Special Activities	Library	Dog Fund	Special Projects	Reserve
<b><u>Assets</u></b>					
Cash and cash equivalents	\$ 15,487	\$ 2,641	\$ 6,977	\$ 125,960	\$ -
Deposits	7,168				
Accounts receivable			2,842		
Due from other funds					
<b>Total assets</b>	<b>\$ 22,655</b>	<b>\$ 2,641</b>	<b>\$ 9,819</b>	<b>\$ 125,960</b>	<b>\$ -</b>
<b><u>Liabilities and fund balances</u></b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 2,032	\$ -	\$ -
Due to other funds				23,150	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,032</b>	<b>23,150</b>	<b>-</b>
<b>Fund balances (deficits):</b>					
Restricted	22,655	2,641	7,787	52,810	
Committed				50,000	
Unassigned					
<b>Total fund balances</b>	<b>22,655</b>	<b>2,641</b>	<b>7,787</b>	<b>102,810</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,655</b>	<b>\$ 2,641</b>	<b>\$ 9,819</b>	<b>\$ 125,960</b>	<b>\$ -</b>

**Town of Beacon Falls, Connecticut**  
**Combining Balance Sheet - Nonmajor Governmental Funds (Continued)**

	<u>Capital Project</u>			<u>Total</u>
	<u>Non-recurring Capital Expenditure</u>	<u>Pent Road Recreation Rehabilitation</u>	<u>Streetscape Enhancement</u>	
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ -	\$ -	\$ 33,137	\$ 184,202
Deposits		5,645		12,813
Accounts receivable				2,842
Due from other funds	76,765		102,525	179,290
<b>Total assets</b>	<u>\$ 76,765</u>	<u>\$ 5,645</u>	<u>135,662</u>	<u>379,147</u>
<b><u>Liabilities and fund balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,032
Due to other funds	2,162			25,312
<b>Total liabilities</b>	<u>2,162</u>	<u>-</u>	<u>-</u>	<u>27,344</u>
<b>Fund balances (deficits):</b>				
Restricted		5,645	33,137	124,675
Committed	76,765		102,525	229,290
Unassigned	(2,162)			(2,162)
<b>Total fund balances</b>	<u>74,603</u>	<u>5,645</u>	<u>135,662</u>	<u>351,803</u>
<b>Total liabilities and fund balances</b>	<u>\$ 76,765</u>	<u>\$ 5,645</u>	<u>\$ 135,662</u>	<u>\$ 379,147</u>



**Town of Beacon Falls, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds**

*For the year ended June 30, 2011*

	<u>Special Revenue</u>				
	<u>Recreation Special Activities</u>	<u>Library</u>	<u>Dog Fund</u>	<u>Special Projects</u>	<u>Reserve</u>
<b>Revenues:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income		1	4	40	
Charges for services			4,259		
Donations and other	47,768	6,440		50,000	
<b>Total revenues</b>	<u>47,768</u>	<u>6,441</u>	<u>4,263</u>	<u>50,040</u>	<u>-</u>
<b>Expenditures:</b>					
General government					
Public safety			2,553		
Culture and recreation	32,540	6,270			
Capital outlay					
<b>Total expenditures</b>	<u>32,540</u>	<u>6,270</u>	<u>2,553</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	15,228	171	1,710	50,040	-
<b>Other financing sources (uses):</b>					
Transfers in					
Transfers out					(102,525)
<b>Excess of revenues over (under) expenditures and other sources (uses)</b>	15,228	171	1,710	50,040	(102,525)
<b>Fund balances (deficits), beginning of year</b>	7,427	2,470	6,077	52,770	102,525
<b>Fund balances, end of year</b>	<u>\$ 22,655</u>	<u>\$ 2,641</u>	<u>\$ 7,787</u>	<u>\$ 102,810</u>	<u>\$ -</u>

**Town of Beacon Falls, Connecticut**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds(Continued)**

	<u>Capital Project</u>			
	Non-recurring Capital Expenditure	Pent Road Recreation Rehabilitation	Streetscape Enhancement	<u>Total</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment income				45
Charges for services				4,259
Donations and other			1,000	105,208
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>109,512</u>
<b>Expenditures:</b>				
General government	34,415			34,415
Public safety	4,044			6,597
Culture and recreation				38,810
Capital outlay	9,506		21,435	30,941
<b>Total expenditures</b>	<u>47,965</u>	<u>-</u>	<u>21,435</u>	<u>110,763</u>
<b>Excess of revenues over (under) expenditures</b>	(47,965)	-	(20,435)	(1,251)
<b>Other financing sources (uses):</b>				
Transfers in	95,430		102,525	197,955
Transfers out				(102,525)
<b>Excess of revenues over (under) expenditures and other sources (uses)</b>	47,465	-	82,090	94,179
<b>Fund balances (deficits), beginning of year</b>	<u>27,138</u>	<u>5,645</u>	<u>53,572</u>	<u>257,624</u>
<b>Fund balances, end of year</b>	<u>\$ 74,603</u>	<u>\$ 5,645</u>	<u>\$ 135,662</u>	<u>\$ 351,803</u>

## Town of Beacon Falls, Connecticut

### Statement of Debt Limitation

#### Connecticut General Statutes Section 7.374(B)

For the year ended June 30, 2011

Total tax collection including interest and  
lien fees for the year ended June 30, 2011

\$ 13,581,776

	General	Schools	Sewers	Urban Renewal	Unfunded Pension Benefit Obligation
Debt Limitation:					
2 1/4 times base	\$ 30,558,996	\$ -	\$ -	\$ -	\$ -
4 1/2 times base		61,117,992			
3 3/4 times base			50,931,660		
3 1/4 times base				44,140,772	
3 times base					40,745,328
Total debt limitation	<u>30,558,996</u>	<u>61,117,992</u>	<u>50,931,660</u>	<u>44,140,772</u>	<u>40,745,328</u>
Indebtedness:					
General obligation bonds			1,607,040		
Bond anticipation notes	2,450,000		600,000		
Pension obligation					1,651,756
Authorized but unissued debt	337,272		1,000,000		
Overlapping net debt - Regional School District No. 16 (Town share 39.899%)		8,362,830			
Total indebtedness	<u>2,787,272</u>	<u>8,362,830</u>	<u>3,207,040</u>	<u>-</u>	<u>1,651,756</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 27,771,724</u>	<u>\$ 52,755,162</u>	<u>\$ 47,724,620</u>	<u>\$ 44,140,772</u>	<u>\$ 39,093,572</u>

Notes:

In no case shall total indebtedness exceed seven times annual receipts from taxation.

Outstanding water bonds of \$1,017,500 and authorized but unissued water debt of \$750,000 excluded by statute from calculation of debt limit.

**Town of Beacon Falls, Connecticut**

**Report of the Tax Collector**

*For the year ended June 30, 2011*

Grand List October 1,	Uncollected Taxes July 1, 2010	Current Levy	Lawful Corrections		Suspense Transfers	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2011
			Additions	Deductions			Taxes	Interest and Liens	Total	
2009	\$ -	\$ 13,542,058	\$ 4,472	\$ 34,074	\$ -	\$ 13,512,456	\$ 13,079,066	\$ 74,130	\$ 13,153,196	\$ 433,390
2008	428,866		119	8,008		420,977	181,270	42,702	223,972	239,707
2007	226,026		144	6,884		219,286	70,778	32,522	103,300	148,508
2006	11,761		68	5,653	81,409	87,585	31,759	22,333	54,092	55,826
2005	9,623				20,242	29,865	7,238	5,473	12,711	22,627
2004	646				15,694	16,340	1,443	1,362	2,805	14,897
2003	2				11,492	11,494	123	192	315	11,371
2002	6				9,668	9,674	106	361	467	9,568
2001	-				10,639	10,639	535	279	814	10,104
2000	39,653			2,055		37,598	1,218	666	1,884	36,380
1999	23,351					23,351	833	470	1,303	22,518
1998	23,522					23,522	844	867	1,711	22,678
1997	13,692					13,692	1,680	201	1,881	12,012
1996	14,622					14,622	389		389	14,233
1995	13,108					13,108	580		580	12,528
1994	10,926			153		10,773	321		321	10,452
1993	12,857			12,857		-			-	-
	<u>\$ 828,661</u>	<u>\$ 13,542,058</u>	<u>\$ 4,803</u>	<u>\$ 69,684</u>	<u>\$ 149,144</u>	<u>\$ 14,454,982</u>	<u>13,378,183</u>	<u>181,558</u>	<u>13,559,741</u>	<u>1,076,799</u>
			Suspense tax collections				6,479	6,639	13,118	
			Tax overpayment collections				8,917		8,917	
							<u>\$ 13,393,579</u>	<u>\$ 188,197</u>	<u>\$ 13,581,776</u>	<u>\$ 1,076,799</u>