

Town of Beacon Falls, Connecticut

Financial Statements



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For the year ended June 30, 2012
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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Beacon Falls, Connecticut's management. My responsibility is to express opinions on these financial statements based on my audit.

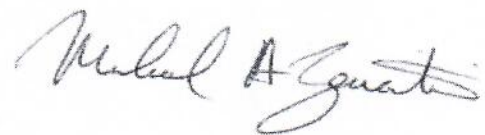
I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and 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, 2012, 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 January 7, 2013 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 on pages 3 through 9 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 as a whole. The budgetary detail, and 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 budgetary detail, and 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.



Watertown, Connecticut
January 7, 2013

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

For the year ended June 30, 2012

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, 2012. 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 \$19,813,296 at June 30, 2012 exceeded its liabilities of \$6,527,320 resulting in net assets of \$13,285,976. Of this amount, \$172,385 was restricted for the Town's sewer waste water system, and \$68,191 was restricted for the purposes of various capital project and special revenue funds. Unrestricted net assets of 1,120,603 were available to meet the Town's ongoing obligations, and net assets of \$11,924,797 were invested in capital assets.
- The Town's governmental funds reported, on a current financial resources basis, a combined ending fund deficit of \$1,298,312, a \$347,832 increase in the deficit from the prior fiscal year due primarily to the operating results of the Town's capital project funds. The \$872,562 unassigned fund balance of the General Fund, available for spending at the Town's discretion, represented 4.5% of fiscal year 2013 budgeted appropriations. The \$2,354,595 fund deficit of the Bonding Projects Fund was the result of capital project expenditures that are expected to be financed primarily with general obligation bond proceeds.
- The Town's long-term debt decreased \$196,355 from the prior fiscal year to \$4,279,288 at June 30, 2012. Significant debt obligations included general obligation bonds (\$2,489,010) and pension benefit obligations (\$1,627,300).

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, 2012

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. A budgetary comparison statement has 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 15 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 16 and 17 of this report.

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

For the year ended June 30, 2012

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 18 to 33 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 \$13,285,976 at the close of the fiscal year.

Town of Beacon Falls Net Assets

	2012	2011
<u>Assets</u>		
Current and other assets	\$ 3,837,407	\$ 5,397,514
Capital assets, net	15,975,889	14,866,811
Total assets	19,813,296	20,264,325
<u>Liabilities</u>		
Current liabilities	2,248,032	3,544,809
Long-term liabilities	4,279,288	4,475,643
Total liabilities	6,527,320	8,020,452
<u>Net assets</u>		
Invested in capital assets, net of related debt	11,924,797	9,757,372
Restricted	240,576	350,118
Unrestricted	1,120,603	2,136,383
Total net assets	\$ 13,285,976	\$ 12,243,873

The largest portion of the Town's net assets (89.8%) 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, \$1,120,603 (8.4%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's unrestricted net assets decreased \$1,015,780 during the current fiscal year and its total net assets increased \$1,042,103, primarily due to investments in capital assets, and reductions in short-term bond anticipation note financing of capital projects.

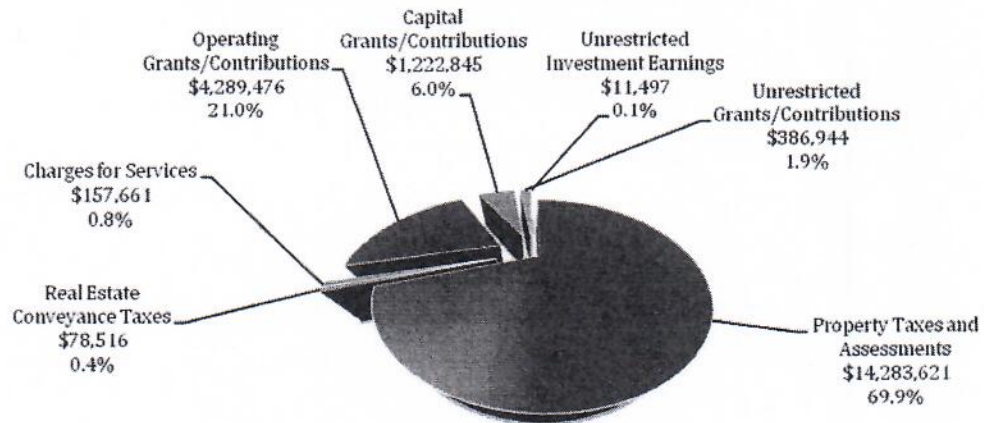
Town of Beacon Falls, Connecticut Management's Discussion and Analysis

For the year ended June 30, 2012

Town of Beacon Falls Changes in Net Assets

	2012	2011
Revenues:		
Program:		
Charges for services	\$ 157,661	\$ 107,298
Operating grants and contributions	4,289,476	3,719,380
Capital grants and contributions	1,222,845	908,853
General:		
Property taxes and assessments	14,283,621	13,774,597
Real estate conveyance taxes	78,516	23,017
Grants and contributions, not restricted to specific programs	386,944	273,690
Unrestricted investment earnings	11,497	26,376
Total revenues	<u>20,430,560</u>	<u>18,833,211</u>
Expenses:		
General government and other	1,937,801	1,878,977
Public safety	1,229,188	1,209,034
Public works	1,174,884	1,101,901
Health and welfare	66,831	62,979
Culture and recreation	364,278	365,916
Sanitation	1,131,535	1,065,753
Education	13,312,652	12,593,791
Interest on long-term debt	171,288	140,722
Total expenses	<u>19,388,457</u>	<u>18,419,073</u>
Change in net assets	1,042,103	414,138
Net assets, beginning of year	<u>12,243,873</u>	<u>11,829,735</u>
Net assets, end of year	<u>\$ 13,285,976</u>	<u>\$ 12,243,873</u>

2012 Governmental Activities Revenues by Source



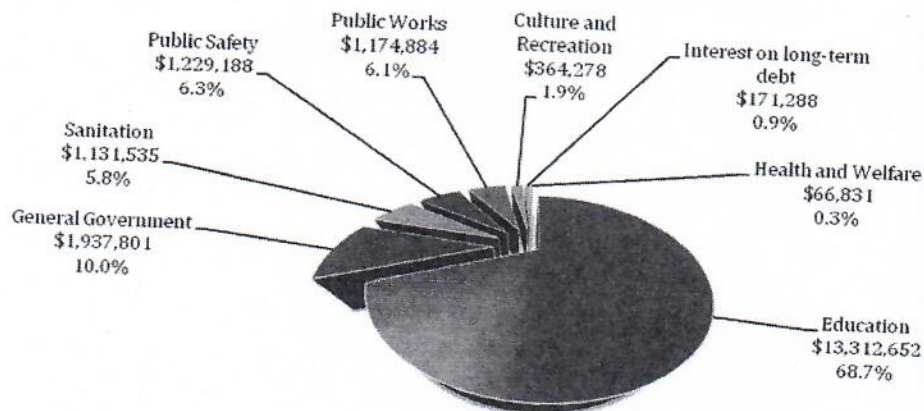
Town of Beacon Falls, Connecticut Management's Discussion and Analysis

For the year ended June 30, 2012

Governmental activities revenues increased \$1,597,349 from the prior fiscal year. Significant factors contributing to this increase included:

- During the current fiscal year State of Connecticut Education Cost Sharing grant funds were sent directly to the Town. During the prior fiscal year, federal funds of \$577,052 that supplemented the Education Cost Sharing grant were distributed by the State of Connecticut to Regional School District No. 16. As a result, Regional School District No. 16 reduced the Town's prior year education assessment to reflect receipt of the supplemental funds.
- Property Tax revenue increased due primarily to a 0.5 mill increase in the mill rate.
- Increases in Capital Project grant reimbursements received from the State of Connecticut.

2012 Governmental Activities Expenses by Function



Governmental activities expenses totaled \$19,388,457 for fiscal year 2012, a \$969,384 increase from the prior fiscal year, due primarily to a \$718,861 increase in the education assessment of Regional School District No. 16. This increase was due to both the aforementioned offset of federal funding of \$577,052 against the prior year education assessment, and to an increase in the education assessment for fiscal year 2012.

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.

Town of Beacon Falls, Connecticut

Management's Discussion and Analysis

For the year ended June 30, 2012

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.

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 \$1,298,312, which was due primarily to the \$2,354,595 deficit of the Bonding Projects Fund resulting from capital project expenditures that are expected to be financed primarily with general obligation bond proceeds. The most significant factor affecting the overall governmental fund balance decrease of \$347,832 was the \$293,955 in net expenditures of the Streetscape Enhancement fund. The Town expects to finance the \$108,293 deficit fund balance of the Streetscape Enhancement fund with grant revenue and general obligation bond proceeds.

The \$872,562 unassigned fund balance of the General Fund available for spending at the Town's discretion represented 4.5% of fiscal year 2013 budgeted appropriations.

GENERAL FUND BUDGETARY HIGHLIGHTS

On a budgetary basis, revenues and other financing sources for the fiscal year were \$79,613 less than budgetary projections, and expenditures were \$129,721 less than budgeted appropriations. Positive revenue variances in intergovernmental grants, and other miscellaneous revenues offset much of the \$343,706 negative revenue variances in property taxes and assessments. Positive expenditure variances of several Town departments contributed to the \$129,721 positive expenditure variance.

The Town's General Fund budget did not provide for the use of general fund balance, and no additional appropriations requiring the use of General 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, 2012, the Town's investment in capital assets (net of accumulated depreciation) was \$15,975,889, an increase of \$1,109,078 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. Information on the Town's capital asset construction commitments can be found in Note 7 on page 27 of this report.

Major capital asset additions during the year included costs associated with Streetscape Enhancement Project (\$881,902), the Blackberry Hill Road Project (\$498,887), the Depot Street Bridge reconstruction (\$275,399) and the capital lease acquisition of fire department air packs (\$59,450).

Additional information on the Town's

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

For the year ended June 30, 2012

Debt

At June 30, 2012 the Town's debt included:

- Long-term general obligation bond debt outstanding of \$2,489,010. 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 \$1,454,000, backed by the full faith and credit of the Town, to provide funding for various capital projects.
- Obligations under capital leases of \$108,082.
- Unfunded accrued pension plan liabilities of \$1,627,300. 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 pages 27 to 29 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 2012-2013 fiscal year.

- The \$187,882 increase in the annual assessment that the Town is required to remit to Regional School District No. 6
- The Town's unemployment rate which averaged approximately 8% during the fiscal year.
- The effect that the economy will likely continue to have on property tax and departmental fee collections.
- 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, 2012

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 526,681
Receivables, net of allowances:	
Property tax	1,061,320
Accrued interest and lien fees	428,394
Sewer & Water assessments	1,616,782
Intergovernmental	102,761
Mortgage receivable	24,157
Other	71,667
Other assets	5,645
Capital assets:	
Capital assets not being depreciated	2,320,285
Capital assets, net of accumulated depreciation	13,655,604
Total assets	<u>19,813,296</u>
<u>Liabilities</u>	
Accounts payable	616,192
Accrued interest	170,582
Other current liabilities	7,258
Bond anticipation notes payable	1,454,000
Noncurrent liabilities:	
Due within one year	245,508
Due in more than one year	4,033,780
Total liabilities	<u>6,527,320</u>
<u>Net assets</u>	
Invested in capital assets, net of related debt	11,924,797
Restricted for:	
Sewer waste water system	172,385
Recreation	41,195
Special revenue fund purposes	21,351
Capital projects	5,645
Unrestricted	1,120,603
Total net assets	<u>\$ 13,285,976</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, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ (1,937,801)	\$ 56,145	\$ 2,430	\$ 41,708	\$ (1,837,518)
Public safety	(1,229,188)	8,325	24,134		(1,196,729)
Public works	(1,174,884)		180,971	1,181,137	187,224
Health and welfare	(66,831)				(66,831)
Culture and recreation	(364,278)	6,497	37,137		(320,644)
Sanitation	(1,131,535)	86,694			(1,044,841)
Education	(13,312,652)		4,044,804		(9,267,848)
Interest on long-term debt	(171,288)				(171,288)
Total governmental activities	<u>\$ (19,388,457)</u>	<u>\$ 157,661</u>	<u>\$ 4,289,476</u>	<u>\$ 1,222,845</u>	(13,718,475)
General revenues:					
					14,283,621
					78,516
					386,944
					11,497
					<u>14,760,578</u>
Change in net assets					1,042,103
Net assets, beginning of year					<u>12,243,873</u>
Net assets, end of year					<u>\$ 13,285,976</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, 2012

	General Fund	Bonding Projects	Sewer Waste Water	Nonmajor Funds	Total Funds
Assets					
Cash and cash equivalents	\$ 128,454	\$ 50,878	\$ 162,165	\$ 185,184	\$ 526,681
Receivables, net of allowances:					
Property tax	1,061,320				1,061,320
Accrued interest and lien fees	428,394				428,394
Sewer and water assessments	1,616,782				1,616,782
Intergovernmental	102,761				102,761
Mortgage receivable	24,157				24,157
Other	71,667				71,667
Other assets					
Due from other funds	1,049,257		10,220	5,645	5,645
Total assets	<u>\$ 4,482,792</u>	<u>\$ 50,878</u>	<u>\$ 172,385</u>	<u>\$ 249,283</u>	<u>\$ 4,955,338</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 480,883	\$ 122,674	\$ -	\$ 12,635	\$ 616,192
Other liabilities	7,258				7,258
Due to other funds	63,820	828,799		225,312	1,117,931
Bond anticipation notes payable		1,454,000			1,454,000
Deferred property tax revenue	1,426,277				1,426,277
Deferred sewer assessments	1,607,835				1,607,835
Deferred mortgage receivable	24,157				24,157
Total liabilities	<u>3,610,230</u>	<u>2,405,473</u>	<u>-</u>	<u>237,947</u>	<u>6,253,650</u>
Fund balances (deficits):					
Restricted for:					
Sewer waste water system			172,385		172,385
Recreation				41,195	41,195
Special revenue fund purposes				21,351	21,351
Capital projects				5,645	5,645
Committed to capital projects				60,000	60,000
Unassigned	872,562	(2,354,595)		(116,855)	(1,598,888)
Total fund balances (deficits)	<u>872,562</u>	<u>(2,354,595)</u>	<u>172,385</u>	<u>11,336</u>	<u>(1,298,312)</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,482,792</u>	<u>\$ 50,878</u>	<u>\$ 172,385</u>	<u>\$ 249,283</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.

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.

Other receivables that are not available to pay for current period expenditures are deferred, or not recognized in the funds.

Accrued interest payable on long-term liabilities is not payable in the current period and, therefore, is not reported in the funds.

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

Net Assets of Governmental Activities

15,975,889

3,034,112

24,157

(170,582)

(4,279,288)

\$ 13,285,976

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, 2012

	General Fund	Bonding Projects	Sewer Waste Water	Nonmajor Funds	Total Funds
Revenues:					
Taxes and assessments	\$ 14,110,201	\$ -	\$ -	\$ -	\$ 14,110,201
Intergovernmental	4,488,715	593,190		628,562	5,710,467
Investment income	10,343	699	428	27	11,497
Charges for services	172,085		19,702	2,978	194,765
Other	276,389			39,445	315,834
Total revenues	<u>19,057,733</u>	<u>593,889</u>	<u>20,130</u>	<u>671,012</u>	<u>20,342,764</u>
Expenditures:					
Current:					
General government	1,898,916				
Public safety	1,146,119			54,565	1,953,480
Public works	740,815			4,055	1,150,170
Health and welfare	66,831				740,815
Culture and recreation	295,092				66,831
Sanitation	945,154			38,404	333,490
Education	13,312,652		23,188		968,340
Debt service:					13,312,652
Principal retirements	135,530				135,530
Interest payments	121,394	45,623			167,017
Capital lease payments	90,739				90,739
Capital outlay	127,933	764,555		945,855	1,838,343
Total expenditures	<u>18,881,175</u>	<u>810,178</u>	<u>23,188</u>	<u>1,042,879</u>	<u>20,757,420</u>
Excess of revenues over (under) expenditures	176,558	(216,289)	(3,058)	(371,867)	(414,656)
Other financing sources (uses):					
Transfers in	50,000	204,500		81,400	335,900
Transfers out	(235,900)		(50,000)	(50,000)	(335,900)
Capital lease proceeds	59,450				59,450
Premium on bond anticipation notes		7,374			7,374
Total other financing sources (uses)	(126,450)	211,874	(50,000)	31,400	66,824
Net change in fund balances	50,108	(4,415)	(53,058)	(340,467)	(347,832)
Fund balances (deficits), beginning of year	822,454	(2,350,180)	225,443	351,803	(950,480)
Fund balances (deficits), end of year	<u>\$ 872,562</u>	<u>\$ (2,354,595)</u>	<u>\$ 172,385</u>	<u>\$ 11,336</u>	<u>\$ (1,298,312)</u>

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, 2012

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

Net change in fund balances - total governmental funds	\$ (347,832)
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.	1,109,078
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	173,420
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.	12,905
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.	187,530
Change in net assets of governmental activities	<u>\$ 1,042,103</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 Balance Budgetary Basis - Budget and Actual - General Fund

For the year ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes and assessments	\$ 14,453,907	\$ 14,453,907	\$ 14,110,201	\$ (343,706)
Intergovernmental	4,432,439	4,432,439	4,488,715	56,276
Investment income	25,000	25,000	10,343	(14,657)
Charges for services	143,500	143,500	172,085	28,585
Other	82,500	82,500	276,389	193,889
Total revenues	<u>19,137,346</u>	<u>19,137,346</u>	<u>19,057,733</u>	<u>(79,613)</u>
Expenditures:				
Current:				
General government	1,997,054	1,933,346	1,898,916	34,430
Public safety	1,142,253	1,164,390	1,146,119	18,271
Public works	743,238	733,238	740,815	(7,577)
Health and welfare	67,617	66,808	66,831	(23)
Culture and Recreation	314,344	306,010	295,092	10,918
Sanitation	1,003,013	998,945	945,154	53,791
Education	13,328,173	13,325,703	13,312,652	13,051
Debt service:				
Principal retirements	294,280	294,280	294,280	-
Interest payments	167,143	167,145	167,144	1
Capital lease payments	89,869	90,739	90,739	-
Capital outlay	40,362	106,742	99,883	6,859
Total expenditures	<u>19,187,346</u>	<u>19,187,346</u>	<u>19,057,625</u>	<u>129,721</u>
Excess of revenues over (under) expenditures	(50,000)	(50,000)	108	50,108
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	50,108	<u>\$ 50,108</u>
Fund balance, beginning of year			822,454	
Fund balance, end of year			<u>\$ 872,562</u>	

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, 2012

	Private-Purpose Trust Melborne Fund
<u>Assets</u>	
Cash and cash equivalents	<u><u>\$ 21,603</u></u>
Net Assets	<u><u>\$ 21,603</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, 2012

	Private-Purpose Trust Melborne Fund
Additions:	
Investment interest	\$ 7
Deductions:	
Scholarships	2,000
Change in net assets	(1,993)
Net assets, beginning of year	23,596
Net assets, end of year	<u>\$ 21,603</u>

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

Town of Beacon Falls, Connecticut

Notes to Financial Statements

June 30, 2012

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, but are not, 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.

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)

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

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.

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 and certificates of deposit 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)

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.

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.

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	\$ (2,489,010)
Unfunded accrued pension obligation	(1,627,300)
OPEB obligation	(33,614)
Insurance assessment	(21,282)
Capital lease obligations	<u>(108,082)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (4,279,288)</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	\$ 1,856,707
Depreciation expense	<u>(747,629)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,109,078</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	(59,450)
Capital lease payments	86,087
Insurance assessment payments	21,283
Accrued interest	<u>4,080</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 187,530</u>

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

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 either at the Town meeting in May or at Town referendum in accordance with Section 7-7 of the Connecticut General Statutes. 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.

The Town prepares its annual budget on a basis of accounting ("budgetary basis") which differs in some respects from the United States generally accepted accounting principles basis ("GAAP basis") of accounting. A reconciliation of General Fund operations as presented in accordance with the GAAP basis of accounting, to the amounts presented on the budgetary basis, is as follows:

	Revenues	Expenditures	Other Financing Sources	Other Financing Uses
GAAP basis	\$ 19,057,733	\$ (18,881,175)	\$ 109,450	\$ (235,900)
Continuing appropriations transferred to Non-Recurring Capital Expenditures Fund		(31,400)		31,400
Bond Anticipation Notes debt service of Bonding Projects Fund financed by General Fund		(204,500)		204,500
Capital lease proceeds		59,450	(59,450)	
Budgetary basis	<u>\$ 19,057,733</u>	<u>\$ (19,057,625)</u>	<u>\$ 50,000</u>	<u>\$ -</u>

Note 4 – Cash, Cash Equivalents, and Investments

Cash and cash equivalents at June 30, 2012 consisted of:

Deposits	\$ 396,433
Repurchase accounts	<u>151,851</u>
Total cash and cash equivalents	<u>\$ 548,284</u>

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

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.

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, 2012, the \$464,614 in bank balances of Town deposits was insured by federal depository insurance.

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's investing activities conform to Connecticut General Statutes. At June 30, 2012 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 and Deferred Revenue

Governmental fund receivables of the Town's General Fund at June 30, 2012, including the applicable allowance for collection losses, are as follows:

Property tax	\$ 1,402,189
Accrued interest and fees	880,567
Sewer and water assessments	1,616,782
Intergovernmental grants	102,761
Other receivables	95,824
Total gross receivables	<u>4,098,123</u>
Allowance for collection losses	<u>(793,042)</u>
Total net receivables	<u>\$ 3,305,081</u>

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

Deferred governmental fund revenue of the Town's General fund, not considered available to finance expenditures of the fiscal year ending June 30, 2012, is as follows:

Property tax	\$ 997,882
Accrued interest and fees	428,395
Sewer and water assessments	1,607,835
Other receivables	24,157
Total deferred revenue	<u>\$ 3,058,269</u>

Note 6 – Interfund Receivables, Payables and Transfers

As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

Due to:	Due From			Total
	General Fund	Bonding Projects Fund	Nonmajor Funds	
General Fund	\$ -	\$ 823,945	\$ 225,312	\$ 1,049,257
Sewer Waste Water Fund	10,220			10,220
Nonmajor Funds	53,600	4,854		58,454
Total	<u>\$ 63,820</u>	<u>\$ 828,799</u>	<u>\$ 225,312</u>	<u>\$ 1,117,931</u>

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, 2012, fund transfer was made from the Sewer Waste Water Fund (\$50,000) to the General Fund. In additions transfers were made from the General Fund to the Bonding Projects Fund (\$204,500), and the Nonmajor Funds (\$31,400), respectively.

Note 7 – Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,320,285	\$ -	\$ -	\$ 2,320,285
Construction in progress	31,693		31,693	-
Total capital assets, not being depreciated	<u>2,351,978</u>	<u>-</u>	<u>31,693</u>	<u>2,320,285</u>
Capital assets, being depreciated:				
Land improvements	1,122,548	44,303		1,166,851
Buildings and improvements	3,264,734	62,862		3,327,596
Machinery, equipment and vehicles	4,492,226	93,353		4,585,579
Infrastructure	17,699,058	1,687,882		19,386,940
Total capital assets, being depreciated	<u>26,578,566</u>	<u>1,888,400</u>	<u>-</u>	<u>28,466,966</u>
Less accumulated depreciation for:				
Land improvements	475,937	54,783		530,720
Buildings and improvements	1,419,385	65,380		1,484,765
Machinery, equipment and vehicles	3,599,605	154,805		3,754,410
Infrastructure	8,568,806	472,661		9,041,467
Total accumulated depreciation	<u>14,063,733</u>	<u>747,629</u>	<u>-</u>	<u>14,811,362</u>
Total capital assets being depreciated, net	<u>12,514,833</u>	<u>1,140,771</u>	<u>-</u>	<u>13,655,604</u>
Governmental activities, capital assets, net	<u>\$ 14,866,811</u>	<u>\$ 1,140,771</u>	<u>\$ 31,693</u>	<u>\$ 15,975,889</u>

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

Depreciation expense was charged to functions/programs of the Town as follows:

General government	\$ 19,416
Public safety	79,014
Public works, including depreciation of general infrastructure assets	434,069
Culture and recreation	30,782
Sanitation	184,348
	<u>\$ 747,629</u>

Construction Commitments

Construction commitments of the Bonding Projects fund at June 30, 2012 are as follows:

Project	Project Authorizations	Cumulative Expenditures	Project Balance
Depot Street Bridge	\$ 3,690,000	\$ 4,058,546	\$ (368,546)
Railroad Ave Sewage Pump Station	750,000	736,167	13,833
Road/Bridge Improvements	560,000	576,942	(16,942)
Wolf Ave. Property Purchase	425,000	425,020	(20)
Blackberry Hill Road	559,000	498,887	60,113
Streetscape Enhancement	47,700	-	47,700
Various Public Safety	294,356		294,356
Various Information System	61,034		61,034
Various Public Works	152,450		152,450
Various Sanitary Sewer System	427,660		427,660
Various Fuel and Heating	125,000	8,485	116,515
Total	<u>\$ 7,092,200</u>	<u>\$ 6,304,047</u>	<u>\$ 788,153</u>

The Town expects to finance the deficit project balances with future debt issuance.

Note 8 - Bond Anticipation Notes Payable and Subsequent Event

Bond anticipation note activity for the year was as follows:

Outstanding, July 1, 2011	\$ 3,050,000
Borrowings	1,454,000
Repayments	<u>(3,050,000)</u>
Outstanding, June 30, 2012	<u>\$ 1,454,000</u>

The following capital project appropriations and related bond resolutions were approved at Town meeting during prior fiscal years; Depot bridge rehabilitation (\$3,690,000), construction of a new sewage pumping station (\$750,000), road and bridge improvements (\$560,000), various fuel and heating expenditures (\$125,000), and the Wolf Avenue property purchase (\$425,000). In addition, the following capital project appropriations were approved at Town referendum on June 21, 2012; various public safety acquisitions and projects (\$294,356), Streetscape and Blackberry Hill Road projects (\$206,700), various public safety acquisitions and projects (\$294,356), various information system costs (\$61,034), various public works acquisitions (\$152,450), various sanitary sewer system projects (\$427,660).

At June 30, 2012, the Town had \$1,454,000 in bond anticipation notes outstanding, maturing July 19, 2012, to finance costs associated with the sewage pumping station, the road and bridge improvements and the Wolfe Avenue property purchase.

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

On July 19, 2012 the Town paid down \$74,000 on the maturing notes, refinanced the \$1,380,000 notes balance, and issued additional bond anticipation notes totaling \$1,265,000 for the projects approved at the June 21, 2012 Town referendum. Subsequently, the Town refinanced the entire \$2,645,000 balance of the notes on December 12, 2012 with bond anticipation notes due April 12, 2013 bearing interest of 1%.

Note 9 - Long-Term Debt

Long-term debt activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
General obligation bonds	\$2,624,540	\$	\$ 135,530	\$2,489,010	\$ 135,530
Pension obligation	1,651,756		24,456	1,627,300	26,430
OPEB obligation	22,063	11,551		33,614	
Insurance assessment	42,565		21,283	21,282	21,282
Capital lease obligation	134,719	59,450	86,087	108,082	62,266
	<u>\$4,475,643</u>	<u>\$ 71,001</u>	<u>\$ 267,356</u>	<u>\$4,279,288</u>	<u>\$ 245,508</u>

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, 2012 the Town was indebted under the following general obligation bonds:

Purpose	Date of Issue	Date of Maturity	Interest Rate (%)	Original Issue	Balance June 30, 2012
Sewer	9/25/98	9/25/28	4.75%	\$ 2,529,100	\$ 1,433,100
Sewer	3/25/99	3/25/29	4.75%	\$ 149,400	84,660
Water	1/23/03	1/23/34	4.625%	\$ 1,387,500	971,250
					<u>\$ 2,489,010</u>

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

Year(s)	Principal	Interest	Total
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	135,530	89,492	225,022
2018-2022	677,650	351,765	1,029,415
2023-2027	677,650	192,269	869,919
2028-2032	409,810	51,498	461,308
2033	46,250	2,139	48,389
Total	<u>\$ 2,489,010</u>	<u>\$ 1,108,930</u>	<u>\$ 3,597,940</u>

Capital Lease Obligations

The Town has acquired various equipment and vehicles utilizing capital leases. Interest rates on these leases range from 3.56% to 5.65%.

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

The Town's future minimum capital lease payments are as follows:

Year	Principal	Interest	Total
2013	62,266	5,339	67,605
2014	21,059	2,326	23,385
2015	12,082	1,214	13,296
2016	12,675	622	13,297
Total	<u>\$ 108,082</u>	<u>\$ 9,501</u>	<u>\$ 117,583</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.

The Town's annual debt service requirements on the pension obligations are as follows:

Year(s)	Principal	Interest	Total
2013	\$ 26,430	\$ 131,403	\$ 157,833
2014	28,564	129,269	157,833
2015	30,871	126,961	157,832
2016	33,363	124,470	157,833
2017	36,057	121,776	157,833
2018-2022	228,950	560,215	789,165
2023-2027	337,560	451,605	789,165
2028-2032	497,696	291,469	789,165
2033-2036	407,809	68,470	476,279
Total	<u>\$ 1,627,300</u>	<u>\$ 2,005,638</u>	<u>\$ 3,632,938</u>

Authorized but Unissued Debt

In addition to approved projects which have been financed with the proceeds of bond anticipation notes, Bonds authorized but unissued by the Town are as follows:

General Purpose:

Water line extension	\$ 750,000
Waste Water Treatment Plant Improvements	<u>1,000,000</u>
	<u>\$ 1,750,000</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 anticipates eliminating the \$2,354,595 fund deficit of the Bonding Projects Fund, and \$108,293 fund deficit of the Streetscape Enhancement fund, utilizing primarily the proceeds from future 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.

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% on 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, 2012 was 1,627,300 and is payable in annual installments that include interest through 2036, currently \$157,833. Town contributions for 2012, necessary to fund all of its annual obligations under the plan, were \$315,351.

Note 12 - Other Postemployment Benefits

Plan Description

The Town of Beacon Falls Retiree Health Insurance Program provides post-employment health insurance benefits for certain employees for current and future health insurance expenses through a single-employer defined benefit plan. The plan does not issue stand-alone financial statements.

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), and to obtain a tri-annual actuarial valuation for the plan to re-determine the annual required contributions ("ARC"). The latest actuarial valuation was made July 1, 2008.

The required July 1, 2011 tri-annual actuarial valuation has not been completed by the Town's actuarial consultant due to circumstances beyond the control of Town management. As a result, the annual required contribution for the fiscal year ending June 30, 2012 has been determined based on the July 1, 2008 actuarial valuation. Town management is in the process of obtaining the required actuarial valuation, and expects to include its results in the Town's June 30, 2013 financial statements. The effect of not obtaining the July 1, 2011 actuarial valuation is not believed to have had a material effect on the Town's financial position or changes in its net assets.

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.

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

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.

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)	\$ 28,085
Interest on net OPEB obligation	1,324
Adjustment to annual required contribution	<u>(1,403)</u>
Annual OPEB cost	28,006
Contributions made**	<u>(16,455)</u>
Increase in net OPEB obligation	11,551
Net OPEB obligation, beginning of year	<u>22,063</u>
Net OPEB obligation, end of year	<u>\$ 33,614</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>
2010	\$ 22,209	69.3%	\$ 15,785
2011	22,436	72.0%	22,063
2012	28,006	58.8%	33,614

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, 2012 and the actuarial accrued liability for benefits as of the valuation date, resulting in an unfunded actuarial accrued liability of \$198,817 at June 30, 2012.

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Covered Payroll (c)	UFAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 142,112	0%	n/a	n/a

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.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuation 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 (CRRA) pursuant to which it participates in the regional Mid-Connecticut Project system of CRRA 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.

Note 15 - Subsequent Event - Sale of Wireless Communications Tower

The Town received the net proceeds of \$884,524 from the sale of a Wireless Communications Tower on October 5, 2012, resulting in a significant increase in the unassigned fund balance of the General Fund.

**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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes and assessments:				
Property taxes - current year	\$ 13,925,907	\$ 13,925,907	\$ 13,540,551	\$ (385,356)
Property taxes - prior year	200,000	200,000	187,887	(12,113)
Interest and lien fees on taxes	128,000	128,000	218,377	90,377
Water and sewer assessments	200,000	200,000	163,386	(36,614)
Total taxes and assessments	14,453,907	14,453,907	14,110,201	(343,706)
Intergovernmental:				
Payment in lieu of taxes on state owned property	45,046	45,046	45,500	454
Elderly tax relief	45,546	45,546	46,979	1,433
Manufacturing equip in distressed municipalities tax relief	32,551	32,551	18,395	(14,156)
Library grant	1,410	1,410	1,215	(195)
Disability tax relief	1,341	1,341	1,367	26
Veterans' tax relief	9,916	9,916	10,634	718
Town aid road maintenance	92,861	92,861	93,158	297
Education cost sharing	4,044,804	4,044,804	4,044,804	-
Mashantucket Pequot grant	11,000	11,000	25,489	14,489
Property tax relief	59,379	59,379	-	(59,379)
Manufacturing machinery and equipment tax relief	38,585	38,585	-	(38,585)
Municipal revenue sharing	-	-	95,447	95,447
FEMA	-	-	87,813	87,813
Other grants	50,000	50,000	17,914	(32,086)
Total intergovernmental	4,432,439	4,432,439	4,488,715	56,276
Investment income	25,000	25,000	10,343	(14,657)
Charges for services:				
Planning and zoning commission	3,000	3,000	4,859	1,859
Zoning board of appeals	1,000	1,000	375	(625)
Building permits	25,000	25,000	37,839	12,839
Ambulance fee reimbursement	20,000	20,000	24,134	4,134
Town clerk conveyance taxes	40,000	40,000	78,516	38,516
Park & rec summer program	6,500	6,500	-	(6,500)
Inland wetlands	2,000	2,000	10,420	8,420
Police extra duty admin fee	25,000	25,000	5,347	(19,653)
Disposal fees	2,000	2,000	1,446	(554)
Mini-bus	3,500	3,500	6,497	2,997
Misc fees and permits	15,500	15,500	2,652	(12,848)
Total charges for services	143,500	143,500	172,085	28,585

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Other revenues:				
Telecomm property tax	26,000	26,000	14,399	(11,601)
Gas and misc refunds	1,500	1,500	1,238	(262)
Xerox equipment refunds	-	-	-	-
Leachate collection system	50,000	50,000	65,546	15,546
Regional School District #16 - prior year revenue surplus	-	-	92,998	92,998
Rentals	-	-	62,982	62,982
Misc revenue	5,000	5,000	39,226	34,226
Total other revenues	82,500	82,500	276,389	193,889
Total revenues	19,137,346	19,137,346	19,057,733	(79,613)
Other financing sources:				
Transfers in	50,000	50,000	50,000	-
Total revenues and other financing sources	<u>\$ 19,187,346</u>	<u>\$ 19,187,346</u>	<u>\$ 19,107,733</u>	<u>\$ (79,613)</u>

Town of Beacon Falls, Connecticut

Schedule of Expenditures - Budgetary Basis

Budget and Actual - General Fund

For the year ended June 30, 2012

Expenditures:	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
General government:				
Selectmen	\$ 95,808	\$ 99,400	\$ 101,089	\$ (1,689)
Town hall	111,989	126,961	126,242	719
Town clerk	102,236	103,437	104,481	(1,044)
Tax collector	87,250	86,311	86,137	174
Town treasurer	5,697	5,697	5,697	-
Building inspector	29,080	29,080	29,937	(857)
Employee benefits	910,600	947,793	913,010	34,783
Board of assessors	84,908	87,953	89,363	(1,410)
Board of assessment appeals	3,674	3,605	2,101	1,504
Zoning board of appeals	1,450	1,519	1,517	2
Board of finance	96,602	99,667	102,570	(2,903)
Economic development commission	7,650	7,650	1,442	6,208
Inland wetlands commission	12,800	12,800	7,149	5,651
Conservation commission	4,260	4,260	4,091	169
Planning and zoning commission	36,870	36,870	36,253	617
Registrar of voters	47,750	47,750	43,534	4,216
Professional fees	135,000	135,457	135,456	1
Insurance	137,100	90,454	90,417	37
Agency memberships	4,130	4,939	4,939	-
Misc boards and commissions	2,200	1,743	-	1,743
Misc other	-	-	13,491	(13,491)
Contingency	80,000	-	-	-
Total general government	<u>1,997,054</u>	<u>1,933,346</u>	<u>1,898,916</u>	<u>34,430</u>
Public safety:				
Emergency services	252,972	275,109	272,336	2,773
Fire marshall	3,400	3,400	3,186	214
Civil defense	13,125	14,231	14,231	-
Safety committee	1,000	1,034	1,034	-
Water hydrants	171,900	172,982	172,981	1
Police	612,364	612,364	599,055	13,309
Animal control	8,716	8,716	8,497	219
Emergency dispatch	37,776	35,454	35,104	350
Street lighting	40,000	40,000	38,595	1,405
Drug & alcohol testing	1,000	1,100	1,100	-
Total public safety	<u>1,142,253</u>	<u>1,164,390</u>	<u>1,146,119</u>	<u>18,271</u>
Public works:				
Highway maintenance	714,738	704,738	716,406	(11,668)
Town garage	28,500	28,500	24,409	4,091
Total public works	<u>743,238</u>	<u>733,238</u>	<u>740,815</u>	<u>(7,577)</u>

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

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Health and welfare:				
Welfare	7,500	6,691	6,676	15
Community welfare	60,117	60,117	60,155	(38)
Total health and welfare	67,617	66,808	66,831	(23)
Culture and recreation:				
Library	133,076	142,644	141,846	798
Parks & recreation commission	138,200	119,900	113,295	6,605
Commission for the elderly	2,067	1,691	1,000	691
Mini-bus operations	27,801	27,801	25,157	2,644
Senior Citizens' center	13,200	13,974	13,794	180
Total culture and recreation	314,344	306,010	295,092	10,918
Sanitation:				
Water pollution control authority	2,740	2,740	1,837	903
Refuse	357,107	357,539	338,113	19,426
Waste water treatment	643,166	638,666	605,204	33,462
Total sanitation	1,003,013	998,945	945,154	53,791
Education	13,328,173	13,325,703	13,312,652	13,051
Debt service:				
Principal retirements	294,280	294,280	294,280	-
Interest payments	167,143	167,145	167,144	1
Capital lease payments	89,869	90,739	90,739	-
Total debt service	551,292	552,164	552,163	1
Capital outlay	40,362	106,742	99,883	6,859
Total expenditures	\$ 19,187,346	\$ 19,187,346	\$ 19,057,625	\$ 129,721

Town of Beacon Falls, Connecticut

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2012

	Special Revenue			
	Recreation Special Activities	Library	Dog Fund	Special Projects Reserve
<u>Assets</u>				
Cash and cash equivalents	\$ 4,000	\$ 2,898	\$ 10,265	\$ -
Deposits				
Due from other funds				
Total assets	<u>\$ 4,000</u>	<u>\$ 2,898</u>	<u>\$ 10,265</u>	<u>\$ -</u>
<u>Liabilities and fund balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ -	\$ 3,553	\$ -
Due to other funds				23,150
Total liabilities	<u>-</u>	<u>-</u>	<u>3,553</u>	<u>23,150</u>
Fund balances (deficits):				
Restricted	4,000	2,898	6,712	48,936
Committed				
Unassigned				
Total fund balances (deficits)	<u>4,000</u>	<u>2,898</u>	<u>6,712</u>	<u>48,936</u>
Total liabilities and fund balances (deficits)	<u>\$ 4,000</u>	<u>\$ 2,898</u>	<u>\$ 10,265</u>	<u>\$ -</u>

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

	Capital Project			
	Non-recurring Capital Expenditure	Pent Road Recreation Rehabilitation	Streetscape Enhancement	Total
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 95,935	\$ 185,184
Deposits		5,645		5,645
Due from other funds	53,600			58,454
Total assets	<u>\$ 53,600</u>	<u>\$ 5,645</u>	<u>\$ 100,789</u>	<u>\$ 249,283</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 9,082	\$ 12,635
Due to other funds	2,162		200,000	225,312
Total liabilities	<u>2,162</u>	<u>-</u>	<u>209,082</u>	<u>237,947</u>
Fund balances (deficits):				
Restricted	60,000	5,645		68,191
Committed	(8,562)		(108,293)	60,000
Unassigned	51,438	5,645	(108,293)	(116,855)
Total fund balances (deficits)	<u>102,876</u>	<u>11,290</u>	<u>(108,293)</u>	<u>11,336</u>
Total liabilities and fund balances (deficits)	<u>\$ 53,600</u>	<u>\$ 5,645</u>	<u>\$ 100,789</u>	<u>\$ 249,283</u>

Town of Beacon Falls, Connecticut

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

For the year ended June 30, 2012

	Special Revenue				
	Recreation Special Activities	Library	Dog Fund	Special Projects	Reserve
Revenues:					
Intergovernmental					
Investment income	\$ -	\$ -	\$ -	\$ 41,708	\$ -
Charges for services		2	2	23	
Donations and other			2,978		
Total revenues	<u>30,809</u>	<u>5,113</u>		<u>2,430</u>	
	<u>30,809</u>	<u>5,115</u>	<u>2,980</u>	<u>44,161</u>	<u>-</u>
Expenditures:					
General government					
Public safety			4,055		
Culture and recreation	33,546	4,858			
Capital outlay	<u>15,918</u>			<u>48,035</u>	
Total expenditures	<u>49,464</u>	<u>4,858</u>	<u>4,055</u>	<u>48,035</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(18,655)</u>		<u>(1,075)</u>	<u>(3,874)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in		257			
Transfers out					
Excess of revenues over (under) expenditures and other sources (uses)	<u>(18,655)</u>	<u>257</u>	<u>(1,075)</u>	<u>(50,000)</u>	<u>-</u>
Fund balances (deficits), beginning of year	<u>22,655</u>	<u>2,641</u>	<u>7,787</u>	<u>102,810</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 4,000</u>	<u>\$ 2,898</u>	<u>\$ 6,712</u>	<u>\$ 48,936</u>	<u>\$ -</u>

Town of Beacon Falls, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Nonmajor Governmental Funds(Continued)

	Capital Project			
	Non-recurring Capital Expenditure	Pent Road Recreation Rehabilitation	Streetscape Enhancement	Total
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 586,854	\$ 628,562
Investment income				27
Charges for services				2,978
Donations and other			1,093	39,445
Total revenues	-	-	587,947	671,012
Expenditures:				
General government	54,565			54,565
Public safety				4,055
Culture and recreation				38,404
Capital outlay			881,902	945,855
Total expenditures	54,565	-	881,902	1,042,879
Excess of revenues over (under) expenditures	(54,565)	-	(293,955)	(371,867)
Other financing sources (uses):				
Transfers in	31,400		50,000	81,400
Transfers out				(50,000)
Excess of revenues over (under) expenditures and other sources (uses)	(23,165)	-	(243,955)	(340,467)
Fund balances (deficits), beginning of year	74,603	5,645	135,662	351,803
Fund balances (deficits), end of year	\$ 51,438	\$ 5,645	\$ (108,293)	\$ 11,336

Town of Beacon Falls, Connecticut

Statement of Debt Limitation

Connecticut General Statutes Section 7.374(B)

For the year ended June 30, 2012

Total tax collection including interest and
lien fees for the year ended June 30, 2012

\$ 14,028,012

Debt Limitation:	General	Schools	Sewers	Urban Renewal	Unfunded Pension Benefit Obligation
2 1/4 times base					
4 1/2 times base					
3 3/4 times base	\$ 31,563,027	\$ -	\$ -	\$ -	\$ -
3 1/4 times base		63,126,054			
3 times base			52,605,045		
Total debt limitation				45,591,039	
Indebtedness:					
General obligation bonds					42,084,036
Bond anticipation notes					42,084,036
Pension obligation	879,000		1,517,760		
Authorized but unissued debt			575,000		
Overlapping net debt - Regional School District No. 16 (Town share 39.702%)			1,000,000		1,627,300
Total indebtedness		4,385,075			
Debt limitation in excess of outstanding and authorized debt	879,000	4,385,075	3,092,760	-	1,627,300
Notes:	<u>\$ 30,684,027</u>	<u>\$ 58,740,979</u>	<u>\$ 49,512,285</u>	<u>\$ 45,591,039</u>	<u>\$ 40,456,736</u>

In no case shall total indebtedness exceed seven times annual receipts from taxation.
Outstanding water bonds of \$971,250 and authorized but unissued water debt of \$750,000 excluded by statute from calculation of debt limit.

For the year ended June 30, 2012

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