



Charles Heaven & Co.  

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Certified Public Accountants

**TOWN OF WASHINGTON  
AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL FINANCIAL DATA  
JUNE 30, 2011**

**Town of Washington**  
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**June 30, 2011**

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Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Washington, Connecticut

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the Town of Washington, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on Pages 3 through 15 and 41 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Washington, Connecticut's basic financial statements as a whole. The combining and individual nonmajor fund financial statements, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, and supplemental 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Charles Heaton & Co., CPAs*

November 21, 2011

**Town of Washington**  
**Management's Discussion and Analysis**  
**June 30, 2011**

This Annual Financial Report is compiled using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as managers of the Town of Washington, focus on our most important, or “major” funds, including the general fund.

Fund statements measure and report the “operating results” of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. Since showing budgetary compliance has always been an important part of governmental accountability, our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether the Town of Washington’s financial position has improved or deteriorated as a result of the year’s operations. The annual report includes government-wide financial statements prepared on the accrual basis for all of our government’s activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the government-wide financial statements will help you:

- Assess the finances of the Town of Washington in its entirety, including the year’s operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, schools, parks, and other infrastructure assets;
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- **Management’s Discussion and Analysis (MD&A)** – An introduction to the basic financial statements and an analytical overview of the government’s financial activities. The MD&A provides an objective and easily readable analysis of the Town’s financial activities based on currently known facts, decisions, or conditions.

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Management's Discussion and Analysis  
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**The MD&A**

- ❑ Includes comparisons of the current year to the prior year based on government-wide information;
- ❑ Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
- ❑ Analyzes significant changes in fund and major budget variances;
- ❑ Describes capital asset and long-term debt activity during the year;
- ❑ Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

**★ Basic Financial Statements**

- ***Government-Wide Financial Statements*** are designed to provide readers with a broad overview of the Town of Washington's finances in a manner similar to private-sector business.

Government-wide financial statements include a *statement of net assets* that presents information on 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 financial position of the Town of Washington is improving or deteriorating. 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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government. The government-wide financial statements present functions of the Town of Washington that are principally supported by taxes and intergovernmental revenues (*governmental activities*). Other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*) do not appear as we have no business-type activities. The governmental activities of the Town of Washington include general government, public safety, highways (public works), sanitation, social services, health, parks and recreation, education, other, and interest on long-term debt.

Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with depreciation expense in the statement of activities. Net assets are reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts, which would be in restricted net assets and shown as either expendable or nonexpendable, do not apply since the Town does not have any of these funds.

**Town of Washington**  
**Management's Discussion and Analysis**  
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Expenses presented are reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

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

*Governmental fund* financial statements include financial data for the general fund, special revenue and capital project funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government'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 revenue and expenditure information presented for *governmental activities* in the government-wide financial statements with similar information presented for *governmental funds* to compare their shorter-term impact with the longer-term effect of 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 between *governmental funds* and *governmental activities*. The Town of Washington maintains ten 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 for the general fund, the town aid road fund, the capital non-recurring expenditure fund, and the land acquisition open space fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The Town of Washington 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.

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*Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for the primary government. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. For these funds a statement of fiduciary net assets and a statement of changes in fiduciary net assets is presented.

Separate columns are shown for the general fund and for the other major governmental funds, the capital non-recurring expenditure fund, the land acquisition open space fund, and the town aid road fund. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds. Other funds that we believe are particularly important to you are also reported as a major fund. Non-major funds are reported in the aggregate in a separate column.

Governmental fund balances are segregated into nonspendable, restricted for, committed to, assigned for, and unassigned in accordance with the new Governmental Accounting Standards Board Statement No. 54. As more fully explained in the Notes, the Town adopted GASB No. 54 as of July 1, 2010 and, as a result, restated the opening fund balance.

➤ Notes to the Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.

➤ Required Supplementary Information (RSI)

- Consists of MD&A and budgetary comparison schedules;
- Includes budgetary comparison schedules for the general fund to demonstrate whether resources were obtained and used in accordance with the legally adopted budget;
- The Town of Washington's progress in funding its obligation to provide pension benefits to its employees.



**Town of Washington**  
**Management's Discussion and Analysis**  
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The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the actual and budget comparison for the general fund.

As management of the Town of Washington, we offer readers of the Town's financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2011.

**Financial Highlights**

- The assets of the Town of Washington exceeded its liabilities at the close of the most recent year by \$16,688,255 (net assets). Of this amount, \$5,555,777 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$662,016 during the fiscal year.
- As of the close of the current fiscal year, the Town of Washington's governmental funds reported combined ending fund balances of \$5,830,361, an increase of \$1,380,556 from the prior fiscal year. These fund balances are considered to be either *nonspendable* (\$974), *restricted* (\$341,709), *committed* (\$2,847,104), *assigned* (\$85,125), or *unassigned* (\$2,555,449). The *unassigned* balance of \$2,555,449 is *available for spending* at the government's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,555,449, or 17.8% of total general fund expenditures and transfers out of \$14,325,119.
- Our bonded debt decreased by \$55,000 (25.0%) during the current fiscal year as a result of scheduled repayment of principal on our one outstanding bond issue.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Washington, assets exceeded liabilities by \$16,688,255 at the close of the most recent fiscal year.

By far the largest portion of Washington's net assets (64.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Washington  
Management's Discussion and Analysis  
June 30, 2011**

**Table 1. Net Assets**

|   | <b>Total Primary<br/>Government<br/>2011</b> | <b>Total Primary<br/>Government<br/>2010</b> |
|---|--|--|
| Current Assets.....                           | \$ 6,643,300                                 | \$ 5,486,962                                 |
| Capital Assets (net of depreciation).....     | 10,955,769                                   | 11,708,450                                   |
| Total Assets.....                             | <u>17,599,069</u>                            | <u>17,195,412</u>                            |
| Current Liabilities.....                      | 639,794                                      | 851,975                                      |
| Long-Term Liabilities.....                    | 271,020                                      | 317,198                                      |
| Total Liabilities.....                        | <u>910,814</u>                               | <u>1,169,173</u>                             |
| Net Assets:                                   |  |  |
| Invested in Capital Assets, net of debt ..... | 10,790,769                                   | 11,488,450                                   |
| Restricted for:                               |  |  |
| Road improvements.....                        | 323,789                                      | 8,791  |
| Senior center.....                            | 11,107                                       | 11,153                                       |
| Community beautification.....                 | 3,420  | 3,417  |
| Document preservation.....                    | 3,393  | 3,456  |
| Unrestricted .....                            | <u>5,555,777</u>                             | <u>4,510,972</u>                             |
| Total Net Assets.....                         | <u>\$16,688,255</u>                          | <u>\$16,026,239</u>                          |

The balance of *unrestricted net assets*, \$5,555,777, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year like the prior fiscal year, the Town is able to report positive balances in all of the categories of net assets.

**Governmental activities.** Governmental activities increased the Town of Washington's net assets by \$662,016 as pointed out earlier, thereby accounting for 100% of the total change in the net assets of the Town. Key elements of the increase are shown on the following page:

**Town of Washington  
Management's Discussion and Analysis  
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**Table 2. Changes in Net Assets**

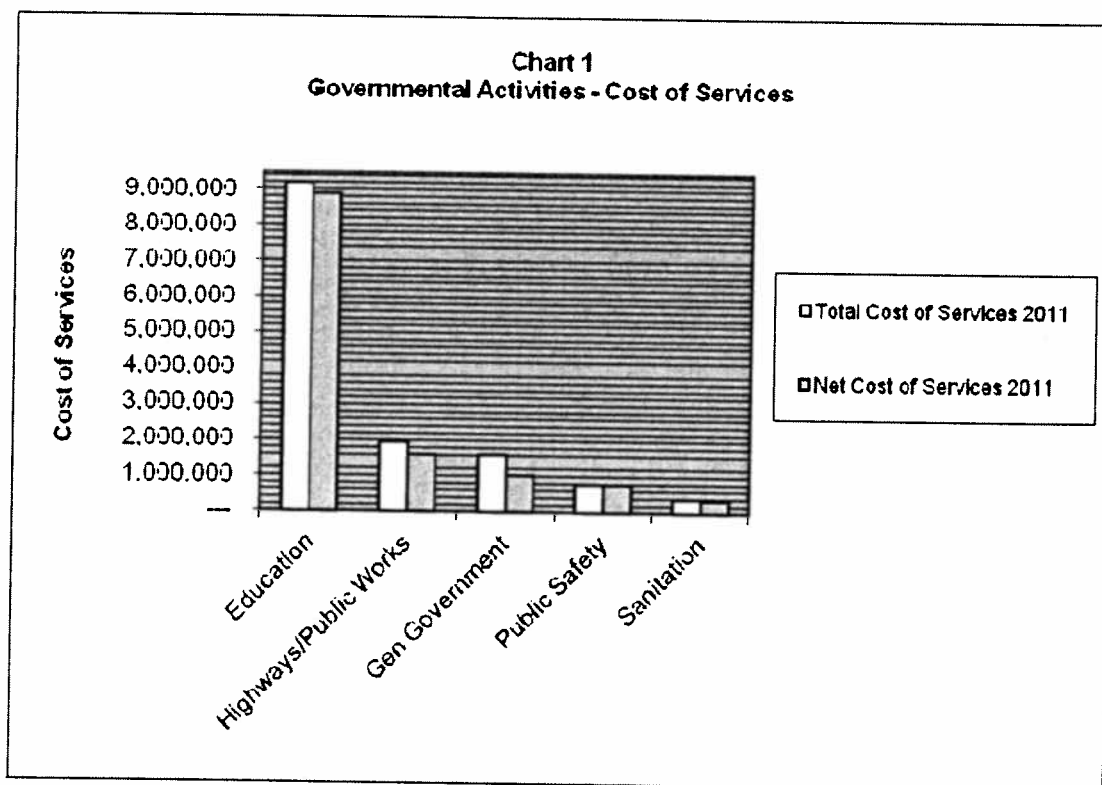
|  | <b>Total<br/>Primary<br/>Government<br/>2011</b> | <b>Total<br/>Primary<br/>Government<br/>2010</b> |
|--|--|--|
| Revenues:  |  |  |
| Program Revenues:  |  |  |
| Charges for Services .....   | \$ 801,557                                       | \$ 789,702                                       |
| Operating Grants and Contributions .....                             | 268,044  | 245,339  |
| Capital Grants and Contributions .....                               | 332,811  | 458,747  |
| General Revenues:  |  |  |
| Property Taxes .....   | 13,772,826                                       | 13,500,461                                       |
| Grants and Contributions not Restricted to Specific<br>Purpose ..... | 134,637  | 139,162  |
| Unrestricted Investment Earnings .....                               | 26,633   | 22,603   |
| Lease Income and Miscellaneous .....                                 | 21,675   | 19,175   |
| Total Revenues .....   | <u>15,358,183</u>                                | <u>15,175,189</u>                                |
| Program Expenses:  |  |  |
| General Government .....   | 1,606,260  | 1,540,835  |
| Public Safety .....  | 798,925  | 633,100  |
| Highways (public works) .....  | 1,948,939  | 1,807,639  |
| Sanitation .....   | 409,351  | 428,810  |
| Social Services .....  | 5,833  | 3,844  |
| Health .....   | 79,245   | 86,329   |
| Parks and Recreation .....   | 290,681  | 310,395  |
| Education .....  | 9,145,846  | 9,135,602  |
| Other .....  | 405,184  | 406,057  |
| Interest on Long-Term Debt .....                                     | 5,903  | 8,463  |
| Total Program Expenses .....   | <u>14,696,167</u>                                | <u>14,361,074</u>                                |
| Increase in Net Assets .....   | <u>\$ 662,016</u>                                | <u>\$ 814,115</u>                                |

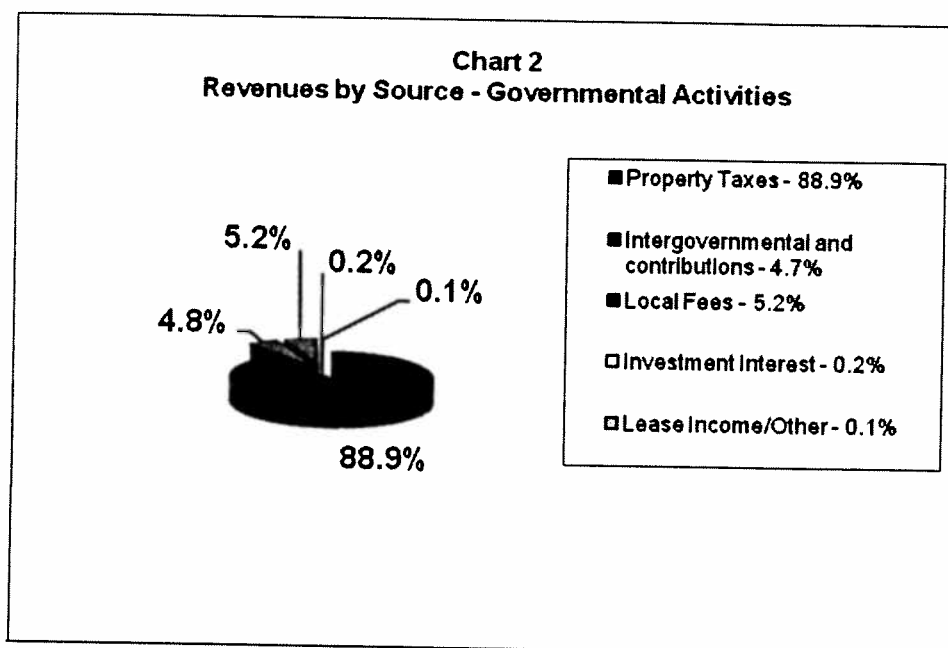
The government's net assets increased by \$662,016 during the current fiscal year. The Town brought in revenues of \$15,358,183 that exceeded its gross operating expenditures of \$14,696,167 by the amount of the net asset increase. Gross expenses were offset by \$801,557 in charges for services, \$268,044 in operating grants and contributions, and \$332,811 in capital grants and contributions. Of the *net* expenditures, \$8,905,699 was attributable to Regional School District No. 12 assessments. Highways and public works claimed another \$1,588,231 of net expenditures followed by general government at \$1,014,990 and public safety at \$759,877. The largest portion of the Town's revenue was \$13,772,826 in tax collections supplemented by \$26,633 in investment earnings and \$156,312 in non-specific grants and contributions, lease revenue, and miscellaneous income.

**Town of Washington  
Management's Discussion and Analysis  
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The primary driver of our net asset increase this year was the positive operating performance in all our major funds as well as the other governmental funds which, together, generated a \$1,380,556 increase in overall fund balances. The single largest *reduction* in net assets was generated by current year depreciation charges of \$1,222,730 which were offset somewhat by a \$470,049 increase in capital assets for a net reduction in net assets of \$752,681 to a final positive increase of \$662,016.

Chart 1 presents the costs of each of the Town's five largest programs as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions. The largest external source of funds (non-tax) is charges for service of \$801,557 where the users pay for the service. Most are fees for official activities such as issuing building permits, building inspections, and posting land use recordings and collecting the real estate conveyance tax. Our payments to Regional School District No. 12, of which we are a member town along with the towns of Bridgewater and Roxbury, were reduced \$240,147 by the State of Connecticut Education Cost Sharing (ECS) grant.





### Financial Analysis of the Government's Funds

As noted earlier, the Town of Washington 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 of Washington'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 of Washington's governmental funds reported combined ending fund balances of \$5,830,361, an increase of \$1,380,556 from last year. As previously noted, \$2,555,449, or about 43.8% of this total amount, constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of the fund balance, \$3,274,912, is either *nonspendable* (\$974), *restricted* (\$341,709), *committed* (\$2,847,104), or *assigned* (\$85,125). See Note 15 – "New Governmental Accounting Standards Board Standard" of the Notes to Financial Statements, June 30, 2011 herein for further explanation of the new fund balance presentation.

The general fund is the primary of the four major funds and the chief operating fund of the Town. At the end of the current fiscal year, the unassigned general fund balance was \$2,555,449. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total general fund expenditures. Unassigned general fund balance represents 17.8% of total general fund expenditures and transfers out of \$14,325,119. The municipal credit rating agencies stress that an upper grade investment credit should maintain an unassigned general fund balance in excess of 7%.

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Management's Discussion and Analysis  
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The Town of Washington's general fund balance increased by a net \$601,340 during the current fiscal year. Operating revenues of \$14,926,459 exceeded operating expenditures of \$13,338,619 by \$1,587,840. We transferred out \$986,500 consisting primarily of \$883,500 to the capital non-recurring expenditure fund with another \$75,000 to the land acquisition open space fund, \$25,000 to the affordable housing fund and \$3,000 to the Judea Cemetery Fund.

The capital non-recurring expenditure fund, a major fund, is used to account for the Town's capital outlays. Unlike most governmental funds, appropriations to and from this fund do not lapse at the end of the fiscal year. The fund balance at the close of the fiscal year was \$2,000,092 with that amount committed for subsequent years capital expenditures. The account is funded from a number of sources including grants, general fund, and transfers from other funds. For the year, \$541,470 was expended from the fund in partial payment for machinery and equipment and infrastructure. Revenues and transfers in totaling \$894,801 resulted in an increase of fund balance in the amount of \$353,331 to \$2,000,092.

The land acquisition open space fund, a major fund, is used to build up a reserve for the purchase of land that might become available for open space at some future date. We began the year with a fund balance of \$231,305. We earned \$694 in interest and posted no expenditures. We also transferred in \$75,000 from the general fund. Our fund balance closed the year at \$306,999.

The town aid road fund, a major fund, accounts for monies received from the State of Connecticut under the Town Aid Road (TAR) program for improvements to our roads. We received and recognized prior year deferred TAR funds in the amount of \$329,571 in fiscal 2011 and earned \$427 in interest. We expended \$15,000 capital outlays. Our beginning fund balance of \$8,791 was raised by \$314,998 to \$323,789 at the close of the year.

**General Fund Budgetary Highlights**

The original revenue budget of \$14,215,424 remained unchanged while the expenditure budget was increased \$80,361 to \$13,228,244 with scheduled transfers out of \$986,500 and committing \$20,000 to the legal litigation reserve. We expected to use of general fund balance in the amount of \$19,320. Actual revenues exceeded the final budget for a favorable variance of \$436,106, and actual expenditures were under the final budget by a favorable \$181,172. In total, favorable budget variances amounted to \$617,278 eliminating any need to draw down general fund balance.

**Revenues**

Material variances in the revenue budget may be summarized as:

- ❖ \$232,969 in higher tax collections;
- ❖ \$270,871 in unbudgeted building inspection fees which reduces our building inspector expenditure line;
- ❖ \$86,102 higher Town Clerk fees.

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**Expenditures**

During the year, the following significant additional appropriations were made to the original expenditure budget:

- ❖ \$51,164 additional winter maintenance costs;
- ❖ \$10,427 additional cell tower expense.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Washington's investment in capital assets for its governmental assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase (before depreciation) in the Town's investment in new capital assets for the current fiscal year was \$1,075,120.

Major capital assets placed in service during the current fiscal year included the following:

- \$275,000 – Seagrave fire apparatus;
- \$203,101 Gowans-Knight pumper;
- \$249,914 Maxxforce C&C truck;
- \$181,564 for paving and drainage, Titus Road clean up, chip sealing, and refurbishment of dirt roads.

**Table 3. Capital Assets at Year-end (Net of Depreciation)**

|                                | <b>Total Primary Government</b> |                     |
|--------------------------------|---------------------------------|---------------------|
|                                | <b>2011</b>                     | <b>2010</b>         |
| Land .....                     | \$1,141,215                     | \$ 1,141,215        |
| Construction in Progress ..... | --                              | 605,071             |
| Land Improvements .....        | 167,046                         | 192,727             |
| Buildings and Improvements .   | 3,450,583                       | 3,609,486           |
| Machinery and Equipment .....  | 1,392,615                       | 908,313             |
| Infrastructure .....           | 4,804,310                       | 5,251,638           |
| Totals .....                   | <u>\$10,955,769</u>             | <u>\$11,708,450</u> |

Additional information on the Town of Washington's capital assets can be found in Note 7 - Capital Assets, of this report.

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**Long-term debt.** At the end of the current fiscal year, the Town of Washington had \$165,000 of long-term bonded debt outstanding. All of the Town's bonds are general obligation debt, and the Town has pledged its full faith and credit to the repayment of interest on and the principal of all outstanding indebtedness.

**Table 4. Long-Term Debt**

| <u>Bonds</u> |                 |               |                       |                         | <u>Date of</u>              |
|--------------|-----------------|---------------|-----------------------|-------------------------|-----------------------------|
| <u>Date</u>  | <u>Purpose</u>  | <u>Rate %</u> | <u>Original Issue</u> | <u>Debt Outstanding</u> | <u>Fiscal Year Maturity</u> |
| 11/1/93      | General Purpose | 4.35          | \$1,100,000           | \$165,000               | 2014                        |

Our total debt decreased by \$55,000 (25.0%) during the current fiscal year as a result of scheduled amortization of principal on our one outstanding bond issue.

The Town is a member town of Regional School District No. 12 along with the towns of Bridgewater and Roxbury. Washington's obligation to the District is based on the number of pupils attending the district, determined as of October 1 of each year. For the fiscal year 2010 – 2011, Washington's pro-rata share of school district operations was 45.01%. The Town of Washington has pledged its full faith and credit to the payment of principal of and interest on the district bonds at its average daily membership (ADM) percentage. The net debt of the district (outstanding school bond principal) represents overlapping debt to the Town in the amount of \$1,867,916.

Washington maintains a "Aa2" rating from Moody's Investors Service, Inc. for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections plus interest and lien fees. For June 30, 2011, the maximum amount of borrowing permitted under the formula would be \$96,461,918. With net indebtedness of \$2,036,869, our outstanding general obligation and school debt is \$94,425,049 below the maximum debt limitation (see "Statement of Statutory Debt Limitation" in this report).

Additional information on the Town of Washington's long-term debt can be found in Note 8 - Long-Term Debt, of this document.

**Economic Factors and Next Year's Budget**

- The unemployment rate for the Town of Washington was 7.4% at June 30, 2011 which is an increase from a rate of 6.6% one year prior. The current rate compares favorably to the state's average unemployment rate of 9.1% and national average unemployment rate of 9.3% (not seasonally adjusted) for the same period.
- Inflationary trends in the region compare favorably to the national indices.



**Town of Washington  
Management's Discussion and Analysis  
June 30, 2011**

The FY 2011 - 2012 revenue budget of \$14,276,607 contemplates a \$61,183, or 0.43%, increase over the June 20, 2011 approved budget. The net expenditure budget of \$14,361,732 *raises* \$126,988, or 0.89%, over the prior year's final budget with \$85,125 of the June 30, 2011 fund balance assigned to balance the FY 2011-2012 budget.

FY 2012 tax revenues accounts for all of the revenue increase in the new budget and since the mill rate of 11 mills has not increased, the increase in tax revenue results from increased assessments.

The 2012 expenditure budget increases primarily due to net education cost increases of \$180,624 (1.97%) to \$9,328,359 and a decrease in budgeted highway maintenance of \$35,000. The remainder of the Town budget has been kept almost flat and in line with the previous year.

All of these factors were considered in preparing Washington's budget for the 2012 fiscal year.

At the close of the 2010 - 2011 fiscal year, we used no general fund balance to finish the year. The 2011 general fund assigned and unassigned fund balance amounted to \$2,640,574, of which \$85,125 has been assigned for subsequent year's expenditures resulting in unassigned fund balance of \$2,555,449.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Washington's finances for all those with an interest in the government's operations. 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 Selectman, Bryan Memorial Town Hall, PO Box 303, Washington Depot, CT 06794.

**Town of Washington**  
**Statement of Net Assets**  
**June 30, 2011**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets</b>                                   |                                    |
| <b>Current assets</b>                           |                                    |
| Cash and cash equivalents                       | \$ 5,571,991                       |
| Investments                                     | 729,419                            |
| Property Taxes Receivable - net                 | 316,916                            |
| Security deposit                                | 24,000                             |
| Prepayments                                     | 974                                |
| <b>Total current assets</b>                     | <u>6,643,300</u>                   |
| <b>Noncurrent Assets</b>                        |                                    |
| Capital assets:                                 |                                    |
| Assets not being depreciated                    | 1,141,215                          |
| Assets, net of depreciation of \$17,729,611     | 9,814,554                          |
| <b>Total Assets</b>                             | <u><u>17,599,069</u></u>           |
| <b>Liabilities</b>                              |                                    |
| <b>Current Liabilities</b>                      |                                    |
| Accounts payable                                | 88,521                             |
| Performance bonds held                          | 76,085                             |
| Prepaid property taxes                          | 20,450                             |
| Accrued interest                                | 6,738                              |
| Deferred grant revenue                          | 390,000                            |
| Long-term liabilities due within one year       | 58,000                             |
| <b>Total current liabilities</b>                | <u>639,794</u>                     |
| <b>Noncurrent Liabilities</b>                   |                                    |
| Due in more than one year                       | 271,020                            |
| <b>Total Liabilities</b>                        | <u><u>910,814</u></u>              |
| <b>Net Assets</b>                               |                                    |
| Invested in capital assets, net of related debt | 10,790,769                         |
| Restricted for:                                 |                                    |
| Road improvements                               | 323,789                            |
| Senior center                                   | 11,107                             |
| Community beautification                        | 3,420                              |
| Document preservation                           | 3,393                              |
| Unrestricted                                    | 5,555,777                          |
| <b>Total Net assets</b>                         | <u><u>\$ 16,688,255</u></u>        |

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

**Town of Washington  
Statement of Activities  
Year Ended June 30, 2011**

| Functions/Programs                   | Expenses             | Program Revenues        |  |  | Total<br>Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|--------------------------------------|----------------------|-------------------------|--|--|---|
|                                      |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |   |
| <b>Governmental Activities:</b>      |                      |                         |  |  |   |
| General government                   | \$ 1,606,260         | \$ 591,270              | \$ ---                                   | \$ ---                                 | \$ (1,014,990)  |
| Public safety                        | 798,925              | 39,048                  | ---                                      | ---                                    | (759,877)   |
| Highways (public works)              | 1,948,939            | ---                     | 27,897                                   | 332,811                                | (1,588,231)   |
| Sanitation                           | 409,351              | 51,709                  | ---                                      | ---                                    | (357,642)   |
| Social services                      | 5,833                | ---                     | ---                                      | ---                                    | (5,833)   |
| Health                               | 79,245               | 7,750                   | ---                                      | ---                                    | (71,495)  |
| Parks and recreation                 | 290,681              | 99,695                  | ---                                      | ---                                    | (190,986)   |
| Education                            | 9,145,846            | ---                     | 240,147                                  | ---                                    | (8,905,699)   |
| Other                                | 405,184              | 12,085                  | ---                                      | ---                                    | (393,099)   |
| Interest on long-term debt           | 5,903                | ---                     | ---                                      | ---                                    | (5,903)   |
| <b>Total governmental activities</b> | <b>\$ 14,696,167</b> | <b>\$ 801,557</b>       | <b>\$ 268,044</b>                        | <b>\$ 332,811</b>                      | <b>(13,293,755)</b>   |

General revenues:

|  |                   |
|--|-------------------|
| Property taxes, interest and lien fees                       | 13,772,826        |
| Grants and contributions not restricted to specific programs | 134,637           |
| Investment earnings  | 26,633            |
| Lease income and other miscellaneous                         | 21,675            |
| <b>Total general revenues</b>                                | <b>13,955,771</b> |

Change in net assets 662,016

|                            |                      |
|----------------------------|----------------------|
| Net assets - July 1, 2010  | 16,026,239           |
| Net assets - June 30, 2011 | <b>\$ 16,688,255</b> |

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

Town of Washington  
Balance Sheet  
Governmental Funds  
June 30, 2011

|  | Major Funds         |                   |                       |                   |                   |                     |              |
|--|---------------------|-------------------|-----------------------|-------------------|-------------------|---------------------|--------------|
|  |                     | Special           | Capital Project Funds |                   |                   |                     |              |
|  |                     | Revenue Fund      |                       |                   |                   | Other               | Total        |
|  | General Fund        | Town Aid          | Capital               | Land              |                   | Governmental        | Governmental |
|  |                     | Road Fund         | Non-Recurring         | Acquisition       |                   | Funds               | Funds        |
|  |                     |                   |                       | Open Space        |                   |                     |              |
| <b>Assets:</b>                             |                     |                   |                       |                   |                   |                     |              |
| Cash and cash equivalents                  | \$ 2,409,514        | \$ 323,789        | \$ 2,390,493          | \$ 306,999        | \$ 141,196        | \$ 5,571,991        |              |
| Investments - at fair value                | 412,367             | -                 | -                     | -                 | 317,052           | 729,419             |              |
| Property tax receivable, net               | 316,916             | -                 | -                     | -                 | -                 | 316,916             |              |
| Prepaid expenditures                       | 974                 | -                 | -                     | -                 | -                 | 974                 |              |
| Deposits                                   | -                   | -                 | -                     | -                 | 24,000            | 24,000              |              |
| <b>Total Assets</b>                        | <b>\$ 3,139,771</b> | <b>\$ 323,789</b> | <b>\$ 2,390,493</b>   | <b>\$ 306,999</b> | <b>\$ 482,248</b> | <b>\$ 6,643,300</b> |              |
| <b>Liabilities:</b>                        |                     |                   |                       |                   |                   |                     |              |
| Accounts payable                           | \$ 88,120           | \$ -              | \$ 401                | \$ -              | \$ -              | \$ 88,521           |              |
| Performance bonds payable                  | 76,085              | -                 | -                     | -                 | -                 | 76,085              |              |
| Prepaid property taxes                     | 20,450              | -                 | -                     | -                 | -                 | 20,450              |              |
| Deferred property tax and other revenue    | 237,883             | -                 | 390,000               | -                 | -                 | 627,883             |              |
| <b>Total Liabilities</b>                   | <b>422,538</b>      | <b>-</b>          | <b>390,401</b>        | <b>-</b>          | <b>-</b>          | <b>812,939</b>      |              |
| <b>Fund Balances:</b>                      |                     |                   |                       |                   |                   |                     |              |
| <b>Nonspendable:</b>                       |                     |                   |                       |                   |                   |                     |              |
| Prepaid insurance expenditures             | 974                 | -                 | -                     | -                 | -                 | 974                 |              |
| <b>Restricted for:</b>                     |                     |                   |                       |                   |                   |                     |              |
| Improvements to roads                      | -                   | 323,789           | -                     | -                 | -                 | 323,789             |              |
| Senior center                              | -                   | -                 | -                     | -                 | 11,107            | 11,107              |              |
| Community beautification                   | -                   | -                 | -                     | -                 | 3,420             | 3,420               |              |
| Document preservation                      | -                   | -                 | -                     | -                 | 3,393             | 3,393               |              |
| <b>Committed to:</b>                       |                     |                   |                       |                   |                   |                     |              |
| Parks and recreation                       | -                   | -                 | -                     | -                 | 98,924            | 98,924              |              |
| Cemetery operation                         | -                   | -                 | -                     | -                 | 70,698            | 70,698              |              |
| Capital non-recurring expenditures         | -                   | -                 | 2,000,092             | -                 | -                 | 2,000,092           |              |
| Land acquisition for open space            | -                   | -                 | -                     | 306,999           | -                 | 306,999             |              |
| Affordable housing                         | -                   | -                 | -                     | -                 | 294,706           | 294,706             |              |
| Legal litigation                           | 325                 | -                 | -                     | -                 | -                 | 325                 |              |
| Health reimbursement benefits              | 75,360              | -                 | -                     | -                 | -                 | 75,360              |              |
| <b>Assigned for:</b>                       |                     |                   |                       |                   |                   |                     |              |
| Subsequent year budgeted deficit           | 85,125              | -                 | -                     | -                 | -                 | 85,125              |              |
| <b>Unassigned</b>                          | <b>2,555,449</b>    | <b>-</b>          | <b>-</b>              | <b>-</b>          | <b>-</b>          | <b>2,555,449</b>    |              |
| <b>Total Fund Balances</b>                 | <b>2,717,233</b>    | <b>323,789</b>    | <b>2,000,092</b>      | <b>306,999</b>    | <b>482,248</b>    | <b>5,830,361</b>    |              |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 3,139,771</b> | <b>\$ 323,789</b> | <b>\$ 2,390,493</b>   | <b>\$ 306,999</b> | <b>\$ 482,248</b> | <b>\$ 6,643,300</b> |              |

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

**Town of Washington**

**Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds**

**June 30, 2011**

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Total net assets reported for governmental activities in the Statement of Net Assets is different from the governmental fund Balance Sheet due to the following differences:

**Total Fund Balances for Governmental Funds** **\$ 5,830,361**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

|                               |                     |            |
|-------------------------------|---------------------|------------|
| Governmental capital assets   | \$ 28,685,380       |            |
| Less accumulated depreciation | <u>(17,729,611)</u> | 10,955,769 |

Taxes, interest and liens receivable not available to pay current period expenditures are therefore deferred in the funds. 237,883

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

|                            |                |           |
|----------------------------|----------------|-----------|
| Bonds payable              | \$ (165,000)   |           |
| Compensated absences       | (121,067)      |           |
| Postclosure landfill costs | (39,000)       |           |
| Net pension obligation     | <u>(3,953)</u> | (329,020) |

Accrued interest payable is not due and payable in the current period and therefore is not reported in the governmental funds. (6,738)

**Total Net Assets of Governmental Activities** **\$ 16,688,255**

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The accompanying notes are an integral part of these financial statement.

Town of Washington  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2011

|  | Major Funds         |                                       |                          |                                   |                          |                          |
|--|---------------------|---------------------------------------|--------------------------|-----------------------------------|--------------------------|--------------------------|
|  | General Fund        | Special                               | Capital Project Funds    |                                   | Other Governmental Funds | Total Governmental Funds |
|  |                     | Revenue Fund<br>Town Aid<br>Road Fund | Capital<br>Non-Recurring | Land<br>Acquisition<br>Open Space |                          |                          |
| <b>Revenues:</b>   |                     |                                       |                          |                                   |                          |                          |
| Property taxes   | \$ 13,662,682       | \$ -                                  | \$ -                     | \$ -                              | \$ -                     | \$ 13,662,682            |
| Interest and lien fees on property taxes   | 125,697             | -                                     | -                        | -                                 | -                        | 125,697                  |
| Intergovernmental  | 340,209             | 329,571                               | 6,240                    | -                                 | -                        | 676,020                  |
| Contribution in lieu of taxes  | 60,177              | -                                     | -                        | -                                 | -                        | 60,177                   |
| Investment income  | 16,552              | 427                                   | 5,061                    | 694                               | 3,899                    | 26,633                   |
| Lease income - Town building   | 18,700              | -                                     | -                        | -                                 | -                        | 18,700                   |
| Licenses and permits   | 686,781             | -                                     | -                        | -                                 | -                        | 686,781                  |
| Program fees and other receipts  | 15,661              | -                                     | -                        | -                                 | 101,385                  | 117,046                  |
| <b>Total Revenues</b>  | <b>14,926,459</b>   | <b>329,998</b>                        | <b>11,301</b>            | <b>694</b>                        | <b>105,284</b>           | <b>15,373,736</b>        |
| <b>Expenditures:</b>   |                     |                                       |                          |                                   |                          |                          |
| <b>Current:</b>  |                     |                                       |                          |                                   |                          |                          |
| General government   | 1,558,563           | -                                     | -                        | -                                 | 2,113                    | 1,560,676                |
| Public safety  | 478,695             | -                                     | -                        | -                                 | -                        | 478,695                  |
| Highways   | 1,040,105           | -                                     | -                        | -                                 | -                        | 1,040,105                |
| Sanitation   | 412,351             | -                                     | -                        | -                                 | -                        | 412,351                  |
| Social services  | 5,833               | -                                     | -                        | -                                 | -                        | 5,833                    |
| Health   | 71,900              | -                                     | -                        | -                                 | -                        | 71,900                   |
| Recreation   | 162,521             | -                                     | -                        | -                                 | 88,703                   | 251,224                  |
| Education  | 9,145,846           | -                                     | -                        | -                                 | -                        | 9,145,846                |
| Other  | 398,386             | -                                     | -                        | -                                 | 7,275                    | 405,661                  |
| Capital outlay   | -                   | 15,000                                | 541,470                  | -                                 | -                        | 556,470                  |
| Debt service   | 64,419              | -                                     | -                        | -                                 | -                        | 64,419                   |
| <b>Total Expenditures</b>  | <b>13,338,619</b>   | <b>15,000</b>                         | <b>541,470</b>           | <b>-</b>                          | <b>98,091</b>            | <b>13,993,180</b>        |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>   | <b>1,587,840</b>    | <b>314,998</b>                        | <b>(530,169)</b>         | <b>694</b>                        | <b>7,193</b>             | <b>1,380,556</b>         |
| <b>Other Financing Sources (Uses):</b>   |                     |                                       |                          |                                   |                          |                          |
| Operating transfers in (out)   | (986,500)           | -                                     | 883,500                  | 75,000                            | 28,000                   | -                        |
| <b>Excess of Revenues And Other Financing Sources Over Expenditures and other Financing Uses</b> | <b>601,340</b>      | <b>314,998</b>                        | <b>353,331</b>           | <b>75,694</b>                     | <b>35,193</b>            | <b>1,380,556</b>         |
| <b>Fund Balance - July 1,2010 as restated</b>  | <b>2,115,893</b>    | <b>8,791</b>                          | <b>1,646,761</b>         | <b>231,305</b>                    | <b>447,055</b>           | <b>4,449,805</b>         |
| <b>Fund Balance - end of year</b>  | <b>\$ 2,717,233</b> | <b>\$ 323,789</b>                     | <b>\$ 2,000,092</b>      | <b>\$ 306,999</b>                 | <b>\$ 482,248</b>        | <b>\$ 5,830,361</b>      |

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

**Town of Washington**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2011**

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Amounts reported for governmental activities in the statement  
of activities are different due to the following:

**Net Change in Fund Balances-Total Governmental Funds** **\$ 1,380,556**

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

|                                |                    |           |
|--------------------------------|--------------------|-----------|
| Total capital outlay           | \$ 470,049         |           |
| Less current year depreciation | <u>(1,222,730)</u> | (752,681) |

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

|                                    |              |        |
|------------------------------------|--------------|--------|
| Repayment of bond principal        | \$ 55,000    |        |
| Change in accrued interest payable | <u>3,516</u> | 58,516 |

Property taxes in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Deferred property tax, accrual basis change (15,553)

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

|  |             |         |
|--|-------------|---------|
| Change in compensated absences liability | \$ (12,299) |         |
| Change in postclosure landfill costs     | 3,000       |         |
| Change net pension obligation            | <u>477</u>  | (8,822) |

|  |           |                       |
|--|-----------|-----------------------|
| <b>Change in Net Assets of Governmental Activities</b> | <b>\$</b> | <b><u>662,016</u></b> |
|--|-----------|-----------------------|

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

**Town of Washington**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

|                                    | <b>Pension<br/>Trust Fund</b> | <b>Prevention of<br/>Alcohol and<br/>Drug Abuse<br/>Agency Fund</b> |
|------------------------------------|-------------------------------|---|
| <b>Assets:</b>                     |                               |   |
| Cash and cash equivalents          | \$ 529                        | \$ 3,475  |
| Accrued interest                   | 7,286                         | -   |
| Investments - at fair value        | 2,180,921                     | -   |
| <b>Total Assets</b>                | <b>2,188,736</b>              | <b>3,475</b>  |
| <b>Liabilities:</b>                |                               |   |
| Due to others                      | -                             | 3,475   |
| Deferred employer contribution     | 4,849                         | -   |
| <b>Net Assets</b>                  |                               |   |
| Held in trust for pension benefits | \$ <u>2,183,887</u>           | \$ <u>-</u>   |

---

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



**Town of Washington**  
**Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Fund**  
**Year Ended June 30, 2011**

|   | <b>Pension<br/>Trust Fund</b> |
|---|-------------------------------|
| <b>Additions:</b>                                     |                               |
| Employer contributions                                | \$ 165,000                    |
| Investment income :                                   |                               |
| Net appreciation in fair values of investments        | 239,416                       |
| Interest and dividends                                | 44,071                        |
| Gross investment income                               | 283,487                       |
| Less : investment expense                             | 13,438                        |
| Net investment income                                 | 270,049                       |
| <b>Total additions</b>                                | 435,049                       |
| <b>Deductions:</b>                                    |                               |
| Pension benefits                                      | 96,137                        |
| <b>Net Increase</b>                                   | 338,912                       |
| <b>Net Assets Held In Trust For Pension Benefits:</b> |                               |
| Beginning of year                                     | 1,844,975                     |
| End of year   | \$ 2,183,887                  |

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

**Town of Washington**  
**Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies:

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

**A. Reporting Entity:**

The Town of Washington, Connecticut was incorporated in 1779 under the provisions of the Connecticut General Statutes, and has a population of approximately 4,000 living within an area of 38.7 square miles. The Town is located in Litchfield County. The Town operates under a Town Meeting, Board of Selectmen and Board of Finance form of government. The Town provides the following services: public safety, public works, parks and recreation, health and social services, planning and zoning and education by being part of Shepaug Regional School District #12, of which the Towns of Washington, Roxbury and Bridgewater are members. Town appropriations to the school district are determined by a separate taxpayer approved budget and the percentage of Washington residents attending the District's schools.

The Legislative authority of the Town is vested in the Town Meeting. The First Selectman is the chief executive, chief administrative officer and budget-making authority of the Town. The Board of Finance is responsible for reviewing/revising the proposed budget and submitting the final budget to the Town Meeting. The Board of Finance is also responsible for establishing the annual tax rate. The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

Accounting principles generally accepted in the United State of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financial 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 Government Accounting Standards Board Codification Section 2100 have been considered and as a result, the potential component units discussed below are not included in the Town’s reporting entities because of their operational significance and financial relationship with the Town.

- Regional School District No. 12 – The School District provides educational services and facilities for the Towns of Washington, Roxbury and Bridgewater, Connecticut. The Town pays a proportional share of the expenses of the district.
- Washington Volunteer Fire Department, Inc. and Washington Ambulance Association, Inc. – These potential component units have separate elected boards and provide services to residents, generally within the geographic boundary of the Town. They are excluded from the reporting entity because the Town does not have the ability to exercise, influence or control over the daily operations.

**B. Jointly Governed Organizations:**

Northwestern Connecticut Council of Governments

The Town and eight other local municipalities each appoint the governing board of Northwestern Connecticut Council of Government (the “NWCCOG”) to provide a regional forum for information exchange and regional planning. The NWCCOG is supported by assessments to the nine member Towns based upon population census. The Town of Washington appropriated \$7,680 for the operation of the NWCCOG for the year ended June 30, 2011.

**Town of Washington**  
**Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies (continued):

Lake Waramaug Authority

The Lake Waramaug Authority (the “Lake Authority”) was created by the Towns of Washington, Warren and Kent by local ordinance. The Lake Authority enforces all regulations related to water activities. The Town appropriated \$11,493 for the operation of the Lake Authority for the year ended June 30, 2011.

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. Eliminations have been made to minimize the double counting of internal activities. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as applicable. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Funds are defined as major or non-major in the basic financial statements according to GASB reporting standards, which categorize funds based on relative size and materially.

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, and the six nonmajor funds are aggregated into one column in the financial statements under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements.

**D. Measurement Focus and Basis of Accounting:**

*Government-Wide Statements*

The government-wide statements are prepared 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 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. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Town of Washington**  
**Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies (continued):

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.

*Fund Financial Statements*

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

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

The Town reports the following major governmental funds:

General Fund:

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.

Special Revenue Fund:

The Town Aid Road Fund accounts for Connecticut Department of Transportation grants to be used for construction, reconstruction, improvement, or maintenance or improved and unimproved road and other transportation related services as set forth in the General Statutes of Connecticut.

Capital Projects Funds:

The Capital Non-Recurring Expenditure Fund as authorized by General Statutes of Connecticut, is used for financing all or part of the planning, construction, reconstruction or acquisition of capital facilities, improvements or equipment.

Land Acquisition Open Space Fund – is used to account for the purchase of land for open space.

The Town also reports the following six Nonmajor Governmental Funds:

Special Revenue Funds, are used to account for specific revenues that are legally restricted to expenditures for particular purpose:

Judea Cemetery Fund – is used to account for sales of plots along with the related expenditures for maintaining and improving the cemetery.

**Town of Washington**  
**Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies (continued):

Park and Recreation Fund – is used to account for fees from recreational leisure programs along with the related expenditures.

Senior Center Fund – is used to account for charges for services and contributions restricted for senior citizens functions and activities.

Greenway Community Fund – is used to account for contributions restricted for ground maintenance and improvements.

Document Preservation Fund – is used to account for recording fees and state grants restricted for document preservation along with the related expenditures.

Capital Project Fund, is used to account for major capital facilities and the acquisition of equipment:

Affordable Housing Fund – is used to account for the purchase of land and related cost used to provide affordable housing.

Additionally, the Town reports the following fund types:

Fiduciary Fund Types

The Pension Trust Fund is used to account for the accumulation of resources to be used for retirement benefits.

Agency Funds account for financial resources held as a custodian for outside groups and agencies. The Town’s Alcohol and Drug Abuse Prevention Fund accounts for resources used for the prevention of alcohol and drug abuse on behalf of outside groups and agencies.

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

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

E. Assets, Liabilities, and Net Assets or Equity:

1. Deposits and Investments:

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be placed with any “qualified public depository” as defined by statute, which has its main place of business in the State of Connecticut.

The Connecticut General Statutes authorize the investment of funds in the obligations of the United States, or may be invested in any state or other tax exempt political subdivision under certain conditions. Funds may also be deposited in the State Treasurer’s Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). The provisions of the statutes regarding the investments of municipal pension funds does not specify permitted investments. Therefore investments of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable pension plan.

**Town of Washington**  
**Notes to Financial Statements**

Note “1” - Summary of Significant Accounting Policies (continued):

Town investments are reported at fair value.

2.Receivables:

In the government-wide financial statements, property taxes are shown net of an allowance for uncollectibles of \$7,000. The allowance is calculated based upon prior years collections.

In the fund financial statements, all property taxes receivable at June 30, 2011, which have not been collected within 60 days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 days period have been recorded as revenue.

Property taxes are assessed of October 1 and billed the following July. Real and personal property bills are payable in two installment, July 1 and January 1. Motor vehicle taxes are payable in one installment on July 1, with the Motor vehicle supplemental bills payable on January 1. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

3.Capital Assets

Capital assets, which includes 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 and 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 and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>                    | <u>Years</u> |
|----------------------------------|--------------|
| Land improvements                | 25           |
| Buildings                        | 40           |
| Building improvements            | 6-20         |
| Infrastructure                   | 30           |
| Machinery, Equipment and Vehicle | 5-15         |

4. Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

On fund financial statements, short-term interfund loans are classified as interfund “due from/to other funds”. These amounts are eliminated in the statement of net assets.

**Town of Washington**  
**Notes to Financial Statements**

Note "1" - Summary of Significant Accounting Policies (continued):

**5. Compensated Absences**

Eligible employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Under various agreements employees may accumulate unused sick leave to be paid upon retirement. Sick leave and vacation leave expenditures are recognized in the fund financial statements in the current year to the extent they are paid during the year or expected to be paid with available resources. The liability for accrued vacation and sick leave earning is reported in the government-wide statements.

**6. Deferred Revenue**

Deferred revenue is comprised of the State of Connecticut, Small Town Economic Assistance Program (STEAP) of \$390,000 which will be recognized as expenditures are incurred.

**7. Accrued Liabilities and Long-term Debt**

All accrued liabilities and long-term debt are reported in the government-wide financial statements.

Long-term debt is recognized as a liability of a governmental fund when it is due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**8. Fund Equity and Net Assets – Governmental Funds**

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact, legally or contractually.
- Restricted fund balance – amounts constrained to specific purposes by external parties, constitutional provisions or enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, the Town Meeting.
- Assigned fund balance – amounts the government intends to use for a specific purpose as proposed by the Town's Board of Selectman and authorized by the Board of Finance.
- Unassigned fund balance – amounts that are available for any purpose.

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

**Invested in Capital Assets, Net of Related Debt**

This category presents 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 reduces this category. Debt issued for non-capital purpose is excluded.

**Town of Washington**  
**Notes to Financial Statements**

Note "1" - Summary of Significant Accounting Policies (continued):

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category represents the net assets of the Town, which are not restricted. A deficit will require future funding.

9. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned balances.

10. Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note "2" - Budgetary Compliance – The General Fund:

The Town's General Fund budgetary procedures are as follows:

In January each department head, officer, head of office, board and/or commission submits detailed estimates of expenditures for the ensuing fiscal year to the Board of Selectman and Board of Finance.

The Board of Selectmen reviews all proposed estimates of expenditures as well as estimated revenues to be collected.

After discussing and reaching agreement, the Board of Selectmen forwards the proposed budget to the Board of Finance for review. The Board of Finance then prepares a proposed General Town Budget.

The Board of Finance holds a public hearing on the proposed budget prior to presenting it to the Annual Town Meeting in May. Following approval of the proposed budget at the Town meeting, the Board of Finance establishes the tax rate.

The Town Meeting legally appropriates this budget as one balance for revenue and on department basis for expenditures and transfers. The Board of Finance is authorized to approve additional appropriations up to and including \$20,000 per department per year, however no more than one additional appropriation per department can be made without town meeting approval.

Additional General Fund appropriations of \$80,361 from fund balance were approved during the fiscal year.



**Town of Washington**  
**Notes to Financial Statements**

Note "2" - Budgetary Compliance - The General Fund (continued):

Budgetary Compliance - Other Governmental Funds:

The Town does not budget for its other Governmental Funds. Considering a cost-benefit analysis, it is not practical for the town to report budgetary information for the other governmental funds on a combined basis. Budgets for the various special revenue funds and capital project funds that are utilized to account for specific grant programs are established in accordance with requirements for the grantor agencies. Such budgets do not lapse and may comprise more than one fiscal year.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the town.

Note "3" – Cash and Cash Equivalents, Deposits and Investments:

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2011:

| Deposits:   | <u>Governmental Funds</u> | <u>Agency Funds</u> |
|---|---------------------------|---------------------|
| Demand Accounts   | \$ 1,003,159              | \$ 4,004            |
| Certificates of Deposit                                     | <u>687,422</u>            | <u>24,050</u>       |
| Total Deposits  | 1,690,581                 | 28,054              |
| Petty Cash and Cash on Hand                                 | 40,094                    | ---                 |
| Cash Equivalents:   |                           |                     |
| Repurchase agreements                                       | 4,056,838                 | ---                 |
| MBIA, Inc. – Cooperative Liquid Assets                      |                           |                     |
| Securities System   | 120,730                   | ---                 |
| State tax exempt proceeds fund (TEPF)                       | 390,000                   | ---                 |
| State short-term investment fund (STIF)                     | <u>3,167</u>              | <u>---</u>          |
|   | 6,301,410                 | 28,054              |
| Less: Certificates of Deposits classified<br>as investments | <u>729,419</u>            | <u>24,050</u>       |
| Total Cash and Cash Equivalents                             | <u>\$ 5,571,991</u>       | <u>\$ 4,004</u>     |

B. Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011, the carrying amount of the Town's deposits, including certificates of deposits of \$753,469 classified as investments, was \$1,718,635 and the bank balance was \$1,914,994. Of the Town's bank balance \$979,222 was exposed to custodial credit risk as follows:

|   |                   |
|---|-------------------|
| Uninsured and uncollateralized  | \$ 828,904        |
| Uninsured and collateralized held by pledging<br>Bank's trust department not in the town's name | <u>150,318</u>    |
| Total amount subject to custodial credit risk   | <u>\$ 979,222</u> |

**Town of Washington**  
**Notes to Financial Statements**

Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):

**C. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2011, the Town's cash equivalents amounted to \$4,570,735. The following table provides a summary of the Town's cash equivalents as rated by nationally recognized statistical rating organizations. The State of Connecticut Short-Term Investment Fund (STIF) is a "2a7-Like" pool. The fair value of the portion in the pool is the same as the value of the pool shares.

|   | <u>Standard<br/>and Poor's</u> |
|---|--------------------------------|
| State of Connecticut Tax Exempt Proceeds Fund (TEPF)              | Not rated                      |
| State of Connecticut Short-Term Investment Fund (STIF)            | AAAm                           |
| MBIA, Inc.-Cooperative Liquid Assets<br>Securities System (CLASS) | AAAm                           |

Amounts held in the repurchase agreement accounts were collateralized with collateral held by the banks' trust departments or agents, but not in the Town's name.

**D. Investments**

At June 30, 2011, the Town's investments consisted of the following:

| <u>Types of Investments</u> | <u>Fair Value</u> | <u>Average<br/>Credit Rating</u> | <u>Investment<br/>Maturity</u> |
|-----------------------------|-------------------|----------------------------------|--------------------------------|
| <b>Primary Government</b>   |                   |                                  |                                |
| Certificate of deposit      | \$ 254,648        | *                                | 11/6/2011                      |
| Certificate of deposit      | 157,718           | *                                | 12/16/2011                     |
| Certificate of deposit      | 125,490           | *                                | 2/9/2013                       |
| Certificate of deposit      | 140,975           | *                                | 11/17/2012                     |
| Certificate of deposit      | 21,094            | *                                | 2/1/2012                       |
| Certificate of deposit      | 26,000            | *                                | 3/19/2012                      |
| Certificate of deposit      | 3,494             | *                                | 10/5/2011                      |
| Total Primary Government    | <u>\$ 729,419</u> |                                  |                                |

\* Included in deposits above, therefore, insured and collateralized to the extent described above.

| <u>Types of Investments</u> | <u>Fair Value</u>   | <u>Average<br/>Credit Rating</u> | <u>Investment<br/>Maturity</u> |
|-----------------------------|---------------------|----------------------------------|--------------------------------|
| <b>Fiduciary Fund</b>       |                     |                                  |                                |
| Corporate bonds             | \$ 445,815          | 'A' Standard &<br>Poor's rating  | N/A                            |
| Common stock                | 101,638             | N/A                              | N/A                            |
| Municipal bond              | 25,822              | not rated                        | 1/01/2018                      |
| Certificate of deposit      | 24,050              | *                                | 5/11/2020                      |
| Mutual funds                | 1,182,362           | N/A                              | N/A                            |
| U.S. Government agencies    | 271,887             | N/A                              | N/A                            |
| Money market funds          | 129,347             | not rated                        | N/A                            |
| Total Fiduciary Funds       | <u>\$ 2,180,921</u> |                                  |                                |

- Ratings by a nationally recognized rating organization are provided where applicable to indicate the associated credit risk. N/A indicates rating is not applicable.

**Town of Washington**  
**Notes to Financial Statements**

**Note "3" – Cash and Cash Equivalents, Deposits and Investments (continued):**

- Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations or any State or political subdivision or in obligations of the State of Connecticut or political subdivision. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

**Note "4" – Property Taxes Receivable:**

Property taxes receivables at June 30, 2011, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:

|   |                   |
|---|-------------------|
| Property taxes                          | \$ 271,791        |
| Accrued interest and lien fees on taxes | <u>52,125</u>     |
| Gross receivables                       | 323,916           |
| Less: allowance for uncollectibles      | <u>7,000</u>      |
| <u>Net Receivables</u>                  | <u>\$ 316,916</u> |

**Note "5" – Deposits:**

Deposit is comprised of amount paid for the July 2011 fireworks show.

**Note "6" - Interfund Transfers:**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

|                             | <u>Major Funds</u> |                      |                    | <u>Non-Major Funds</u> |                 |
|-----------------------------|--------------------|----------------------|--------------------|------------------------|-----------------|
|                             | <u>General</u>     | <u>Non-Recurring</u> | <u>Land</u>        | <u>Affordable</u>      | <u>Judea</u>    |
| <u>Transfers (From) To:</u> | <u>Fund</u>        | <u>Expenditure</u>   | <u>Acquisition</u> | <u>Housing</u>         | <u>Cemetery</u> |
|                             | <u>Fund</u>        | <u>Fund</u>          | <u>Open Space</u>  | <u>Fund</u>            | <u>Funds</u>    |
| General Fund                | \$( 986,500)       | \$ 883,500           | \$ 75,000          | \$ 25,000              | \$ 3,000        |

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

**Town of Washington**  
**Notes to Financial Statements**

Note "7" - Capital Assets:

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

| <u>Governmental Activities:</u>        | <u>Beginning</u><br><u>Balance</u> | <u>Additions</u>     | <u>Reclass and</u><br><u>Disposals</u> | <u>Ending</u><br><u>Balance</u> |
|--|------------------------------------|----------------------|--|---------------------------------|
| Capital Assets - Not Depreciated:      |                                    |                      |  |                                 |
| Land                                   | \$ 1,141,215                       | \$ ---               | \$ ---                                 | \$ 1,141,215                    |
| Deposit on Fire Truck                  | <u>605,071</u>                     | <u>---</u>           | <u>( 605,071)</u>                      | <u>---</u>                      |
| Total Capital Assets Not Depreciated   | 1,746,286                          | ---                  | ( 605,071)                             | 1,141,215                       |
| Capital Assets - Depreciated:          |                                    |                      |  |                                 |
| Land Improvements                      | 532,685                            | ---                  | ---                                    | 532,685                         |
| Building & Improvements                | 5,087,832                          | ---                  | ---                                    | 5,087,832                       |
| Machinery & Equipment                  | 3,680,687                          | 893,556              | ---                                    | 4,574,243                       |
| Infrastructure                         | <u>17,167,841</u>                  | <u>181,564</u>       | <u>---</u>                             | <u>17,349,405</u>               |
| Total Capital Assets Being Depreciated | 26,469,045                         | 1,075,120            | ---                                    | 27,544,165                      |
| Less: Accumulated Depreciation         |                                    |                      |  |                                 |
| Land Improvements                      | 339,958                            | 25,681               | ---                                    | 365,639                         |
| Building & Improvements                | 1,478,346                          | 158,903              | ---                                    | 1,637,249                       |
| Machinery & Equipment                  | 2,772,374                          | 409,254              | ---                                    | 3,181,628                       |
| Infrastructure                         | <u>11,916,203</u>                  | <u>628,892</u>       | <u>---</u>                             | <u>12,545,095</u>               |
| Total Accumulated Depreciation         | <u>16,506,881</u>                  | <u>1,222,730</u>     | <u>---</u>                             | <u>17,729,611</u>               |
| Capital Assets Being Depreciated - Net | <u>9,962,164</u>                   | <u>( 147,610)</u>    | <u>---</u>                             | <u>9,814,554</u>                |
| Capital Assets - Net                   | <u>\$ 11,708,450</u>               | <u>\$ ( 147,610)</u> | <u>\$ ( 605,071)</u>                   | <u>\$ 10,955,769</u>            |

Depreciation is charged to the following Governmental Activities:

|                             |                     |
|-----------------------------|---------------------|
| General government services | \$ 42,709           |
| Public safety               | 320,230             |
| Public works                | 812,989             |
| Health & Welfare            | 7,345               |
| Parks and recreation        | <u>39,457</u>       |
| Total depreciation expense  | <u>\$ 1,222,730</u> |

**Town of Washington**  
**Notes to Financial Statements**

Note "8" - Long-Term Debt:

The following is a summary of activity for the year ended June 30, 2011. The General Fund has historically been used to liquidate the following Long-Term Debt:

|   | <u>Balance</u><br><u>July 1, 2010</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u><br><u>June 30,</u><br><u>2011</u> | <u>Due Within</u><br><u>One Year</u> |
|---|---------------------------------------|------------------|--------------------|--|--------------------------------------|
| <u>Net Pension Obligation</u>   | \$ 4,430                              | \$ ---           | \$ 477             | \$ 3,953   | \$ ---                               |
| <u>Compensated Absences</u>   |                                       |                  |                    |  |                                      |
| Various vested employee benefits as explained in Note "1", summary of significant accounting policies       | 108,768                               | 20,970           | 8,671              | 121,067  | ---                                  |
| <u>Landfill - Transfer Station Closure and PostClosure Care Costs</u>                                       |                                       |                  |                    |  |                                      |
| Liability for closure and postclosure care costs of the Town of Washington's Landfill as explained in Notes | 42,000                                | ---              | 3,000              | 39,000   | 3,000                                |
| <u>General Obligation Bonds of 1993</u>   |                                       |                  |                    |  |                                      |
| Payable in annual installments of \$55,000 beginning November 1, 1994 through November 1, 2013              | <u>220,000</u>                        | <u>---</u>       | <u>55,000</u>      | <u>165,000</u>                                   | <u>55,000</u>                        |
| <u>Total</u>  | <u>\$ 375,198</u>                     | <u>\$ 20,970</u> | <u>\$ 67,148</u>   | <u>\$ 329,020</u>                                | <u>\$ 58,000</u>                     |

Future Debt Service Requirements for the General Obligation bonds are as follows:

|                               | <u>Interest Rate</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-------------------------------|----------------------|-------------------|------------------|-------------------|
| 2012                          | 4.35%                | \$ 55,000         | \$ 6,738         | \$ 61,738         |
| 2013                          | 4.35%                | 55,000            | 4,043            | 59,043            |
| 2014                          | 4.35%                | <u>55,000</u>     | <u>1,348</u>     | <u>56,348</u>     |
| Total General Obligation Bond |                      | <u>\$ 165,000</u> | <u>\$ 12,129</u> | <u>\$ 177,129</u> |

Note "9" - Contingent Liabilities:

The Town is contingently liable on Regional School District No. 12 serial bonds payable through June 1, 2016 and bond anticipation notes of \$3,000,000 due September 1, 2011. The amount (45.01%) attributable to the Town is \$1,867,916.

The Town is continuing working with the State Department of Environmental Protection and Legal Counsel to resolve a water compliance order resulting from road salt storage.

**Town of Washington**  
**Notes to Financial Statements**

Note "10" - Employee Retirement System:

A: Plan Description

The Town of Washington is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. At January 1, 2010 the latest actuarial date, PERS membership consisted of:

|                            |           |
|----------------------------|-----------|
| Active participants        | 31        |
| Vested ex-participants     | 13        |
| Retirees and beneficiaries | <u>16</u> |
| Total                      | <u>60</u> |

The plan is a non-contributory defined benefit pension plan and covers substantially all regular full-time employees and elected officials through contribution to the Pension Trust Fund. In order to be eligible for the plan, the employee must work at least 1,000 hours per year, complete one full year of continuous service and attain a minimum age of twenty-five.

Normal retirement date is the first of the month coincident with or next following the participants 65th birthday. A participant must work for a minimum of five years in order to qualify for normal retirement. The annual benefit is 1.25% of Average Monthly Compensation multiplied by years of Credited Service to June 30, 1993 and 1.5% of the average monthly compensation multiplied by years of credited service beginning July 1, 1993. The maximum years of credited service is 40 years. Final average earnings are the highest average years of compensation over the highest five consecutive calendar years within the last ten years of employment. The plan contains a provision for early retirement at age fifty-five and after fifteen years of credited service at a reduced benefit.

Participants separation from service prior to early or normal retirement date, are entitled to a percentage of accrued pension payable at their normal retirement date based upon the following schedule:

| <u>Full Years of<br/>Credited Service</u> | <u>Vested Percentage<br/>of Accrued Benefit</u> |
|---|---|
| less than 3                               | 0%  |
| 3   | 20%   |
| 4   | 40%   |
| 5   | 60%   |
| 6   | 80%   |
| 7 or more                                 | 100%  |

B: Contributions and Funding Policy:

Authority:

The Board of Selectmen has established the benefit provisions and contribution to the plan. The Board is also authorized to make changes to the plan provisions.

**Town of Washington**  
**Notes to Financial Statements**

Note "10" - Employee Retirement System (continued):

Funding Policy:

The Town's funding policy provides for periodic employer contributions at actuarially determined rates that, when expressed as percentages of annual covered payroll, are sufficient to accumulate the assets to pay benefits when due.

C: Summary of Significant Accounting Policies  
and Plan Asset Matters

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employers contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments: All funds are invested in fixed income and equity securities through trust agreement with the First National Bank of Litchfield and are reported at fair values as discussed in the Notes.

D: Concentrations:

The following investment represent 5 percent or more of plan net assets:

| Investments              | <u>Percentage</u> |                                     |
|--------------------------|-------------------|-------------------------------------|
|                          | <u>Fair Value</u> | <u>of Plan</u><br><u>Net Assets</u> |
| Corporate Bonds          | \$ 445,815        | 20%                                 |
| Mutual Funds             | \$ 1,182,362      | 54%                                 |
| U.S. Government Agencies | \$ 271,887        | 12%                                 |
| Money Market Funds       | \$ 129,347        | 6%                                  |

E. Annual Pension Cost and Net Pension Obligation:

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

|  |                 |
|--|-----------------|
| Annual required contribution               | \$ 164,697      |
| Interest on net pension obligation         | 244             |
| Adjustment to annual required contribution | ( 418)          |
| Annual pension cost                        | 164,523         |
| Contributions made                         | <u>165,000</u>  |
| Decrease in net pension obligation         | ( 477)          |
| Net pension obligation beginning of year   | <u>4,430</u>    |
| Net pension obligation end of year         | <u>\$ 3,953</u> |

The annual required contribution for the current year was determined using the aggregate actuarial cost method, with no supplemental liability. The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Information about funded status and funding progress has been prepared using the Entry Age Actuarial Cost Method and is found in Part G of this note.

**Town of Washington**  
**Notes to Financial Statements**

Note "10" - Employee Retirement System (continued):

**F. Required Schedule of Employer Contributions and Trend Information:**

| <u>Fiscal Year</u> | <u>Annual Pension</u> | <u>Contribution</u> | <u>Percentage of</u> | <u>Net Pension</u> | <u>Annual</u>       |
|--------------------|-----------------------|---------------------|----------------------|--------------------|---------------------|
| <u>Ending</u>      | <u>Cost (APC)</u>     | <u>Made</u>         | <u>APC</u>           | <u>Obligation</u>  | <u>Required</u>     |
|                    |                       |                     | <u>Contributed</u>   |                    | <u>Contribution</u> |
| 6/30/11            | \$ 164,523            | \$ 165,000          | 102%                 | \$ 3,953           | \$ 164,697          |
| 6/30/10            | \$ 144,866            | \$ 140,000          | 97%                  | \$ 4,430           | \$ 144,849          |
| 6/30/09            | \$ 130,761            | \$ 130,743          | 100%                 | \$ ( 436)          | \$ 130,743          |

**G. Required Schedule of Funded Status and Funding Progress**

As of July 1, 2007 the Town implemented GASB Statement No. 50, Pension Disclosures, an amendment of GASB Statement No. 25 and 27. As a result a required Schedule of Funding Progress using the entry age actuarial cost method for the purpose of reporting surrogate funded status and funding progress information for plans that use the aggregate actuarial cost method follows:

| <u>Actuarial</u> | <u>Actuarial</u>  | <u>Actuarial</u>   | <u>Unfunded</u>   |                     |                    | <u>UAAL as a</u>     |
|------------------|-------------------|--------------------|-------------------|---------------------|--------------------|----------------------|
| <u>Valuation</u> | <u>Value of</u>   | <u>Liability</u>   | <u>AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered</u>     | <u>Percentage of</u> |
| <u>Date</u>      | <u>Assets (a)</u> | <u>(AAL) Entry</u> | <u>(b-a)</u>      | <u>(a/b)</u>        | <u>Payroll (c)</u> | <u>Covered</u>       |
|                  |                   | <u>Age (b)</u>     |                   |                     |                    | <u>Payroll</u>       |
|                  |                   |                    |                   |                     |                    | <u>((b-a)/c)</u>     |
| 1/1/10           | \$ 1,942,201      | \$ 2,722,517       | \$ 780,316        | 71%                 | \$ 981,076         | 80%                  |
| 1/1/09           | \$ 1,822,934      | \$ 2,522,024       | \$ 699,090        | 72%                 | \$ 872,321         | 80%                  |
| 1/1/08           | \$ 1,895,544      | \$ 2,377,670       | \$ 482,126        | 80%                 | \$ 901,743         | 53%                  |

**H. Additional Information**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

|                            |   |
|----------------------------|---|
| Valuation date:            | 1/1/10  |
| Actuarial cost method:     | Aggregate Method, with no supplemental liability                            |
| Amortization method:       | N/A, cost method does not identify actuarial accrued liabilities separately |
| Asset valuation method:    | Fair market value   |
| Actuarial assumptions:     |   |
| Investment rate of return  | 5.5%  |
| Projected salary increases | 3.5%  |
| Inflation factor           | Not separately stated   |
| Cost-of-living adjustments | None  |
| Mortality                  | 1983 Group Annuity Male Mortality Table (Setback six years for females)     |



**Town of Washington**  
**Notes to Financial Statements**

Note "11" - Landfill closure and postclosure care liability:

In accordance with State and Federal laws and regulations, the Town has placed a final cover on its Washington Landfill and has stopped accepting demolition waste for burial. (The Town of Washington ceased accepting municipal solid waste [household garbage] in March of 1987.) The Town will perform certain maintenance and monitoring functions at the site for thirty years after closure. The \$39,000 reported as landfill closure and postclosure care liability, represents the cumulative amount of postclosure care cost as of June 30, 2011. Actual cost may be higher due to inflation, changes in technology or changes in regulations. If additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by future tax revenue. The Town has not set up a trust for this liability and is not aware of any legal requirement to do so.

Note "12" - Commitments and Litigation:

It is the opinion of Town officials that there are no material or substantial claims against the town, which will be finally determined so as to result in a judgment or judgments against the Town, which would materially affect its financial position.

The Town has received financial assistance from numerous Federal and State agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a material effect on the Town's financial statements.

Note "13" - Risk Management:

The Town is exposed to various risks of loss related to public official liability, police liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters.

The Town is self-insured for employees health insurance co-pays and/or deductibles according to benefit policies established by the Board of Selectmen. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

The Town currently accounts for the funding of the employee health insurance co-pays in the General Fund. The Town has committed \$75,360 of fund balance to cover the amount over and above the approved budgeted amounts.

The Town establishes deductible claims liabilities based on estimates of claims that have been incurred but not reported at the balance sheet date. Claims liabilities are recorded in accordance with GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claims accrual is based on the ultimate costs of settling the claims, which include past experience data, inflation and incremental claim adjustment expenses. The claims accrual does not include other allocated or unallocated claims adjustment expenses. The Town purchases commercial health insurance coverage over and above the employees deductible.

|           | Claims<br>Payable<br>July 1 | Current Year<br>Claims and<br>Changes in<br>Estimates | Claims<br>Paid | Claims<br>Payable<br>June 30 |
|-----------|-----------------------------|---|----------------|------------------------------|
| 2010-2011 | \$ 3,546                    | \$ 60,854   | \$ 57,589      | \$ 6,811                     |

**Town of Washington**  
**Notes to Financial Statements**

Note "13" - Risk Management (continued):

The Town of Washington is a member of the Connecticut Interlock Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, formed by the Connecticut Conference of Municipalities (CCM) for the purpose of establishing and administering an interlock risk management program pursuant to the provisions of Section 7-479a et. Seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's workers' compensation pool, a risk sharing pool. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. Premiums are subject to adjustment from retrospective rating, and are recorded as expenditures in the year paid. The Town reports all of its risk management activities in the General Fund.

Note "14" - Operating Deficiencies and/or Fund Deficits:

At June 30, 2011 the following individual funds had operating deficiencies and/or fund deficits, none of which constitutes a violation of statutory provisions.

|                            | <u>Operating<br/>Deficiency</u> | <u>Fund<br/>Deficit</u> |
|----------------------------|---------------------------------|-------------------------|
| Non-major Funds            |                                 |                         |
| Judea Cemetery Fund        | \$ 117                          | \$ ---                  |
| Senior Center Fund         | \$ 46                           | \$ ---                  |
| Document Preservation Fund | \$ 63                           | \$ ---                  |

Note "15" – New Governmental Accounting Standards Board Standard:

As of July 1, 2010 the Town implemented GASB-Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The objective of this statement is to enhance the usefulness of fund balance by establishing fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints imposed upon the use of the resources reported in governmental funds. The categories of fund balances presented in the Town's financial statements have changed as a result of implementing this statement. The statement also clarifies the definitions of funds and as a result the Town has restated the fund balance as of July 1, 2010 for funds (special revenue funds) not meeting the clarification, as follows:

|   | <u>General Fund</u> | <u>Special Revenue Funds</u> |
|---|---------------------|------------------------------|
| Fund balance, beginning of year, as previously stated         | \$ 2,043,590        | \$ 519,358                   |
| Fund no longer meeting the criteria of special revenue funds: |                     |                              |
| Legal litigation  | ( 2,922)            | 2,922                        |
| Health benefits   | 75,225              | ( 75,225)                    |
| Fund balance, beginning of year, as restated                  | <u>\$ 2,115,893</u> | <u>\$ 447,055</u>            |

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2011**

|  | Original and<br>Final<br>Budget | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|--|---------------------------------|----------------------|--|
| <b>Revenues:</b>   |                                 |                      |  |
| Property taxes   | \$ 13,407,105                   | \$ 13,640,074        | \$ 232,969                             |
| Interest and lien fees on property taxes                                 | 91,998                          | 125,697              | 33,699                                 |
| State of Connecticut - Grants:   |                                 |                      |  |
| Elderly homeowners   | 20,000                          | 20,732               | 732                                    |
| Veterans tax relief  | 1,400                           | 1,416                | 16                                     |
| Totally disabled   | 150                             | 132                  | (18)                                   |
| Judicial fines   | 1,000                           | 1,140                | 140                                    |
| Boat grant   | 4,000                           | 3,292                | (708)                                  |
| State property   | 12,500                          | 34,448               | 21,948                                 |
| Mashantuck Pequot/Mohegan fund   | 6,724                           | 7,391                | 667                                    |
| Educational cost sharing grant   | 240,147                         | 205,886              | (34,261)                               |
| Other grants   | 10,000                          | 3,614                | (6,386)                                |
| Federal grants   | -                               | 27,897               | 27,897                                 |
| Telephone access tax   | 25,000                          | 22,608               | (2,392)                                |
| Refund from RSD #12 and ARRA federal grant                               | -                               | 36,150               | 36,150                                 |
| Contributions in lieu of taxes   | 69,000                          | 60,177               | (8,823)                                |
| Investment income  | 7,500                           | 16,418               | 8,918                                  |
| Lease income - Town building   | 20,400                          | 18,700               | (1,700)                                |
| Other fees and receipts:   |                                 |                      |  |
| Building inspection  | 52,000                          | 322,871              | 270,871                                |
| Building inspection - Excess<br>revenue over budget offsets expenditures | -                               | (270,871)            | (270,871)                              |
| Health permits   | 6,000                           | 7,750                | 1,750                                  |
| Planning   | 700                             | -                    | (700)                                  |
| Zoning   | 4,000                           | 4,695                | 695                                    |
| Zoning Board of Appeals  | 1,000                           | 3,070                | 2,070                                  |
| Inland Wetlands/Conservation   | 5,400                           | 10,451               | 5,051                                  |
| Historic District  | 500                             | 500                  | -                                      |
| Transfer station   | 30,000                          | 38,343               | 8,343                                  |
| Private duty police  | 30,000                          | 35,813               | 5,813                                  |
| Private duty police - Excess<br>revenue over budget offsets expenditures | -                               | (5,813)              | (5,813)                                |
| Beach and boat ramp fees   | 4,500                           | 12,441               | 7,941                                  |
| Pistol permits   | 500                             | 735                  | 235                                    |
| Use of Town buildings  | 2,200                           | 2,975                | 775                                    |
| Lake Waramaug Reimbursement  | 4,200                           | 3,235                | (965)                                  |
| Town Clerk's fees including conveyance taxes                             | 150,000                         | 236,102              | 86,102                                 |
| D.E.P. fees  | 4,500                           | 7,800                | 3,300                                  |
| Scrap metal sale and other receipts                                      | 3,000                           | 13,366               | 10,366                                 |
| Open space tax fine  | -                               | 2,295                | 2,295                                  |
| <b>Amounts available for appropriation</b>                               | <b>\$ 14,215,424</b>            | <b>\$ 14,651,530</b> | <b>\$ 436,106</b>                      |

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

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2011**

|  | <b>Original<br/>Budget</b> | <b>Additional<br/>Appropriations</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|--------------------------------------|-------------------------|---------------|---|
| <b>Expenditures:</b>   |                            |                                      |                         |               |   |
| General Government   |                            |                                      |                         |               |   |
| Selectmen  | \$ 144,279                 | \$ -                                 | \$ 144,279              | \$ 143,362    | \$ 917  |
| Assessor   | 61,741                     | -                                    | 61,741                  | 61,861        | (120)   |
| Tax Collector  | 50,049                     | -                                    | 50,049                  | 46,926        | 3,123   |
| Town Clerk   | 66,621                     | -                                    | 66,621                  | 60,884        | 5,737   |
| Town Treasurer   | 11,390                     | -                                    | 11,390                  | 11,390        | -   |
| Building Department  | 6,975                      | -                                    | 6,975                   | 249,330       | (242,355)                                       |
| Building Department - Excess<br>revenue over budget                | -                          | -                                    | -                       | (270,871)     | 270,871   |
| Probate Court  | 4,800                      | -                                    | 4,800                   | 5,620         | (820)   |
| Elections  | 27,047                     | -                                    | 27,047                  | 18,978        | 8,069   |
| Auditor  | 27,500                     | -                                    | 27,500                  | 27,299        | 201   |
| Board of Assessment Appeals  | 1,350                      | -                                    | 1,350                   | 4,845         | (3,495)   |
| Planning Commission  | 26,992                     | -                                    | 26,992                  | 21,967        | 5,025   |
| Zoning Commission  | 49,285                     | -                                    | 49,285                  | 48,832        | 453   |
| Zoning Board of Appeals  | 10,679                     | -                                    | 10,679                  | 7,282         | 3,397   |
| Inland Wetlands  | 74,309                     | -                                    | 74,309                  | 70,607        | 3,702   |
| Operation of Town Hall   | 88,340                     | -                                    | 88,340                  | 88,874        | (534)   |
| Historic District Commission                                       | 6,879                      | -                                    | 6,879                   | 5,540         | 1,339   |
| Conservation Commission  | 6,604                      | -                                    | 6,604                   | 4,845         | 1,759   |
| Housing Commission   | 1,520                      | -                                    | 1,520                   | 599           | 921   |
| Town Garage / Salt Building  | 21,740                     | 2,290                                | 24,030                  | 30,162        | (6,132)   |
| Surety Bonds and Insurance   | 166,825                    | -                                    | 166,825                 | 161,723       | 5,102   |
| Accident & Health Insurance and<br>transfer to Health Benefit Fund | 326,050                    | -                                    | 326,050                 | 308,803       | 17,247  |
| Office Expense   | 39,250                     | -                                    | 39,250                  | 36,129        | 3,121   |
| Payroll Taxes  | 101,599                    | -                                    | 101,599                 | 99,525        | 2,074   |
| Board of Finance   | 26,493                     | -                                    | 26,493                  | 26,413        | 80  |
| Bank fees  | 2,000                      | -                                    | 2,000                   | 15            | 1,985   |
| Total General Government   | 1,350,317                  | 2,290                                | 1,352,607               | 1,270,940     | 81,667  |
| Public Safety  |                            |                                      |                         |               |   |
| Fire marshal   | 28,270                     | -                                    | 28,270                  | 28,270        | -   |
| Fire Department  | 138,400                    | 231                                  | 138,631                 | 133,711       | 4,920   |
| Police   | 229,284                    | -                                    | 229,284                 | 238,110       | (8,826)   |
| Private duty police - Excess<br>revenue over budget                | -                          | -                                    | -                       | (5,813)       | 5,813   |
| Emergency Management   | 58,203                     | -                                    | 58,203                  | 55,713        | 2,490   |
| Open Burning Official  | 599                        | -                                    | 599                     | 1,198         | (599)   |
| Lake Waramaug Authority  | 11,443                     | -                                    | 11,443                  | 11,493        | (50)  |
| EMT Awards   | 10,200                     | -                                    | 10,200                  | 10,200        | -   |
| Total Public Safety  | 476,399                    | 231                                  | 476,630                 | 472,882       | 3,748   |
| Highways   |                            |                                      |                         |               |   |
| General Maintenance  | 575,340                    | -                                    | 575,340                 | 552,083       | 23,257  |
| Winter Maintenance   | 406,197                    | 51,164                               | 457,361                 | 457,361       | -   |
| Street Lighting  | 28,500                     | -                                    | 28,500                  | 30,661        | (2,161)   |
| Total Highways   | 1,010,037                  | 51,164                               | 1,061,201               | 1,040,105     | 21,096  |

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

**Town of Washington**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non - GAAP Budgetary Basis)**  
**Year Ended June 30, 2011**

| <b>Expenditures (continued):</b>                                    | <b>Original<br/>Budget</b> | <b>Additional<br/>Appropriations</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|--------------------------------------|-------------------------|-------------------|------------------------------------|
| Sanitation  |                            |                                      |                         |                   |                                    |
| Transfer Station  | \$ 306,446                 | \$ -                                 | \$ 306,446              | \$ 267,659        | \$ 38,787                          |
| Recycling   | 150,900                    | 3,000                                | 153,900                 | 144,692           | 9,208                              |
| Total Sanitation  | 457,346                    | 3,000                                | 460,346                 | 412,351           | 47,995                             |
| Social Services   | 4,850                      | -                                    | 4,850                   | 5,833             | (983)                              |
| Conservation of Health  |                            |                                      |                         |                   |                                    |
| Paramedic Service   | 20,527                     | -                                    | 20,527                  | 20,486            | 41                                 |
| Health Department   | 41,209                     | -                                    | 41,209                  | 34,761            | 6,448                              |
| Visiting Nurses Associations  | 20,000                     | -                                    | 20,000                  | 16,653            | 3,347                              |
| Hepatitis B Vaccinations  | 100                        | -                                    | 100                     | -                 | 100                                |
| Total Conservation of health  | 81,836                     | -                                    | 81,836                  | 71,900            | 9,936                              |
| Recreation  |                            |                                      |                         |                   |                                    |
| Parks and Recreation  | 112,553                    | -                                    | 112,553                 | 105,606           | 6,947                              |
| Senior Center / Veterans Hall                                       | 53,055                     | -                                    | 53,055                  | 51,915            | 1,140                              |
| After school arts program   | 5,000                      | -                                    | 5,000                   | 5,000             | -                                  |
| Total Recreation  | 170,608                    | -                                    | 170,608                 | 162,521           | 8,087                              |
| Education   | 9,147,735                  | -                                    | 9,147,735               | 9,147,735         | -                                  |
| Other expenditures  |                            |                                      |                         |                   |                                    |
| Pension Expense   | 170,000                    | 4,849                                | 174,849                 | 178,847           | (3,998)                            |
| Interlocal Advisory Board   | 9,481                      | -                                    | 9,481                   | 9,481             | -                                  |
| Council on Governments  | 7,680                      | -                                    | 7,680                   | 7,680             | -                                  |
| Annual Repairs  | 35,000                     | -                                    | 35,000                  | 33,473            | 1,527                              |
| Gunn Memorial Library   | 120,650                    | -                                    | 120,650                 | 120,650           | -                                  |
| Newsletter and Website  | 7,115                      | -                                    | 7,115                   | 7,730             | (615)                              |
| Animal Control  | 31,410                     | -                                    | 31,410                  | 30,255            | 1,155                              |
| Contour mapping   | -                          | 3,000                                | 3,000                   | -                 | 3,000                              |
| Financial Consultant  | -                          | 5,400                                | 5,400                   | 3,400             | 2,000                              |
| New Preston Cemetery  | 3,000                      | -                                    | 3,000                   | 3,000             | -                                  |
| Cell tower  | -                          | 10,427                               | 10,427                  | 3,870             | 6,557                              |
| Total other expenditures  | 384,336                    | 23,676                               | 408,012                 | 398,386           | 9,626                              |
| Interest and principal - bond issue                                 | 64,419                     | -                                    | 64,419                  | 64,419            | -                                  |
| <b>Total Expenditures</b>   | <b>13,147,883</b>          | <b>80,361</b>                        | <b>13,228,244</b>       | <b>13,047,072</b> | <b>181,172</b>                     |
| Revenues in Excess of expenditures                                  | 1,067,541                  | (80,361)                             | 987,180                 | 1,604,458         | 617,278                            |
| <b>Other Financing Uses:</b>  |                            |                                      |                         |                   |                                    |
| Operating transfers out   |                            |                                      |                         |                   |                                    |
| Housing Fund  | 25,000                     | -                                    | 25,000                  | 25,000            | -                                  |
| Judea Cemetery  | 3,000                      | -                                    | 3,000                   | 3,000             | -                                  |
| Legal Litigation  | 20,000                     | -                                    | 20,000                  | 20,000            | -                                  |
| Non-recurring capital exp. fund                                     | 883,500                    | -                                    | 883,500                 | 883,500           | -                                  |
| Open Space  | 75,000                     | -                                    | 75,000                  | 75,000            | -                                  |
| Total transfers out   | 1,006,500                  | -                                    | 1,006,500               | 1,006,500         | -                                  |
| Excess (deficiency) of revenues over<br>Expenditures and Other Uses | <b>61,041</b>              | <b>(80,361)</b>                      | <b>(19,320)</b>         | <b>597,958</b>    | <b>617,278</b>                     |
| Fund Balance at beginning of year                                   | (61,041)                   | 80,361                               | 19,320                  | 2,043,590         | 2,024,270                          |
| Fund Balance at end of year   | \$ -                       | \$ -                                 | \$ -                    | \$ 2,641,548      | \$ 2,641,548                       |

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

**Town of Washington**  
**Notes to Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2011**

**Basis:**

The Schedule of Revenues, Expenditures and Changes in Fund Balance of the General Fund Budget and Actual (Non-GAAP Budgetary Basis) present a comparison of the original and final legally-adopted budget with actual data on a budgetary basis.

**Reconciliation Between Budgetary Basis and Generally Accepted Accounting Principles (GAAP) Basis:**

The budget for the General Fund has been prepared substantially on the cash basis, whereas actual revenues and expenditures were determined on the modified accrual basis. The budget comparison was not adjusted to the cash basis because the differences were not significant. Expenditures in excess of appropriations in budget line items are primarily due to the addition of accruals at year end.

For budgeting purposes the Town recognizes as revenue educational refunds of prior year fund balances and other credits from Regional School District #12. Generally accepted accounting principles (GAAP) require that refunds for prior year and other credits be offset against educational expenses.

Prior year funds no longer special revenue funds, since the criteria of GASB #54 is not met, are reclassified to the General Fund for GAAP reporting.

Additionally for budget purposes the Town recognizes building inspection fees and private duty-police fees up to the budgeted revenue and any excess is offset against the respective expenditure since the expenditure is based on a percentage of revenue. For GAAP purposes the gross revenue and expenditures are recognized resulting in the adjustment shown below.

The reconciliation from the budgetary basis to GAAP follows:

|   | <u>General Fund</u>   |                      |                     |
|---|-----------------------|----------------------|---------------------|
|   | <u>Total</u>          | <u>Expenditures</u>  | <u>Fund</u>         |
|   | <u>Total Revenues</u> | <u>and Transfers</u> | <u>Balance</u>      |
| Actual – Non-GAAP Budgetary Basis Statement –<br>June 30, 2011  | \$ 14,651,530         | \$ 14,053,572        | \$ 2,641,548        |
| Refund – prior year fund balances and other credits   | ( 1,889)              | ( 1,889)             | ---                 |
| Funds - no longer qualified as a special revenue<br>fund under GASB #54 rolled into the General Fund: |                       |                      |                     |
| Legal Litigation Fund   | ---                   | ( 3,248)             | 325                 |
| Health Benefit Fund   | 134                   | ---                  | 75,360              |
| To gross revenue and expenditures:  |                       |                      |                     |
| Building department   | 270,871               | 270,871              | ---                 |
| Private duty police   | <u>5,813</u>          | <u>5,813</u>         | <u>---</u>          |
| Actual GAAP – June 30, 2011   | <u>\$14,926,459</u>   | <u>\$ 14,325,119</u> | <u>\$ 2,717,233</u> |

Town of Washington  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2011

|                           | Special Revenue Funds |                                |                          |                               |                                  |                               | Capital<br>Project Fund |  |
|---------------------------|-----------------------|--------------------------------|--------------------------|-------------------------------|----------------------------------|-------------------------------|-------------------------|--|
|                           | Judea<br>Cemetery     | Park and<br>Recreation<br>Fund | Senior<br>Center<br>Fund | Greenway<br>Committee<br>Fund | Document<br>Preservation<br>Fund | Affordable<br>Housing<br>Fund | Total                   |  |
| Assets:                   |                       |                                |                          |                               |                                  |                               |                         |  |
| Cash and cash equivalents | \$ 44,698             | \$ 53,829                      | \$ 7,615                 | \$ 3,420                      | \$ 3,393                         | \$ 28,241                     | \$ 141,196              |  |
| Investment - at market    | 26,000                | 21,095                         | 3,492                    | -                             | -                                | 266,465                       | 317,052                 |  |
| Deposits                  | -                     | 24,000                         | -                        | -                             | -                                | -                             | 24,000                  |  |
| Total Assets              | \$ 70,698             | \$ 98,924                      | \$ 11,107                | \$ 3,420                      | \$ 3,393                         | \$ 294,706                    | \$ 482,248              |  |
| Fund balances:            |                       |                                |                          |                               |                                  |                               |                         |  |
| Restricted for:           |                       |                                |                          |                               |                                  |                               |                         |  |
| Social services           | \$ -                  | \$ -                           | \$ 11,107                | \$ -                          | \$ -                             | \$ -                          | \$ 11,107               |  |
| Community beautification  | -                     | -                              | -                        | 3,420                         | -                                | -                             | 3,420                   |  |
| Document preservation     | -                     | -                              | -                        | -                             | 3,393                            | -                             | 3,393                   |  |
| Committed to:             |                       |                                |                          |                               |                                  |                               |                         |  |
| Parks and recreation      | -                     | 98,924                         | -                        | -                             | -                                | -                             | 98,924                  |  |
| Cemetery operation        | 70,698                | -                              | -                        | -                             | -                                | -                             | 70,698                  |  |
| Affordable housing        | -                     | -                              | -                        | -                             | -                                | 294,706                       | 294,706                 |  |
| Total Fund Balances       | 70,698                | 98,924                         | 11,107                   | 3,420                         | 3,393                            | 294,706                       | 482,248                 |  |
| Total Fund Balances       | \$ 70,698             | \$ 98,924                      | \$ 11,107                | \$ 3,420                      | \$ 3,393                         | \$ 294,706                    | \$ 482,248              |  |

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

Town of Washington  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2011

|   | Special Revenue Funds     |                                |                          |                               |                                  | Capital<br>Project Fund       |                   |
|---|---------------------------|--------------------------------|--------------------------|-------------------------------|----------------------------------|-------------------------------|-------------------|
|   | Judea<br>Cemetery<br>Fund | Park and<br>Recreation<br>Fund | Senior<br>Center<br>Fund | Greenway<br>Committee<br>Fund | Document<br>Preservation<br>Fund | Affordable<br>Housing<br>Fund | Totals            |
| <b>Revenues:</b>  |                           |                                |                          |                               |                                  |                               |                   |
| Investment income   | \$ 483                    | \$ 295                         | \$ 80                    | \$ 3                          | \$ 4                             | \$ 3,034                      | \$ 3,899          |
| Program fees and other receipts   | 3,675                     | 87,254                         | 8,410                    | -                             | 2,046                            | -                             | 101,385           |
| <b>Total Revenues</b>   | <b>4,158</b>              | <b>87,549</b>                  | <b>8,490</b>             | <b>3</b>                      | <b>2,050</b>                     | <b>3,034</b>                  | <b>105,284</b>    |
| <b>Expenditures:</b>  |                           |                                |                          |                               |                                  |                               |                   |
| Cemetery expenditures   | 7,275                     | -                              | -                        | -                             | -                                | -                             | 7,275             |
| Programs and Activities   | -                         | 80,167                         | 8,536                    | -                             | 2,113                            | -                             | 90,816            |
| <b>Total Expenditures</b>   | <b>7,275</b>              | <b>80,167</b>                  | <b>8,536</b>             | <b>-</b>                      | <b>2,113</b>                     | <b>-</b>                      | <b>98,091</b>     |
| <b>Excess (Deficiency) of revenues<br/>over expenditures</b>                                      | <b>(3,117)</b>            | <b>7,382</b>                   | <b>(46)</b>              | <b>3</b>                      | <b>(63)</b>                      | <b>3,034</b>                  | <b>7,193</b>      |
| <b>Other Financing Sources:</b>   |                           |                                |                          |                               |                                  |                               |                   |
| Operating transfers in  | 3,000                     | -                              | -                        | -                             | -                                | 25,000                        | 28,000            |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources over<br/>Expenditures and Other Uses</b> | <b>(117)</b>              | <b>7,382</b>                   | <b>(46)</b>              | <b>3</b>                      | <b>(63)</b>                      | <b>28,034</b>                 | <b>35,193</b>     |
| <b>Fund Balance - July 1,2010 restated</b>  | <b>70,815</b>             | <b>91,542</b>                  | <b>11,153</b>            | <b>3,417</b>                  | <b>3,456</b>                     | <b>266,672</b>                | <b>447,055</b>    |
| <b>Fund Balance - end of year</b>   | <b>\$ 70,698</b>          | <b>\$ 98,924</b>               | <b>\$ 11,107</b>         | <b>\$ 3,420</b>               | <b>\$ 3,393</b>                  | <b>\$ 294,706</b>             | <b>\$ 482,248</b> |

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



**Town of Washington**  
**Statement of Plan Net Assets**  
**Pension Trust Fund**  
**June 30, 2011**

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**Assets:**

|                             |    |                         |
|-----------------------------|----|-------------------------|
| Cash                        | \$ | 529                     |
| Accrued interest            |    | 7,286                   |
| Investments - at fair value |    | <u>2,180,921</u>        |
| <b>Total Assets</b>         |    | <b><u>2,188,736</u></b> |

**Liabilities:**

|                                |  |              |
|--------------------------------|--|--------------|
| Deferred employer contribution |  | <u>4,849</u> |
|--------------------------------|--|--------------|

**Net Assets:**

|   |    |                                |
|---|----|--------------------------------|
| Net assets held in trust for pension benefits | \$ | <b><u><u>2,183,887</u></u></b> |
|---|----|--------------------------------|

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

**Town of Washington**  
**Fiduciary Fund Type - Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**Year Ended June 30, 2011**

**ALCOHOL AND DRUG ABUSE PREVENTION FUND**

|                     | <b>Balance</b>      |                  |                   |    | <b>Balance</b>       |
|---------------------|---------------------|------------------|-------------------|----|----------------------|
|                     | <b>July 1, 2010</b> | <b>Additions</b> | <b>Deductions</b> |    | <b>June 30, 2011</b> |
| <b>Assets:</b>      |                     |                  |                   |    |                      |
| Cash                | \$ 3,264            | \$ 5,403         | \$ 5,192          | \$ | 3,475                |
| <b>Liabilities:</b> |                     |                  |                   |    |                      |
| Due to Participants | \$ 3,264            | \$ 5,403         | \$ 5,192          | \$ | 3,475                |

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

**Town of Washington**  
**Schedule of Property Taxes Levied, Collected and Outstanding (Report of the Tax Collector)**  
**Year Ended June 30, 2011**

|                           | Taxes<br>Receivable<br>July 1, 2010 | LAWFUL CORRECTIONS  |                           | Net Transfers<br>(To) From<br>Suspense | Adjusted<br>Taxes<br>Receivable | COLLECTIONS   |                                    |                            | Taxes<br>Receivable<br>June 30, 2011 |                          |
|---------------------------|-------------------------------------|---------------------|---------------------------|--|---------------------------------|---------------|------------------------------------|----------------------------|--------------------------------------|--------------------------|
|                           |                                     | Lawful<br>Additions | Corrections<br>Reductions |  |                                 | Taxes         | Interest, liens<br>and other costs | Refunds and<br>Adjustments |                                      | Total Net<br>Collections |
| Grand List : October 1,   |                                     |                     |                           |  |                                 |               |                                    |                            |                                      |                          |
| 2009 \$                   | 13,741,687 \$                       | 20,846 \$           | (151,001) \$              | - \$                                   | 13,611,532 \$                   | 13,424,376 \$ | 61,603 \$                          | (45) \$                    | 13,485,934 \$                        | 187,111                  |
| 2008                      | 223,356                             | 96                  | (9,304)                   | -                                      | 214,148                         | 160,959       | 30,487                             | (15)                       | 191,431                              | 53,174                   |
| 2007                      | 49,227                              | -                   | -                         | (9,980)                                | 39,247                          | 13,835        | 5,357                              | -                          | 19,192                               | 25,412                   |
| 2006                      | 18,274                              | -                   | -                         | -                                      | 18,274                          | 12,436        | 10,513                             | -                          | 22,949                               | 5,838                    |
| 2005                      | 15,553                              | -                   | -                         | (175)                                  | 15,378                          | 15,378        | 10,492                             | -                          | 25,870                               | -                        |
| 2004                      | 6,301                               | -                   | -                         | -                                      | 6,301                           | 6,301         | 5,978                              | -                          | 12,279                               | -                        |
| 2002                      | -                                   | 119                 | -                         | -                                      | 119                             | -             | -                                  | -                          | -                                    | 119                      |
| 2001                      | -                                   | 137                 | -                         | -                                      | 137                             | -             | -                                  | -                          | -                                    | 137                      |
| 1999                      | 485                                 | -                   | -                         | (485)                                  | -                               | -             | -                                  | -                          | -                                    | -                        |
| Suspense book collections |                                     |                     |                           |  |                                 |               |                                    |                            |                                      |                          |
|                           | -                                   | -                   | -                         | 1,016                                  | 1,016                           | 1,016         | 871                                | -                          | 1,887                                | -                        |
| Totals                    | \$ 14,054,883 \$                    | 21,198 \$           | (160,305) \$              | (9,624) \$                             | 13,906,152 \$                   | 13,634,301 \$ | 125,301 \$                         | (60) \$                    | 13,759,542 \$                        | 271,791                  |

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

**Town of Washington  
Statement of Debt Limitation  
Connecticut General Statutes, Section 7-374 (b)  
Year Ended June 30, 2011**

**Total tax collections (including interest and lien fees) for the year ended June 30, 2011** \$ 13,759,542

**Reimbursement for revenue loss on :**

Tax relief for elderly - (CGS 12-129d) 20,732

**Total Receipts From Taxation For The Year Ended June 30, 2011 (Base)** \$ **13,780,274**

|                              | <b>General<br/>Purposes</b> | <b>Schools</b>    | <b>Sewers</b>     | <b>Urban<br/>Renewal</b> | <b>Pension<br/>Deficit</b> |
|------------------------------|-----------------------------|-------------------|-------------------|--------------------------|----------------------------|
| <b>Debt Limitation:</b>      |                             |                   |                   |                          |                            |
| 2 1/4 times Base             | \$ 31,005,617               | \$ -              | \$ -              | \$ -                     | -                          |
| 4 1/2 times Base             | -                           | 62,011,233        | -                 | -                        | -                          |
| 3 3/4 times Base             | -                           | -                 | 51,676,028        | -                        | -                          |
| 3 1/4 times Base             | -                           | -                 | -                 | 44,785,891               | -                          |
| 3 times Base                 | -                           | -                 | -                 | -                        | 41,340,822                 |
| <b>Total Debt Limitation</b> | <b>31,005,617</b>           | <b>62,011,233</b> | <b>51,676,028</b> | <b>44,785,891</b>        | <b>41,340,822</b>          |

**Indebtedness:**

|   |                |                  |          |          |              |
|---|----------------|------------------|----------|----------|--------------|
| General obligation bonds due<br>November 1, 2013  | 165,000        | -                | -        | -        | -            |
| Net pension benefit obligation<br>Shepaug Regional School District #12<br>Bonds payable ( Town's share is 45.01%) | -              | -                | -        | -        | 3,953        |
| Due June 1, 2016 - \$655,000  | -              | 294,816          | -        | -        | -            |
| Due November 14, 2013 - \$495,000   | -              | 222,800          | -        | -        | -            |
| Bond anticipation notes due 9/1/11 - \$3,000,000  | -              | 1,350,300        | -        | -        | -            |
| <b>Total Indebtedness</b>   | <b>165,000</b> | <b>1,867,916</b> | <b>-</b> | <b>-</b> | <b>3,953</b> |

**Debt Limitation In Excess Of**

**Outstanding And Authorized Debt** \$ **30,840,617** \$ **60,143,317** \$ **51,676,028** \$ **44,785,891** \$ **41,336,869**

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



Charles Heaven & Co.  
Certified Public Accountants  
Waterbury, Connecticut

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Finance  
Town of Washington  
Washington, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Washington, Connecticut as of and for the year ended June 30, 2011, which collectively comprise the Town of Washington, Connecticut's basic financial statement and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Washington, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Washington, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Washington, Connecticut's internal control over financial reporting.

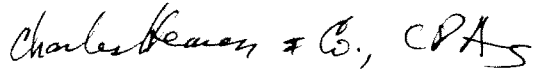
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Selectman, Board of Finance, Management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Charles Heaven & Co., CPAs".

Charles Heaven & Co.

November 21, 2011