

TOWN OF WESTON, CONNECTICUT

FINANCIAL REPORT
June 30, 2013

TOWN OF WESTON, CONNECTICUT

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Weston, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Town of Weston, Connecticut (the "Town"), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10, the schedules of funding progress and employer contributions on page 47 and budgetary comparison information on pages 48-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

McGladrey LLP

New Haven, Connecticut
December 30, 2013

Town of Weston, Connecticut
Management's Discussion and Analysis - *unaudited*
June 30, 2013

As management of the Town of Weston, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, education, and culture and recreation activities. The Town maintains three business-type activities – the Ravenwood area water supply system, self-funded recreation programs and the transfer station operation. Additionally, the Town maintains an internal service fund to account for financial transactions related to health insurance.

The Town does not have any component units which would be other governmental units over which the Town can exercise influence through its legislative body and/or may be obligated to provide financial subsidy.

The government-wide financial statements can be found on pages 11-12 of this report.

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

Governmental funds. 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. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period of time after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled as the fund balance. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected or paid with cash during the current period, or, shortly after the end of the year.

The governmental funds includes the general fund, as well as other governmental funds which consists of 12 special revenue funds, the capital non-recurring reserve fund, the capital improvement fund and one permanent fund. For the most part, the balances and activities accounted for in the governmental funds are also reported in the governmental activities columns of the government-wide financial statements. However, different accounting bases are used to prepare fund financial statements and government-wide financial statements. For this reason, there is an analysis which is reflected on page 13 that reconciles the total fund balance to the amount of net position. On page 15 there is a reconciliation of the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources while also reflecting capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate those transactions and incorporate the capital assets and long-term obligations (bonds, etc.) into the governmental activities column.

The basic governmental fund financial statements can be found on pages 13-15 of this report.

Proprietary funds. The Town maintains four (4) proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Ravenwood area water supply system, self-funded recreation programs, and the recycling/transfer station as business-type activities. Also included under proprietary funds is the internal services fund.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Weston's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-45 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide other post-employment benefits to its employees and general fund budgetary information.

Financial Highlights – Primary Government

The assets of the Town of Weston exceeded its liabilities at the close of the most recent fiscal year by approximately \$64.5 million (net position). Of this amount, approximately \$14.8 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. The Town's total net position increased by approximately \$1.8 million. This increase is primarily attributable to revenues exceeding overall expenses including a contribution of approximately \$1.8 million to the Library Board Fund.

As of the close of the fiscal year, the Town of Weston's governmental funds reported combined ending fund balances of approximately \$17.4 million, an increase of approximately \$1.0 million. The general fund reflects a total fund balance of approximately \$11.4 million or, an increase of approximately \$0.5 million from the prior year. Management has committed to the Boards of Selectmen and Finance the goal of achieving a minimum unassigned fund balance in the range of 10% to 12% of the annual budget. As of the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$9.3 million, or approximately 13.0% of general fund expenditures and other financing uses of funds.

Total debt for the Town decreased by approximately \$4.3 million as prior outstanding debt was amortized.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Town of Weston, assets exceeded liabilities by approximately \$64.5 million at the close of the fiscal year. The Town's overall financial position is summarized as follows:

TOWN OF WESTON, CONNECTICUT
SUMMARY STATEMENT OF NET POSITION (000's)

| | June 30, 2013 | | | June 30, 2012 | | |
|---------------------------|----------------------------|-----------------------------|------------------|----------------------------|-----------------------------|------------------|
| | Primary Government | | | Primary Government | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Current and other assets | \$ 24,509 | \$ 128 | \$ 24,637 | \$ 25,770 | \$ 123 | \$ 25,893 |
| Capital assets | 100,325 | 155 | 100,480 | 102,673 | 155 | 102,828 |
| Total Assets | 124,834 | 283 | 125,117 | 128,443 | 278 | 128,721 |
| Other liabilities | 4,564 | 32 | 4,596 | 5,686 | 31 | 5,717 |
| Long-term liabilities | 55,979 | - | 55,979 | 60,235 | - | 60,235 |
| Total Liabilities | 60,543 | 32 | 60,575 | 65,921 | 31 | 65,952 |
| Net position: | | | | | | |
| Net investment in capital | | | | | | |
| assets | 46,508 | 155 | 46,663 | 48,738 | 155 | 48,893 |
| Restricted | 3,113 | - | 3,112 | 541 | - | - |
| Unrestricted | 14,670 | 97 | 14,767 | 13,242 | 92 | 13,334 |
| Total Net Position | \$ 64,291 | \$ 252 | \$ 64,543 | \$ 62,521 | \$ 247 | \$ 62,768 |

For more detailed information, see the Statement of Net Position (page 11).

The largest portion of the Town's net position in the governmental activities represents invested in capital assets net of related debt (72.3%), with the remainder classified as restricted (4.8%) and unrestricted (22.9%). Capital assets for the Town decreased by \$2.3 million from the prior year as annual depreciation expense exceeded new capital outlay during the year. Although the Town 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.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental activities.

TOWN OF WESTON, CONNECTICUT
SUMMARY STATEMENT OF ACTIVITIES (000's)

| | Year Ended June 30, 2013 | | | Year Ended June 30, 2012 | | |
|--|----------------------------|-----------------------------|------------------|----------------------------|-----------------------------|------------------|
| | Primary Government | | | Primary Government | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charge for services | \$ 3,280 | \$ 726 | \$ 4,006 | \$ 3,588 | \$ 829 | \$ 4,417 |
| Operating grants and contributions | 5,964 | - | 5,964 | 5,955 | - | 5,955 |
| Capital grants and contributions | 416 | - | 416 | 251 | - | 251 |
| General Revenues: | | | | | | |
| Property Taxes | 63,658 | - | 63,658 | 62,932 | - | 62,932 |
| Grants, contributions not restricted to specific programs | 2,094 | - | 2,094 | 234 | - | 234 |
| Unrestricted investment earnings | 71 | 1 | 72 | 324 | - | 324 |
| Other | (89) | 89 | - | (162) | 162 | - |
| Total Revenues | 75,394 | 816 | 76,210 | 73,122 | 991 | 74,113 |
| Expenses: | | | | | | |
| Program Activities | | | | | | |
| Primary Government: | | | | | | |
| General Government | 6,973 | - | 6,973 | 6,365 | - | 6,365 |
| Public Safety | 2,889 | - | 2,889 | 2,500 | - | 2,500 |
| Public Works | 2,282 | - | 2,282 | 1,904 | - | 1,904 |
| Health and Welfare | 471 | - | 471 | 397 | - | 397 |
| Culture and Recreation | 1,281 | - | 1,281 | 1,242 | - | 1,242 |
| Education | 57,551 | - | 57,551 | 57,529 | - | 57,529 |
| Interest on long-term debt | 2,177 | - | 2,177 | 2,558 | - | 2,558 |
| Business-Type Activities: | | | | | | |
| Water supply system | - | 47 | 47 | - | 48 | 48 |
| Self-funded recreation programs | - | 378 | 378 | - | 464 | 464 |
| Recycling and transfer station | - | 386 | 386 | - | 418 | 418 |
| Total Expenses | 73,624 | 811 | 74,435 | 72,495 | 930 | 73,425 |
| Change in net position | 1,770 | 5 | 1,775 | 627 | 61 | 688 |
| Net position – beginning | 62,521 | 247 | 62,768 | 61,894 | 186 | 62,080 |
| Net position - ending | \$ 64,291 | \$ 252 | \$ 64,543 | \$ 62,521 | \$ 247 | \$ 62,768 |

Governmental activities - Governmental activities increased the Town's net position by approximately \$1.8 million, thereby accounting for a 2.8% increase.

Major revenue factors impacting the change in net position include the following:

- Grants, contributions not restricted to specific programs increased approximately \$1.9 million as a result of a contribution to the Library Board Fund.
- Capital grants and contributions increased by approximately \$166,000 as a result of increase in grants for capital improvements.
- Unrestricted investment earnings declined by \$252,000 due to a decrease in the market value of the Town's fixed income portfolio. This reflects estimated unrealized losses and the Town is required under GASB to recognize this.

Major expense factors include:

- For Governmental Activities, approximately \$57.6 million of the Town's expenses relate to education, \$2.9 million relates to public safety, \$7.0 million for general government, \$2.3 million for public works, \$2.2 million for interest on long-term debt while other expenses total approximately \$1.8 million.
- General government, public safety and public works expenses increased primarily due to the recognition of other post employment expenses.

Business-type activities - The Town's three business-type activities accounted for an increase of approximately \$5 thousand in net position due primarily to transfers from the general fund. Expenses exceeded revenues for these funds by approximately \$84 thousand after the general fund covered the deficits in these funds with a net transfer amounting to approximately \$89 thousand. Historically, the Town has covered such operating deficits in the Water Supply System and Transfer Station operations through transfers that are included in the Town's annual operating budget.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of approximately \$17.4 million. Approximately 52% of this total amount (\$9.1 million) constitutes unassigned fund balance. The remainder of fund balance is categorized among the remaining four classifications of fund balance depending on the level of commitment on these funds.

General fund. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$9.3 million, while total general fund balance totaled approximately \$11.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 13% of total general fund expenditures and uses of funds, while total fund balance represents approximately 16.1% of that same amount. We need to point out that \$62 thousand of the assigned and total general fund balance is attributable to the Board of Education's Miscellaneous Donations fund.

The fund balance of the Town's general fund increased by approximately \$528 thousand during the current fiscal year as the Town experienced actual revenue collections over budget.

Major expenditure factors include:

- Debt principal payments increased as a result of scheduled debt amortization. However, this was offset substantially by a decrease in debt interest.
- Most other expenditure categories were comparable to last year's amounts.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was approximately \$.8 million attributable primarily to supplemental appropriations over the course of the year approved by the Boards of Selectmen and Finance.

The Town's budgetary fund balance increased by approximately 70 thousand as revenues exceeded budget by \$1.6 million. Supplemental Appropriations and changes in GAAP expenditures substantially offset the revenue increase.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental funds as of June 30, 2013, amounts to approximately \$100 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and related systems, improvements, roads, highways, bridges, machinery, furniture, vehicles and equipment, as well as construction in progress.

Major capital asset events during the current fiscal year included the following:

- A Windows and Doors Replacement Project at the Middle School was nearly completed in 2012-13 and over \$2 million was spent on the project.
- \$271,186 was spent toward the Middle School Wetlands Mitigation project.
- The Town spent \$255,000 toward reclaiming three roads, incurring paving and milling related costs.
- An Instructional Space Renovation project at the Middle School is underway with \$113,600 expended thus far.

TOWN OF WESTON, CONNECTICUT CAPITAL ASSETS, NET OF DEPRECIATION

| | June 30, 2013 | | | June 30, 2012 | | |
|----------------------------|----------------------------|-----------------------------|-------------------|----------------------------|-----------------------------|-------------------|
| | Primary Government | | | Primary Government | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| Land | \$ 10,149 | \$ - | \$ 10,149 | \$ 10,149 | \$ - | \$ 10,149 |
| Land Improvements | 3,257 | - | 3,257 | 3,326 | - | 3,326 |
| Buildings and improvements | 67,895 | 97 | 67,992 | 71,762 | 102 | 71,864 |
| Machinery and equipment | 5,090 | 58 | 5,148 | 5,564 | 53 | 5,617 |
| Infrastructure | 10,749 | - | 10,749 | 10,869 | - | 10,869 |
| Construction in Progress | 3,185 | - | 3,185 | 1,003 | - | 1,003 |
| Total | \$ 100,325 | \$ 155 | \$ 100,480 | \$ 102,673 | \$ 155 | \$ 102,828 |

Additional information on the Town's capital assets can be found in Note 6 of this report.

Debt Obligations. At the end of the current fiscal year, the Town had total long-debt obligations outstanding of approximately \$56.0 million. Of this amount, approximately \$52.1 million comprises long-term debt backed by the full faith and credit of the Town. The balance of the debt is comprised mostly of short-term notes payable and compensated absences. The Town has not issued any debt secured solely by specified revenue sources (i.e., revenue bonds). The following summarizes the changes in the Town's debt:

**TOWN OF WESTON, CONNECTICUT
CHANGES IN TOWN DEBT**

| | June 30, 2013 | | | June 30, 2012 | | |
|--------------------------|----------------------------|-----------------------------|------------------|----------------------------|-----------------------------|------------------|
| | Primary Government | | | Primary Government | | |
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| General obligation bonds | \$ 52,125 | \$ - | \$ 52,125 | \$ 56,420 | \$ - | \$ 56,420 |
| Total | \$ 52,125 | \$ - | \$ 52,125 | \$ 56,420 | \$ - | \$ 56,420 |

The Town's total debt decreased by approximately \$4.3 million during the current fiscal year due to the amortization of prior bonds.

The Town maintains an "AAA" rating from Moody's Investors Service.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its annual tax collections. The current debt limitation for the Town is approximately \$449 million which is significantly in excess of the Town's outstanding general obligation debt of approximately \$52.1 million.

Additional information on the Town's long-term debt can be found in note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town as of June 30, 2013 was 5.8 percent, which compares favorably to the State's average unemployment rate of 8.0 percent and the Stamford Labor Market of 7.5 percent.
- The Town's fiscal year 2012-2013 budget resulted in an increase in the mill rate of just .33%. The 2013-2014 Budget resulted in a mill rate decrease of .54%.
- Inflationary trends in the region are similar to national indices.
- The Town receives relatively little State aid in comparison to other Connecticut municipalities. As a result, the Town is considerably insulated from the impact of State revenue shortfalls and corresponding cuts in State grants to municipalities.
- Conservative fiscal policies, particularly in budgeting for revenue, have significantly aided in the Town maintaining an unassigned general fund balance consistently in excess of 11% of the total Town budget.
- Primarily a residential community, wealth and income indicators for the Town are among the strongest in the state. Median family income and per capita income for the Town are approximately twice that of the same categories for Fairfield County as a whole based on the latest census figures.
- The Town utilizes a financial forecasting model to project the tax consequences associated with funding annual budget projections as well as the financing of large capital expenditures (school construction) over a ten year period. The model enables Town administration, Boards and the general public to be aware of these consequences by utilizing various assumptions and

projections related to bonded debt issuance, annual growth in operating revenues and expenditures, capital non-recurring plans, tax collection rates and grand list growth.

- The Town continued to feel the effects of the national and regional economic downturn during this past fiscal year. Building permit activity and Town Clerk conveyance tax revenue continue to drop, or remain well below their pre-recession levels. Unemployment rates and foreclosures have also increased, and the Town will continue to monitor such activity in planning future budgets.

Most of these factors were considered in preparing the Town of Weston's annual budget.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 56 Norfield Road, Weston, CT 06883.

Basic Financial Statements

TOWN OF WESTON, CONNECTICUT

STATEMENT OF NET POSITION

June 30, 2013

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total* |
| Assets | | | |
| Cash and cash equivalents | \$ 9,034,000 | \$ 77,771 | \$ 9,111,771 |
| Investments | 11,981,011 | - | 11,981,011 |
| Receivables, net of allowances for collection losses: | | | |
| Property taxes | 1,316,281 | - | 1,316,281 |
| Other | - | 51,709 | 51,709 |
| Inventories and prepaids | 848,925 | - | 848,925 |
| Intergovernmental receivables | 523,715 | - | 523,715 |
| Restricted cash | 687,680 | - | 687,680 |
| Net OPEB asset | 118,081 | - | 118,081 |
| Capital assets, non-depreciable | 13,334,319 | - | 13,334,319 |
| Capital assets, net of accumulated depreciation | 86,990,254 | 154,506 | 87,144,760 |
| Total assets | 124,834,266 | 283,986 | 125,118,252 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 2,627,887 | 99,996 | 2,727,883 |
| Internal balances | 67,835 | (67,835) | - |
| Accrued interest payable | 978,930 | - | 978,930 |
| Taxes collected in advance | 341,686 | - | 341,686 |
| Unearned revenues | 548,065 | - | 548,065 |
| Long-term liabilities: | | | |
| Due within one year | 4,958,007 | - | 4,958,007 |
| Due in more than one year | 51,020,900 | - | 51,020,900 |
| Total liabilities | 60,543,310 | 32,161 | 60,575,471 |
| Net Position | | | |
| Net investment in capital assets | 46,508,839 | 154,506 | 46,663,345 |
| Restricted | 3,112,476 | - | 3,112,476 |
| Unrestricted | 14,669,641 | 97,319 | 14,766,960 |
| Total net position | \$ 64,290,956 | \$ 251,825 | \$ 64,542,781 |

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

* After internal balances have been eliminated.

TOWN OF WESTON, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ (6,972,879) | \$ 976,574 | \$ 18,888 | \$ - | \$ (5,977,417) | \$ - | \$ (5,977,417) |
| Public safety | (2,889,649) | 4,170 | - | - | (2,885,479) | - | (2,885,479) |
| Public works | (2,281,907) | 315,305 | - | 416,637 | (1,549,965) | - | (1,549,965) |
| Public health | (470,529) | - | - | - | (470,529) | - | (470,529) |
| Education | (57,551,735) | 1,983,319 | 5,944,918 | - | (49,623,498) | - | (49,623,498) |
| Culture and recreation | (1,280,802) | - | - | - | (1,280,802) | - | (1,280,802) |
| Interest on long-term debt | (2,176,935) | - | - | - | (2,176,935) | - | (2,176,935) |
| Total governmental activities | (73,624,436) | 3,279,368 | 5,963,806 | 416,637 | (63,964,625) | - | (63,964,625) |
| Business-type activities: | | | | | | | |
| Water supply system | (46,410) | 18,797 | - | - | - | (27,613) | (27,613) |
| Self-funded recreation programs | (378,258) | 415,162 | - | - | - | 36,904 | 36,904 |
| Recycling and transfer station | (386,205) | 292,174 | - | - | - | (94,031) | (94,031) |
| Total business-type activities | (810,873) | 726,133 | - | - | - | (84,740) | (84,740) |
| Total primary government | \$ (74,435,309) | \$ 4,005,501 | \$ 5,963,806 | \$ 416,637 | (63,964,625) | (84,740) | (64,049,365) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 63,658,666 | - | 63,658,666 |
| Grants and contributions not restricted to specific programs | | | | | 2,094,315 | - | 2,094,315 |
| Unrestricted investment earnings | | | | | 70,951 | 546 | 71,497 |
| Transfers | | | | | (89,146) | 89,146 | - |
| Total general revenues | | | | | 65,734,786 | 89,692 | 65,824,478 |
| Change in net position | | | | | 1,770,161 | 4,952 | 1,775,113 |
| Net position - beginning | | | | | 62,520,795 | 246,873 | 62,767,668 |
| Net position - ending | | | | | \$ 64,290,956 | \$ 251,825 | \$ 64,542,781 |

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

TOWN OF WESTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 7,207,567 | \$ 2,514,113 | \$ 9,721,680 |
| Investments | 11,981,011 | - | 11,981,011 |
| Receivables, net of allowances for collection losses: | | | |
| Property taxes | 1,316,281 | - | 1,316,281 |
| Intergovernmental and other | 127,843 | 395,872 | 523,715 |
| Inventories and prepaids | 840,871 | 8,054 | 848,925 |
| Due from other funds | 814,595 | 5,024,777 | 5,839,372 |
| Advances to other funds | 582,550 | - | 582,550 |
| Total assets | \$ 22,870,718 | \$ 7,942,816 | \$ 30,813,534 |
| Liabilities | | | |
| Accounts payable and accruals | \$ 1,677,647 | \$ 263,317 | \$ 1,940,964 |
| Advances from other funds | - | 582,550 | 582,550 |
| Due to other funds | 8,098,892 | 679,643 | 8,778,535 |
| Deferred revenue | 1,224,634 | - | 1,224,634 |
| Unearned revenue | 121,587 | 426,478 | 548,065 |
| Taxes collected in advance | 341,686 | - | 341,686 |
| Total liabilities | 11,464,446 | 1,951,988 | 13,416,434 |
| Fund balances | | | |
| Nonspendable | 1,423,421 | 8,054 | 1,431,475 |
| Restricted | - | 3,112,476 | 3,112,476 |
| Committed | 419,229 | 3,126,179 | 3,545,408 |
| Assigned | 253,312 | - | 253,312 |
| Unassigned | 9,310,310 | (255,881) | 9,054,429 |
| Total fund balances | 11,406,272 | 5,990,828 | 17,397,100 |
| Total liabilities and fund balances | \$ 22,870,718 | \$ 7,942,816 | |

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

| | |
|---|--------------|
| Capital assets purchased by governmental funds are reported as expenditures, however, the statement of net position includes those capital assets among the assets of the Town as a whole. | 100,324,573 |
| Deferred revenues are not available to pay for current-period expenditures and, therefore, are not recognized as revenues in the funds. | 1,224,634 |
| Net OPEB asset | 118,081 |
| Internal service funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 2,184,405 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (55,978,907) |
| Accrued interest payable | (978,930) |

Net position of governmental activities \$ 64,290,956

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

TOWN OF WESTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

| | General Fund | Non-Major Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------------------|--------------------------------|
| REVENUES | | | |
| Property taxes | \$ 63,966,155 | \$ - | \$ 63,966,155 |
| Intergovernmental | 5,788,270 | 871,794 | 6,660,064 |
| Income from investments | 408,278 | 199 | 408,477 |
| Net depreciation in fair value of investments | (337,526) | - | (337,526) |
| Charges for services | 1,262,086 | 3,506,267 | 4,768,353 |
| Other revenues | 166,844 | 158,865 | 325,709 |
| Total revenues | 71,254,107 | 4,537,125 | 75,791,232 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 5,642,964 | 721,439 | 6,364,403 |
| Public safety | 2,457,482 | - | 2,457,482 |
| Public works | 1,750,222 | - | 1,750,222 |
| Health and welfare | 415,692 | - | 415,692 |
| Culture and recreation | 964,387 | - | 964,387 |
| Education | 50,549,481 | 2,015,759 | 52,565,240 |
| Debt service: | | | |
| Principal retirements | 4,295,000 | - | 4,295,000 |
| Interest and other charges | 2,477,976 | - | 2,477,976 |
| Capital outlay | - | 3,441,784 | 3,441,784 |
| Total expenditures | 68,553,204 | 6,178,982 | 74,732,186 |
| Revenues over (under) expenditures | 2,700,903 | (1,641,857) | 1,059,046 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 158,000 | 2,221,973 | 2,379,973 |
| Transfers out | (2,331,119) | (138,000) | (2,469,119) |
| Total other financing sources (uses) | (2,173,119) | 2,083,973 | (89,146) |
| Net change in fund balance | 527,784 | 442,116 | 969,900 |
| FUND BALANCES, beginning | 10,878,488 | 5,548,712 | 16,427,200 |
| FUND BALANCES, ending | \$ 11,406,272 | \$ 5,990,828 | \$ 17,397,100 |

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

TOWN OF WESTON, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2013

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

| | |
|---|----------------------------|
| Net change in fund balances – total governmental funds | \$ 969,900 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | (2,348,875) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (307,490) |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 4,670,152 |
| The net revenue (expense) of certain activities of internal service funds is reported with governmental activities | (369,820) |
| 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 governmental funds. | <u>(843,706)</u> |
| Change in net position of governmental activities | <u><u>\$ 1,770,161</u></u> |

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

TOWN OF WESTON, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2013

| | Business-Type Activities | Governmental Activities |
|---|-----------------------------|----------------------------|
| | Enterprise Funds | Internal Service Fund |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 77,771 | \$ - |
| Accounts receivable | 51,709 | - |
| Due from other funds | 194,339 | 2,934,406 |
| Total current assets | 323,819 | 2,934,406 |
| Noncurrent assets: | | |
| Capital assets, net of accumulated depreciation | 154,506 | - |
| Total noncurrent assets | 154,506 | - |
| Total assets | 478,325 | 2,934,406 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 99,996 | 750,001 |
| Due to other funds | 126,504 | - |
| Total current liabilities | 226,500 | 750,001 |
| NET POSITION | | |
| Net investment in capital assets | 154,506 | - |
| Unrestricted | 97,319 | 2,184,405 |
| Total net position | \$ 251,825 | \$ 2,184,405 |

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

TOWN OF WESTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2013

| | Business-Type Activities | Governmental Activities |
|-------------------------------------|-----------------------------|----------------------------|
| | Enterprise Fund | Internal Service Fund |
| OPERATING REVENUES | | |
| Charges for services | \$ 726,133 | \$ 7,590,159 |
| Total operating revenues | 726,133 | 7,590,159 |
| OPERATING EXPENSES | | |
| Costs of services | 798,406 | 7,959,979 |
| Depreciation | 12,467 | - |
| Total operating expenses | 810,873 | 7,959,979 |
| Operating loss | (84,740) | (369,820) |
| NONOPERATING REVENUES | | |
| Interest income | 546 | - |
| Total nonoperating revenues | 546 | - |
| Net loss before transfers | (84,194) | (369,820) |
| TRANSFERS | | |
| Transfers In | 119,146 | - |
| Transfers out | (30,000) | - |
| | 89,146 | - |
| Change in net position | 4,952 | (369,820) |
| FUND NET POSITION, beginning | 246,873 | 2,554,225 |
| FUND NET POSITION, ending | \$ 251,825 | \$ 2,184,405 |

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

TOWN OF WESTON, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2013

| | Business-Type Activities | Governmental Activities |
|--|-----------------------------|----------------------------|
| | Enterprise Funds | Internal Service Fund |
| Cash Flows From Operating Activities | | |
| Receipts from customers and users | \$ 734,479 | \$ 7,887,572 |
| Payments to suppliers and personnel | (814,180) | (7,887,572) |
| Net cash used in operating activities | (79,701) | - |
| Cash Flows From Investing Activities | | |
| Interest received on investments | 546 | - |
| Cash Flows From Non-Capital Financing Activities: | | |
| Transfers from other funds | 119,146 | - |
| Transfers to other funds | (30,000) | - |
| Net cash provided by non-capital financing activities | 89,146 | - |
| Cash Flows From Capital and Related Financing Activities: | | |
| Acquisition of capital assets | (12,197) | - |
| Net increase in cash and cash equivalents | (2,206) | - |
| Cash and Cash Equivalents | | |
| Beginning | 79,977 | - |
| Ending | \$ 77,771 | \$ - |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (84,740) | \$ (369,820) |
| Adjustments to reconcile operating loss to net cash used in operating activities | | |
| Depreciation | 12,467 | - |
| Changes in assets and liabilities: | | |
| Increase in other receivables | (8,182) | - |
| Decrease (increase) in due from other funds | 16,526 | 297,413 |
| (Decrease) increase in accounts payable | (3,207) | 72,407 |
| Increase in due to other funds | (12,565) | - |
| Net cash used in operating activities | \$ (79,701) | \$ - |

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

TOWN OF WESTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2013

| | Other Post- Employment Benefit | Private Purpose Trust Fund | Agency Funds |
|-----------------------------------|--------------------------------------|----------------------------------|-----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,441 | \$ 128,788 | \$ 324,305 |
| Investments, at fair value | 5,059,088 | - | - |
| Total assets | 5,061,529 | 128,788 | 324,305 |
| LIABILITIES | | | |
| Due to student groups | - | - | 319,122 |
| Due to others | - | - | 5,183 |
| Due to other funds | 63,078 | - | - |
| Total liabilities | 63,078 | - | 324,305 |
| Net Position Held in Trust | \$ 4,998,451 | \$ 128,788 | \$ - |

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

TOWN OF WESTON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2013

| | Other Post- Employment Benefit Trust Fund | Private Purpose Trust Fund |
|---|--|----------------------------------|
| Additions | | |
| Plan members and reimbursements | \$ 522,648 | \$ - |
| Contributions | 934,926 | - |
| Investment income: | | |
| Net appreciation in fair value of investments | 276,968 | - |
| Dividend and interest | 151,477 | 1,669 |
| Total additions | <u>1,886,019</u> | <u>1,669</u> |
| Deductions | | |
| Health claims and premiums | 903,109 | - |
| Other deductions | 5,100 | - |
| | <u>908,209</u> | <u>-</u> |
| Change in net position | 977,810 | 1,669 |
| Net Position Held in Trust | | |
| Beginning of year | <u>4,020,641</u> | <u>127,119</u> |
| End of year | <u>\$ 4,998,451</u> | <u>\$ 128,788</u> |

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

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Significant Accounting Policies

Reporting entity

The Town of Weston, Connecticut (the "Town") operates under the provisions of its charter and the general statutes of the State of Connecticut. The Town operates under a Board of Selectmen and Board of Finance form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statement Codification Section 2100 have been considered and there are no agencies or entities that should be, but are not, combined in the financial statements of the Town.

The Town adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the current year. The adoption of this Statement changed the presentation of the basic financial statements to a statement of net position format.

The Town also adopted GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that are included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 does not have any impact on the Town's financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. However, agency funds, unlike other fiduciary funds, report only assets and liabilities and do not have a measurement focus and follow the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

The Town reports the following major governmental fund.

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

Additionally, the Town reports the following other fund types:

Proprietary Funds:

The *Enterprise Funds* – may be used to report any activity for which a fee is charged to external users for goods or services. Activities are *required* to be reported as enterprise funds if any one of the following criteria is met.

- (a) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity.
- (b) Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues.
- (c) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The *Enterprise Fund* is used to account for the revenues and expenditures of the Town's water supply system, park and recreation programs and the recycling and transfer station.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

The *Internal Service Fund* is used to account for revenues and related expenses of the health insurance plan for employees of the Board of Education.

Fiduciary Funds:

The *Other Post-employment Benefit Trust Fund* accounts for resources for retirees' health benefits.

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

The *Agency Funds* account for monies held as a custodian for outside groups and agencies and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Accounting estimates

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

Property taxes

Property taxes are assessed as of October 1, levied on the following July 1, and billed and due in two installments, July 1 and January 1. Taxes less than \$100 are due in full on July 1. Motor vehicle taxes are due in one installment on July 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

Cash equivalents

The Town considers all certificates of deposit and highly liquid short-term investment funds with original maturities of three months or less when purchased to be cash equivalents.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Restricted cash

Restricted cash includes the balance of unspent bond proceeds.

Interfund receivables and payables

For "Advances To/From Other Funds," the assets reported in the governmental fund financial statements are offset by a non-spendable fund balance to indicate that they are not available for appropriation and are not expendable financial resources.

Allowances for doubtful accounts

Accounts receivable, including property taxes receivable, are reported net of allowance for doubtful accounts of approximately \$137,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon analysis of creditor's ability to pay.

Investments

Investments are stated at fair value based upon quoted market prices. Fixed income funds are reported at fair value based on the unit prices quoted by the fund representing the fair value of the underlying investment. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to 2a-7. These investments are stated at amortized cost.

Inventories

Inventories are stated at lower of cost (first-in, first-out) or market.

Long-term obligations

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

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

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Other Post Employment Obligations (OPEB) accounting

OPEB Plan:

Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide contributions.

Governmental Fund and Governmental Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent asset in the government-wide financial statements.

Funding Policy:

The Town makes annual contributions based upon management's decisions.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the enterprise fund financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for all asset categories and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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.

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Land improvements | 20 |
| Buildings and improvements | 25-50 |
| Infrastructure | 20-65 |
| Vehicles | 10 |
| Machinery and equipment | 5-15 |

In the governmental fund financial statements, capital outlay is reported as expenditure and no depreciation expense is recorded.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Compensated absences

The Town employees are granted vacation leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time based upon their respective bargaining unit contract. Non-union Town Hall employees are limited to 30 days with respect to accumulated vacation time.

The Board of Education has employee contracts which provide for the accrual of sick pay based on length of service.

The liability for accrued compensated absences at June 30, 2013 has been recorded in the government-wide statement of net position. Compensated absences are generally liquidated by the General Fund. A liability for these amounts is reported in governmental funds only for amounts expected to be paid (matured), for example, as a result of employee resignations and retirements.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to assign that portion of the applicable appropriation, is utilized in the budgeted governmental fund types. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

Fund Equity and Net Position

In the Government-Wide and Proprietary Fund Financial Statements, net position are classified in the following categories:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.
- *Restricted Net Position* – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- *Unrestricted Net Position* – This category represents the net position of the Town, which are not restricted for any project or other purpose.

In the government fund financial statements, the Town classified fund balances as follows:

- *Nonspendable Fund Balance* – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- *Committed Fund Balance* – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Board of Finance is the highest level of decision making authority for the Town and can commit fund balance through the

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

- *Assigned Fund Balance* – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- *Unassigned Fund Balance* – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

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

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

| | |
|--|------------------------|
| Bonds payable | \$ (52,125,000) |
| Bond premium | (2,220,407) |
| Capital leases payable | (158,007) |
| Compensated absences | <u>(1,475,493)</u> |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities | <u>\$ (55,978,907)</u> |

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

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

| | |
|--|-----------------------|
| Capital outlay | \$ 3,094,386 |
| Depreciation expense | <u>(5,443,261)</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (2,348,875)</u> |

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

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

| | |
|--|---------------------|
| Amortization of bond premium | \$ 220,742 |
| Principal repayments: | |
| General obligation debt and notes | 4,295,000 |
| Payment of capital lease | <u>154,410</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 4,670,152</u> |

Another element of that reconciliation states that “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 governmental funds.” The details of this difference are as follows:

| | |
|--|---------------------|
| Compensated absences increase | \$ (420,149) |
| Early retirement incentive decrease | 5,900 |
| Accrued interest decrease | 80,299 |
| Other Post Employment Asset decrease | <u>(509,756)</u> |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities | <u>\$ (843,706)</u> |

Note 3. Cash, Cash Equivalents and Investments

Deposits: The Town has adopted deposit and cash management policies such that deposits include savings accounts and certificates of deposit. The Town also follows the State of Connecticut policy that requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk based capital ratio.

Investments: The Town has adopted investment policies that conform to the policies as set forth by the State of Connecticut. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Interest rate risk: The Town's practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town's practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2013, approximately \$7,919,000 of the Town's bank balance of approximately \$11,133,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash, cash equivalents and investments of the Town consist of the following at June 30, 2013:

| | |
|---|----------------------|
| Cash and Cash Equivalents | |
| Deposits with financial institutions | \$ 9,353,240 |
| State of Connecticut Short-Term Investment fund | 719,734 |
| Cutwater Asset Management-Connecticut Class Plus | 182,011 |
| Total cash and cash equivalents | 10,254,985 |
| Investments | |
| General Fund | |
| Municipal Bonds | 3,182,065 * |
| US Government Securities | 8,798,946 * |
| | <u>11,981,011</u> |
| Trust Fund | |
| Fixed Income Funds | 2,652,643 * |
| Equity Funds | 2,406,445 * |
| | <u>5,059,088</u> |
| Total Investments | 17,040,099 |
| Total cash, cash equivalents and investments | \$ 27,295,084 |

* These investments are uninsured and unregistered, with securities held by the Town's agent, in the Town's name.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Position

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 9,111,771 |
| Restricted cash | 687,680 |
| Investments | 11,981,011 |
| | <u>21,780,462</u> |

Fiduciary Funds:

| | |
|---------------------------|------------------|
| Cash and cash equivalents | 455,534 |
| Investments | 5,059,088 |
| | <u>5,514,622</u> |

| | |
|---|-----------------------------|
| Total cash, cash equivalents and investments | <u><u>\$ 27,295,084</u></u> |
|---|-----------------------------|

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

| Type of Investment | Fair Value | Investment Maturities (in Years) | | | |
|----------------------------|-----------------------------|----------------------------------|----------------------------|----------------------------|----------------------------|
| | | Less Than 1 Year | 1-5 Years | 5-10 Years | Over 10 Years |
| Pooled Fixed Income | \$ 901,745 | \$ 901,745 | \$ - | \$ - | \$ - |
| U.S. Government Securities | 8,798,946 | 304,464 | 3,093,416 | 1,470,535 | 3,930,531 |
| Municipal Bonds | 3,182,065 | - | 1,061,036 | 1,574,383 | 546,647 |
| Fixed Income Funds | 2,652,643 | 590,247 | 498,876 | 465,712 | 1,097,808 |
| TOTAL | <u><u>\$ 15,535,400</u></u> | <u><u>\$ 1,796,456</u></u> | <u><u>\$ 4,653,328</u></u> | <u><u>\$ 3,510,630</u></u> | <u><u>\$ 5,574,986</u></u> |

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Presented below is the rating as required for each debt type investment as rated by Moody's Investor's Services, Inc.

| Average Rating | Pooled Fixed Income | Municipal Bonds | Fixed Income Funds |
|----------------|------------------------|--------------------|-----------------------|
| AAAm | \$ 901,745 | \$ 1,192,682 | \$ 1,013,576 |
| AA1 | - | 953,553 | - |
| AA2 | - | 531,178 | - |
| AA3 | - | 504,652 | - |
| Unrated | - | - | 1,639,067 |
| | \$ 901,745 | \$ 3,182,065 | \$ 2,652,643 |

Note 4. Deferred/Unearned Revenue

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

| | Deferred Revenue | Unearned Revenue |
|--|---------------------|---------------------|
| General Fund: | | |
| Taxes and accrued interest receivable on delinquent property taxes | \$ 1,224,634 | \$ - |
| Fees collected in advance | - | 121,587 |
| Nonmajor Funds: | | |
| Intergovernmental | - | 426,478 |
| | \$ 1,224,634 | \$ 548,065 |

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 5. Interfund Accounts

As of June 30, 2013, interfund receivables and payables that resulted from various interfund transactions were as follows:

| | Due From Other Funds | Due To Other Funds |
|--|-------------------------|-----------------------|
| General Fund | \$ 814,595 | \$ 8,098,892 |
| Non-Major Governmental and Other Funds | 8,153,522 | 869,225 |
| Totals | \$ 8,968,117 | \$ 8,968,117 |

All balances resulted from the time lag between the dates payments occur between funds for various activities.

The General Fund has an advance of \$582,550 to the Capital Improvements Fund that is not expected to be paid from current financial resources.

Interfund transfers during the year ended June 30, 2013 were as follows:

| | Transfers In | Transfers Out |
|--|---------------------|---------------------|
| General Fund | \$ 158,000 | \$ 2,331,119 |
| Non-Major Governmental and Other Funds | 2,341,119 | 168,000 |
| Totals | \$ 2,499,119 | \$ 2,499,119 |

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 6. Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|-----------------------|-----------------------|---------------------|-----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 10,148,899 | \$ - | \$ - | \$ 10,148,899 |
| Construction in progress | 1,002,598 | 2,422,879 | (240,057) | 3,185,420 |
| Total capital assets, not being depreciated | 11,151,497 | 2,422,879 | (240,057) | 13,334,319 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 112,012,151 | 281,172 | - | 112,293,323 |
| Land improvements | 4,963,989 | 183,230 | - | 5,147,219 |
| Machinery and equipment | 12,863,683 | 192,162 | (127,764) | 12,928,081 |
| Infrastructure | 17,309,751 | 255,000 | (54,000) | 17,510,751 |
| Total capital assets being depreciated | 147,149,574 | 911,564 | (181,764) | 147,879,374 |
| Less accumulated depreciation for: | | | | |
| Building and improvements | 40,249,795 | 4,148,424 | - | 44,398,219 |
| Land improvements | 1,637,831 | 252,778 | - | 1,890,609 |
| Machinery and equipment | 7,298,818 | 666,633 | (127,764) | 7,837,687 |
| Infrastructure | 6,441,179 | 375,426 | (54,000) | 6,762,605 |
| Total accumulated depreciation | 55,627,623 | 5,443,261 | (181,764) | 60,889,120 |
| Total capital assets, being depreciated, net | 91,521,951 | (4,531,697) | - | 86,990,254 |
| Governmental activities capital assets, net | <u>\$ 102,673,448</u> | <u>\$ (2,108,818)</u> | <u>\$ (240,057)</u> | <u>\$ 100,324,573</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-----------------|-------------|-------------------|
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$ 232,950 | \$ - | \$ - | \$ 232,950 |
| Machinery and equipment | 216,722 | 12,197 | - | 228,919 |
| Total capital assets, being depreciated | 449,672 | 12,197 | - | 461,869 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 131,423 | 5,158 | - | 136,581 |
| Machinery and equipment | 163,473 | 7,309 | - | 170,782 |
| Total accumulated depreciation | 294,896 | 12,467 | - | 307,363 |
| Total capital assets, being depreciated, net | 154,776 | (270) | - | 154,506 |
| Business-type capital assets, net | <u>\$ 154,776</u> | <u>\$ (270)</u> | <u>\$ -</u> | <u>\$ 154,506</u> |

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

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

Governmental activities:

| | |
|---|-----------------------------------|
| General government | \$ 102,340 |
| Public safety | 255,657 |
| Public works | 374,275 |
| Health and sanitation | 2,764 |
| Culture and recreation | 312,837 |
| Education | 4,395,388 |
| Total depreciation expense – governmental activities | <u><u>\$ 5,443,261</u></u> |

Business-type activities:

| | |
|--|--------------------------------|
| Water supply system | \$ 5,845 |
| Self-funded recreation programs | 1,456 |
| Recycling and transfer station | 5,166 |
| Total depreciation expense – business-type activities | <u><u>\$ 12,467</u></u> |

Note 7. Long-Term Obligations

A summary of changes in outstanding long-term debt during the year ended June 30, 2013 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|--|------------------------------------|---------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 56,420,000 | \$ - | \$ 4,295,000 | \$ 52,125,000 | \$ 4,260,000 |
| Bond premiums | 2,441,149 | - | 220,742 | 2,220,407 | 220,000 |
| Capital leases | 312,417 | - | 154,410 | 158,007 | 158,007 |
| Compensated absences | 1,055,344 | 736,752 | 316,603 | 1,475,493 | 320,000 |
| Early retirement incentive | 5,900 | - | 5,900 | - | - |
| Governmental activity long-term liabilities | <u><u>\$ 60,234,810</u></u> | <u><u>\$ 736,752</u></u> | <u><u>\$ 4,992,655</u></u> | <u><u>\$ 55,978,907</u></u> | <u><u>\$ 4,958,007</u></u> |

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

General obligation bonds

As of June 30, 2013, the outstanding general obligation bonded indebtedness of the Town, payable from its governmental activities, was as follows:

| | <u>Outstanding Amount</u> |
|---|-------------------------------|
| \$21,000,000 General Obligation Bond; 4.65%; issue of November 2004; interest payable at rates from 5% to 5.25%; due in principal amounts ranging from \$1,100,000 to \$1,600,000 annually through July 2015 | \$ 3,800,000 |
| \$5,800,000 General Obligation Bond; 3.19% issue of April 2010; interest payable at rates from 3.0% to 4.0%, due in principal amounts ranging from \$400,000 to \$500,000 annually through August 2024 | 5,400,000 |
| \$44,250,000 General Obligation Bond; 3.00% issue of April 2010; interest payable at rates from 3.0% to 5.0%, due in principal amounts ranging from \$105,000 to \$4,410,000 annually through August 2023 | 40,130,000 |
| \$2,795,000 General Obligation Bond; 2.25% issue of April 2012; interest payable at rates from 2.125% to 2.375%, due in principal amounts ranging from \$335,000 to \$365,000 annually from May 2020 through May 2027 | <u>2,795,000</u> |
| | <u><u>\$ 52,125,000</u></u> |

The Town has pledged its full faith and credit as collateral for its bonded indebtedness. General obligation bonds will be paid from taxes levied on taxable property in the Town.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

The following is a summary of general obligation bond debt and installment note payable maturities:

| | Debt Service Requirement | | |
|-------|--------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2014 | \$ 4,260,000 | \$ 2,294,631 | \$ 6,554,631 |
| 2015 | 4,390,000 | 2,097,869 | 6,487,869 |
| 2016 | 4,510,000 | 1,880,963 | 6,390,963 |
| 2017 | 4,640,000 | 1,668,838 | 6,308,838 |
| 2018 | 4,780,000 | 1,457,213 | 6,237,213 |
| 2019 | 4,840,000 | 1,238,588 | 6,078,588 |
| 2020 | 4,990,000 | 1,016,213 | 6,006,213 |
| 2021 | 5,000,000 | 780,725 | 5,780,725 |
| 2022 | 5,035,000 | 543,975 | 5,578,975 |
| 2023 | 5,245,000 | 301,075 | 5,546,075 |
| 2024 | 2,875,000 | 112,788 | 2,987,788 |
| 2025 | 850,000 | 34,744 | 884,744 |
| 2026 | 345,000 | 16,431 | 361,431 |
| 2027 | 365,000 | 8,669 | 373,669 |
| Total | <u>\$ 52,125,000</u> | <u>\$ 13,452,722</u> | <u>\$ 65,577,722</u> |

In-Substance Defeasance – Prior Years

In prior years, the Town defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Town's government-wide financial statements. As of June 30, 2013, the amount of defeased debt outstanding, but removed from the Town's government-wide financial statements was approximately \$43 million.

Overlapping indebtedness

Other than the Town, the Georgetown Fire District has the power to issue debt or cause taxes to be levied on taxable property in the Town. The Georgetown Fire District is made up of Weston, Wilton and Redding and provides fire protection services. Annually, funds from the Town budget are paid to the Georgetown Fire District for the Town's share of operating expenses. As of June 30, 2013, the Georgetown Fire District has approximately \$1,068,916 of outstanding indebtedness and the Town's share is estimated to be \$78,527.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Capital leases

The Town has a capital lease in which they acquired a capital asset. Original cost and net book value of capital assets under such lease agreements are as follows:

| | | |
|--------------------------|----|----------------|
| Machinery and equipment | \$ | 625,000 |
| Accumulated depreciation | | (466,993) |
| Net book value | \$ | <u>158,007</u> |

Future minimum lease payments under capital leases as of June 30, 2013 are as follows:

| | | |
|-----------------------------------|----|----------------|
| Year Ending June 30, 2014 | \$ | 161,689 |
| Less amount representing interest | | (3,682) |
| | \$ | <u>158,007</u> |

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2013 consists of the following:

| | | |
|-----------------|----|----------------|
| General purpose | \$ | 6,000 |
| Schools | | 802,040 |
| Total | \$ | <u>808,040</u> |

Debt limitation

The Town's indebtedness does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

| <u>Category</u> | <u>Debt Limit</u> | <u>Indebtedness</u> | <u>Balance</u> |
|-----------------|-------------------|---------------------|----------------|
| General purpose | \$ 144,368,791 | \$ 5,868,527 | \$ 138,500,264 |
| Schools | 288,737,582 | 47,143,040 | 241,594,542 |
| Sewers | 240,614,651 | - | 240,614,651 |
| Urban renewal | 208,532,698 | - | 208,532,698 |
| Pension deficit | 192,491,721 | - | 192,491,721 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$449,147,350. All long-term debt obligations are retired through General Fund appropriations.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 8. Retirement Plans

Connecticut Municipal Employees' Retirement System

A. Plan Description

All Town employees participate in the Connecticut Municipal Employees' Retirement System (MERS). MERS is the administrator of a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

B. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3% and 5% are paid to those who have reached age 65 and effective January 1, 2002, increases of 2.5% are paid to those who have not yet reached age 65. For those retiring after December 31, 2001, increases between 2.5% and 6.0% are paid regardless of age. All benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/2% of the average of earnings for the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of earnings for the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2013 is \$65,300.

C. Funding Policy

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid, plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Employees not covered by Social Security are required to contribute 5% of all earnings.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

The required and actual contribution for the past three years were as follows:

| | | |
|------|----|-----------|
| 2011 | \$ | 1,269,166 |
| 2012 | \$ | 1,497,007 |
| 2013 | \$ | 1,630,080 |

Connecticut State Teachers Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenses/expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$4,270,000 for the year ended June 30, 2013.

Other post retirement benefits (OPEB)

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2011. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 as of July 1, 2008, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 12 years, commencing with the 2009 liability.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Membership in the plan consisted of the following at July 1, 2011, the date of the last actuarial valuation.

| | |
|---|-------------------|
| Retirees and beneficiaries receiving benefits | 110 |
| Active plan members | <u>472</u> |
| Total | <u><u>582</u></u> |

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset was as follows:

| Fiscal Year Ending | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB (Asset) |
|--------------------|---------------------|---------------------------|---|---------------------|
| 6/30/13 | \$ 1,444,682 | \$ 934,926 | 65% | \$ (118,081) |
| 6/30/12 | \$ 2,044,833 | \$ 1,916,000 | 94% | \$ (627,837) |
| 6/30/11 | \$ 1,955,244 | \$ 1,959,011 | 100% | \$ (756,670) |

OPEB (Asset)

| | |
|------------------------------------|----------------------------|
| Annual required contribution | \$ 1,403,000 |
| Interest on net pension obligation | (45,518) |
| Adjustment to ARC | <u>87,200</u> |
| Annual OPEB cost | 1,444,682 |
| Contributions made | <u>(934,926)</u> |
| Decrease in net OPEB asset | 509,756 |
| Net OPEB asset, beginning of year | <u>(627,837)</u> |
| Net OPEB asset, end of year | <u><u>\$ (118,081)</u></u> |

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2011 is estimated to be \$10,436,000.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

| (000's) | | | | | | |
|--------------------------------|--|-----------------------------|--|--------------------------|---------------------------|--|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Accrued Liability (b) | Unfunded Accrued Liability (UAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAL as a Percentage of Covered Payroll ((b-a)/c) |
| July 1, 2011 | \$ 3,297 | \$ 10,436 | \$ 7,139 | 32% | \$ 28,888 | 25% |

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits

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

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

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

| | |
|--------------------------------|--|
| Valuation Date: | July 1, 2011 |
| Actuarial Cost Method: | Projected Unit Credit |
| Asset Valuation Method: | Market Value |
| Amortization Method: | Level Percent |
| Remaining Amortization Period: | 9 Years |
| Actuarial Assumptions: | |
| Investment rate of return | 7.25% |
| Inflation rate | N/A |
| Salary Increases | 4% |
| Medical trend rate | 5.8% graded to 4.4% over 44 years |
| Dental cost trend rate | 4% graded to 3% at a rate of 0.50% per year over 2 years |

Teachers Retirement Incentive

Professional staff members who retire under the contract between the Weston Board of Education and the Weston Teachers' Association for the period July 1, 1994 through June 30, 2006, whose age and years of teaching total 75, who are at the top step of the Weston teacher salary schedule, and who will be at least 55 years old as of the date of retirement are eligible to retire early. "Years of teaching" shall be that service recognized by the Connecticut Retirement System. The maximum number of professional

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

staff who may elect to retire early for any school year shall be 7.5% of the professional staff employed for the preceding school year, rounded down to the next lower whole number. Compensation is at an annual rate as set forth in the agreements by and between the Weston Board of Education and the Weston Teacher's Association.

Any administrator who becomes eligible for normal retirement under the Teacher Retirement Act, Section 10-183a, of the Connecticut General Statutes and who has fifteen (15) years of service as a Weston administrator, whichever occurs last (or at the option of the administrator, first), is eligible for early retirement benefits. A maximum of two administrators may elect to retire early for any school year. Compensation is based upon a percentage of last salary. The percentage of years of payment are determined by the year following eligibility that retirement is elected.

There are no retirees participating in the above program at June 30, 2013. The Early Retirement Incentives have been fully paid as of June 30, 2013.

Note 9. Risk Management

Town

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; employee health or acts of God. The Town is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes, for liability-automobile, property pool (of which 37 are municipalities) and workers compensation. The Town pays annual premiums for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence. The Town has retained various self-insured deductibles ranging from \$500 to \$50,000. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws. Coverage has not been reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

The Town purchases commercial insurance for all other risks of loss. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage in the past three years. There has been no reduction in any insurance coverage from coverage in the prior year.

Board of Education

The Board of Education is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and medical; and natural disasters. Effective July 1, 2011, the Board of Education purchases commercial insurance for all risks other than employee medical, dental and prescription claims. The Plan is funded monthly by Board of Education budget appropriations and employee contributions as required.

The analysis of the activity in the claims is as follows:

| | Claims Payable July 1, | Claims And Changes in Estimates | Claims Paid | Claims Payable June 30, |
|-----------|------------------------------|---------------------------------------|----------------|-------------------------------|
| 2011-2012 | \$ 16,468 | \$ 7,810,000 | \$ 7,298,874 | \$ 677,594 |
| 2012-2013 | 677,594 | 7,959,979 | 7,887,572 | 750,001 |

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2013

Note 10. Contingent Liabilities

The Town is currently involved in several litigation matters. In the estimation of the Town's management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

Note 11. Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2013 for the Town governmental funds:

| | General Fund | Nonmajor Governmental Funds |
|----------------------------|----------------------|-----------------------------------|
| Fund balances: | | |
| Non-spendable: | | |
| Inventory and prepaids | \$ 840,871 | \$ 8,054 |
| Capital outlay | 582,550 | - |
| Total Non-spendable | <u>1,423,421</u> | <u>8,054</u> |
| Restricted: | | |
| General government | - | 226,106 |
| Culture and recreation | - | 2,002,274 |
| Education | - | 139,796 |
| Capital outlay | - | 744,300 |
| Total Restricted | <u>-</u> | <u>3,112,476</u> |
| Committed: | | |
| General government | 358,229 | 333,679 |
| Health and welfare | - | 138,066 |
| Education | 61,000 | 15,697 |
| Capital outlay | - | 2,638,737 |
| Total Committed | <u>419,229</u> | <u>3,126,179</u> |
| Assigned: | | |
| Public works | 119,840 | - |
| Education | 133,472 | - |
| Total Assigned | <u>253,312</u> | <u>-</u> |
| Unassigned: | | |
| General government | 9,310,310 | (255,881) |
| Total Unassigned | <u>9,310,310</u> | <u>(255,881)</u> |
| Total fund balance | <u>\$ 11,406,272</u> | <u>\$ 5,990,828</u> |

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

Note 12. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was issued March 2012.** This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for financial statements for periods beginning after December 15, 2012.
- **GASB Statement No. 66, *Technical Corrections—2012*, was issued in March 2012.** *The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement will be effective for financial statements for periods beginning after December 15, 2012.
- **GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25*, was issued in June 2012.** The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for financial statements for periods beginning after June 15, 2013.
- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, was issued in June 2012.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for financial statements for periods beginning after June 15, 2014.

TOWN OF WESTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2013

- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, was issued in January 2013. This Statement provides guidance for:
 - ◆ Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
 - ◆ Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
 - ◆ Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
 - ◆ Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

- **GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees***. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

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**Required Supplementary
Information**

TOWN OF WESTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION – OPEB

June 30, 2013

(unaudited)

SCHEDULE OF FUNDING PROGRESS - OPEB (000's)

| Actuarial Valuation Date | Actuarial Valuation of Assets | Actuarial Accrued Liability (AAL) Entry Age | Unfunded/ (Overfunded) AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|-------------------------------------|--|---|-----------------|--------------------|--|
| July 1, 2011 | \$ 3,297 | \$ 10,436 | \$ 7,139 | 32.00% | \$ 28,888 | 25.00% |
| July 1, 2009 | 1,518 | 11,900 | 10,382 | 13.00% | N/A | N/A |
| July 1, 2007 | - | 11,063 | 11,063 | 0.00% | N/A | N/A |

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

| Year Ended June 30, | Annual Required Contribution | Percentage Contributed |
|------------------------|------------------------------------|---------------------------|
| 2009 | \$ 1,760,000 | 146.3% |
| 2010 | 1,835,700 | 99.2% |
| 2011 | 1,900,000 | 103.1% |
| 2012 | 1,975,000 | 97.0% |
| 2013 | 1,403,000 | 66.7% |

TOWN OF WESTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND

For the Year Ended June 30, 2013

(unaudited)

| | General Fund | | | Variance With Final Budget Positive (Negative) |
|---|--------------------|---------------------|------------------------------|---|
| | Budgeted Amounts | | Actual Budgetary Basis | |
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes, interest and lien fees | \$ 62,890,792 | \$ 62,890,792 | \$ 63,966,155 | \$ 1,075,363 |
| Intergovernmental | 1,215,066 | 1,215,066 | 1,518,270 | 303,204 |
| Income from investments | 200,000 | 200,000 | 70,752 | (129,248) |
| Charges for services | 603,500 | 603,500 | 964,712 | 361,212 |
| Total revenues | 64,909,358 | 64,909,358 | 66,519,889 | 1,610,531 |
| EXPENDITURES | | | | |
| General government | 5,852,048 | 5,700,121 | 5,700,121 | - |
| Public safety and protection | 2,248,677 | 2,335,945 | 2,335,945 | - |
| Public works | 1,810,353 | 1,856,953 | 1,856,953 | - |
| Health and sanitation | 413,053 | 416,694 | 416,694 | - |
| Parks and recreation | 906,325 | 889,565 | 889,565 | - |
| Education | 45,587,192 | 45,643,793 | 45,580,485 | 63,308 |
| Debt service | 6,649,705 | 6,605,781 | 6,605,781 | - |
| Total expenditures | 63,467,353 | 63,448,852 | 63,385,544 | 63,308 |
| Revenues over (under) expenditures | 1,442,005 | 1,460,506 | 3,134,345 | 1,673,839 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Appropriation of fund balance | 43,924 | 43,924 | - | (43,924) |
| Transfers out | (1,485,929) | (2,331,119) | (2,331,119) | - |
| Total other financing sources (uses) | (1,442,005) | (2,287,195) | (2,331,119) | (43,924) |
| Revenues and other financing sources over (under) expenditures and other financing (uses) | \$ - | \$ (826,689) | 803,226 | \$ 1,629,915 |
| BUDGETARY FUND BALANCE, beginning | | | 9,660,395 | |
| Change in GAAP expenditures not recognized for budget purposes, reserves for advances, inventories and prepaids | | | (734,082) | |
| BUDGETARY FUND BALANCE, ending | | | \$ 9,729,539 | |

TOWN OF WESTON, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

(unaudited)

Note 1. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The Board of Finance submits a proposed General Fund operating budget for the fiscal year commencing July 1, to the annual Town budget meeting, at which taxpayer comments are obtained. The General Fund operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted.
- Additional appropriations for \$5,000 or less must be approved by the Board of Selectmen.
- All transfers within or between departments and additional appropriations of over \$5,000 must be made by the Board of Selectmen with the approval of the Board of Finance.
- Additional appropriations by the Board of Selectmen cannot exceed \$50,000.
- Supplemental appropriations beyond those approved under additional appropriations, shall not exceed 2% of the current tax levy.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- Budgeted amounts shown are as originally adopted, or as amended by the Board of Selectmen and Board of Finance during the course of the year.
- Supplemental and additional appropriations of \$729,140 were approved during the year by the Board of Selectmen, Board of Finance and Town Meeting.

A reconciliation of General Fund budgetary basis is as follows:

| | General Fund | |
|--|------------------------------|-----------------------------------|
| | Revenues and Transfers in | Expenditures and Transfers Out |
| Budgetary basis | \$ 66,519,889 | \$ 65,716,663 |
| On-behalf payments for state teachers retirement | 4,270,000 | 4,270,000 |
| Transfer from Communications Tower Fund | 138,000 | 138,000 |
| Transfer from Self Funded Recreation Programs | 20,000 | 20,000 |
| Changes in reserves for encumbrances and liquidation of encumbrances | - | 287,866 |
| Reclassification to General Fund, as funds were previously reported as Special Revenue Funds, and no longer meet the definition in accordance with GASB 54 | 464,218 | 451,794 |
| GAAP Basis | \$ 71,412,107 | \$ 70,884,323 |

TOWN OF WESTON, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued

June 30, 2013

(unaudited)

Special revenue funds

The Town has legally adopted budgets for the youth services, senior center, and capital non-recurring, funds, but not for any of the other special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital project funds

Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

**Supplemental and Combining and Individual
Fund Financial Statements and Other Schedules**

General Fund

TOWN OF WESTON, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|----------------------|----------------------|------------------------------|---|
| | Original | Final | | |
| TAXES, INTEREST AND LIEN FEES: | | | | |
| Property taxes | \$ 62,640,792 | \$ 62,640,792 | \$ 63,507,905 | \$ 867,113 |
| Interest and lien fees | 250,000 | 250,000 | 458,250 | 208,250 |
| Total | 62,890,792 | 62,890,792 | 63,966,155 | 1,075,363 |
| INTERGOVERNMENTAL: | | | | |
| Capital Improvement Grants | 66,051 | 66,051 | 65,382 | (669) |
| Education | 948,564 | 948,564 | 1,022,787 | 74,223 |
| Highway maintenance | 125,997 | 125,997 | 125,154 | (843) |
| Property tax relief | 20,000 | 20,000 | 25,326 | 5,326 |
| Telecommunications personal property tax | 15,000 | 15,000 | 34,728 | 19,728 |
| Boat registration refund | 2,654 | 2,654 | - | (2,654) |
| Mashantucket Pequot grant | - | - | 7,405 | 7,405 |
| Municipal Video Competition | 20,000 | 20,000 | 42,924 | 22,924 |
| Other | 16,800 | 16,800 | 194,564 | 177,764 |
| Total | 1,215,066 | 1,215,066 | 1,518,270 | 303,204 |
| INCOME FROM INVESTMENTS: | | | | |
| Income from investments | 200,000 | 200,000 | 70,752 | (129,248) |
| CHARGES FOR SERVICES: | | | | |
| Building inspections | 170,000 | 170,000 | 267,522 | 97,522 |
| ZBA hearing fees | 1,000 | 1,000 | 2,240 | 1,240 |
| Town Clerk fees | 350,000 | 350,000 | 442,565 | 92,565 |
| Planning and Zoning Commission fees | 14,000 | 14,000 | 38,743 | 24,743 |
| Conservation Commission fees | 14,000 | 14,000 | 16,819 | 2,819 |
| Police report fees and fines | 4,000 | 4,000 | 4,170 | 170 |
| Selectman's Office fees | 1,500 | 1,500 | 782 | (718) |
| Public library receipts | - | - | 545 | 545 |
| Miscellaneous Town and BOE receipts | 15,000 | 15,000 | 149,901 | 134,901 |
| Animal Control Fees | 10,000 | 10,000 | 9,458 | (542) |
| Booster Barn Repayment | 18,000 | 18,000 | 20,200 | 2,200 |
| Assessor's copier receipts | 1,000 | 1,000 | 673 | (327) |
| Meals on Wheels | 5,000 | 5,000 | 11,094 | 6,094 |
| Total | 603,500 | 603,500 | 964,712 | 361,212 |
| Total revenues | 64,909,358 | 64,909,358 | 66,519,889 | 1,610,531 |
| OTHER FINANCING SOURCES: | | | | |
| Appropriation of fund balance | 43,924 | 43,924 | - | (43,924) |
| Total revenues and other financing sources | \$ 64,953,282 | \$ 64,953,282 | \$ 66,519,889 | \$ 1,566,607 |

TOWN OF WESTON, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|------------------|------------------------------|---|
| | Original | Final | | |
| GENERAL GOVERNMENT: | | | | |
| Administration | \$ 623,681 | \$ 613,107 | \$ 613,107 | \$ - |
| General administration | 4,038,550 | 3,922,551 | 3,922,551 | - |
| Information systems | 218,076 | 234,780 | 234,780 | - |
| Probate Court | 4,000 | 3,255 | 3,255 | - |
| Elections / registrars | 48,828 | 47,768 | 47,768 | - |
| Board of Finance | 51,400 | 49,400 | 49,400 | - |
| Assessor | 123,104 | 123,070 | 123,070 | - |
| Tax Collector | 117,136 | 116,947 | 116,947 | - |
| Legal counsel | 249,600 | 214,185 | 214,185 | - |
| Town Clerk | 128,048 | 126,877 | 126,877 | - |
| Planning and Zoning Commission | 93,787 | 92,368 | 92,368 | - |
| Historic District Commission | 300 | - | - | - |
| Zoning Board of Appeals | 2,510 | 2,364 | 2,364 | - |
| Building Inspector | 98,229 | 98,089 | 98,089 | - |
| Conservation Commission | 54,799 | 55,360 | 55,360 | - |
| Total | 5,852,048 | 5,700,121 | 5,700,121 | - |
| PUBLIC SAFETY AND PROTECTION: | | | | |
| Police services | 1,681,736 | 1,766,469 | 1,766,469 | - |
| Fire Marshal | 47,151 | 46,401 | 46,401 | - |
| Weston Volunteer Fire Department | 217,787 | 217,787 | 217,787 | - |
| Communications Center: | | | | |
| Expenditures | 368,272 | 376,211 | 376,211 | - |
| Transfer from Communications Tower Fund | (138,000) | (138,000) | (138,000) | - |
| | 230,272 | 238,211 | 238,211 | - |
| Dog Registration | 71,731 | 67,077 | 67,077 | - |
| Total | 2,248,677 | 2,335,945 | 2,335,945 | - |
| PUBLIC WORKS: | | | | |
| Highway | 1,774,723 | 1,826,183 | 1,826,183 | - |
| Water System Schools | 35,630 | 30,770 | 30,770 | - |
| Total | 1,810,353 | 1,856,953 | 1,856,953 | - |
| HEALTH AND WELFARE: | | | | |
| Westport / Weston Health District | 183,752 | 183,748 | 183,748 | - |
| Southwestern Connecticut Emergency | 1,300 | - | - | - |
| Medical Services | 12,205 | 12,215 | 12,215 | - |
| Regional Paramedic | 137,000 | 136,987 | 136,987 | - |
| Human Services | 78,796 | 83,744 | 83,744 | - |
| Total | 413,053 | 416,694 | 416,694 | - |

(Continued)

TOWN OF WESTON, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
 BUDGET AND ACTUAL - GENERAL FUND, Continued
 For the Year Ended June 30, 2013

| | Budgeted Amounts | | Actual Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|----------------------|----------------------|------------------------------|---|
| | Original | Final | | |
| RECREATION: | | | | |
| Weston Public Library | 397,349 | 393,324 | 393,324 | - |
| Senior Services | 94,749 | 80,984 | 80,984 | - |
| Recreation Department: | | | | |
| Expenditures | 192,507 | 191,638 | 191,638 | - |
| Transfer from self-funded recreation programs | (20,000) | (20,000) | (20,000) | - |
| | 172,507 | 171,638 | 171,638 | - |
| Park and school field maintenance | 158,449 | 155,270 | 155,270 | - |
| Middle School pool | 83,271 | 88,349 | 88,349 | - |
| Total | 906,325 | 889,565 | 889,565 | - |
| DEBT SERVICE | | | | |
| Interest | 2,354,705 | 2,310,781 | 2,310,781 | - |
| Principal | 4,295,000 | 4,295,000 | 4,295,000 | - |
| | 6,649,705 | 6,605,781 | 6,605,781 | - |
| BOARD OF EDUCATION | | | | |
| | 45,587,192 | 45,643,793 | 45,580,485 | 63,308 |
| Total expenditures | 63,467,353 | 63,448,852 | 63,385,544 | 63,308 |
| OTHER FINANCING USES | | | | |
| Transfers out: | | | | |
| Recycling and Transfer Station | 68,066 | 103,066 | 103,066 | - |
| Reserve fund for capital and nonrecurring expenditures | 1,401,783 | 1,948,477 | 1,948,477 | - |
| Water supply system | 16,080 | 16,080 | 16,080 | - |
| Senior Citizens Center | - | 13,496 | 13,496 | - |
| Capital improvement | - | 250,000 | 250,000 | - |
| Total other financing uses | 1,485,929 | 2,331,119 | 2,331,119 | - |
| Total expenditures and other financing uses | \$ 64,953,282 | \$ 65,779,971 | \$ 65,716,663 | \$ 63,308 |

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Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a specific purpose.

School Lunch Fund - is used to account for the operations of the schools' cafeterias, including the receipt and expenditure of related state funding.

Board of Education Grants - is used to account for revenue from federal and state grants for education.

Youth Service Bureau - is used to account for the operations of the Youth Service Bureau.

Library Board Fund – is used to account for the operations of the Town's library that are not funded through the annual Town operating budget.

Senior Citizens Center – is used to account for the operations of the Senior Citizens Center.

Communications Tower – is used to account for rental fees from various cellular phone companies.

Weston High School Fund – is used to account for revenues from other sources for the Weston High School.

Horace B. Hurlbutt Memorial Trust – is used to account for revenue from the Horace B. Hurlbutt Memorial Trust.

Morehouse Elderly Assistance – is used to account for programs specific to elderly assistance.

Social Services Fund – is used to account for programs for individuals and families residing in Weston that meet income criteria.

Gifts and Grants – is used to account for various Town initiatives and programs.

FEMA Storm Activity – is used to account for activities related to storm reimbursements.

Greyledge Fund – is used to account for planting and maintenance of trees, shrubs, and plants alongside Weston's public roadways.

CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for the acquisition of major capital facilities or improvements other than those financed by proprietary funds.

Capital Improvement Fund is used to account for capital improvements done by the Town.

Reserve Fund for Capital and Nonrecurring Expenditures - is used to account for projects to be funded from bond proceeds.

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TOWN OF WESTON, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

| | Special Revenue Funds | | | | |
|---|-----------------------|---------------------------|----------------------|---------------------|------------------------|
| | School Lunch | Board of Education Grants | Youth Service Bureau | Library Board Fund | Senior Citizens Center |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 145,851 | \$ 108,687 | \$ - | \$ 2,002,274 | \$ 30,462 |
| Other receivables | 22,593 | 371,960 | 1,119 | - | 200 |
| Inventories | 8,054 | - | - | - | - |
| Due from other funds | - | 106,519 | 93,303 | - | - |
| Total assets | \$ 176,498 | \$ 587,166 | \$ 94,422 | \$ 2,002,274 | \$ 30,662 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 52,188 | \$ 194,304 | \$ - | \$ - | \$ - |
| Advances from other funds | - | - | - | - | - |
| Due to other funds | - | 380,487 | - | - | 13,936 |
| Unearned revenues | - | - | - | - | - |
| Total liabilities | 52,188 | 574,791 | - | - | 13,936 |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable | 8,054 | - | - | - | - |
| Restricted | 116,256 | 12,375 | - | 2,002,274 | - |
| Committed | - | - | 94,422 | - | 16,726 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | 124,310 | 12,375 | 94,422 | 2,002,274 | 16,726 |
| Total liabilities and fund balances (deficits) | \$ 176,498 | \$ 587,166 | \$ 94,422 | \$ 2,002,274 | \$ 30,662 |

| Special Revenue Funds | | | | | | | |
|-----------------------|-------------------------|-----------------------------------|------------------------------|----------------------|------------------|---------------------|---|
| Communications Tower | Weston High School Fund | Horace B. Hurlbutt Memorial Trust | Morehouse Elderly Assistance | Social Services Fund | Gifts and Grants | Fema Storm Activity | |
| \$ - | \$ 15,697 | \$ 11,165 | \$ 152,253 | \$ 47,724 | \$ - | \$ - | |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 317,187 | - | - | - | - | 24,694 | - | - |
| <u>\$ 317,187</u> | <u>\$ 15,697</u> | <u>\$ 11,165</u> | <u>\$ 152,253</u> | <u>\$ 47,724</u> | <u>\$ 24,694</u> | <u>\$ -</u> | |
| \$ 234 | \$ - | \$ - | \$ - | \$ 635 | \$ - | \$ - | |
| - | - | - | - | - | - | - | - |
| - | - | - | 15,293 | 3,445 | - | 255,831 | |
| - | - | - | - | - | 24,744 | - | |
| <u>234</u> | <u>-</u> | <u>-</u> | <u>15,293</u> | <u>4,080</u> | <u>24,744</u> | <u>255,831</u> | |
| - | - | - | - | - | - | - | |
| - | - | 11,165 | 136,960 | - | - | - | |
| 316,953 | 15,697 | - | - | 43,644 | - | - | |
| - | - | - | - | - | (50) | (255,831) | |
| <u>316,953</u> | <u>15,697</u> | <u>11,165</u> | <u>136,960</u> | <u>43,644</u> | <u>(50)</u> | <u>(255,831)</u> | |
| <u>\$ 317,187</u> | <u>\$ 15,697</u> | <u>\$ 11,165</u> | <u>\$ 152,253</u> | <u>\$ 47,724</u> | <u>\$ 24,694</u> | <u>\$ -</u> | |

(Continued)

TOWN OF WESTON, CONNECTICUT

COMBINING BALANCE SHEET, Continued
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2013

| | Capital Projects Fund | | Permanent Fund | Totals |
|---|-----------------------|--|------------------|---------------------|
| | Capital Improvements | Reserve Fund for Capital and Nonrecurring Expenditures | Greyledge Fund | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 2,514,113 |
| Other receivables | - | - | - | 395,872 |
| Inventories | - | - | - | 8,054 |
| Due from other funds | 1,739,235 | 2,654,693 | 89,146 | 5,024,777 |
| Total assets | \$ 1,739,235 | \$ 2,654,693 | \$ 89,146 | \$ 7,942,816 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | - | \$ 15,956 | \$ - | \$ 263,317 |
| Advances from other funds | 582,550 | - | - | 582,550 |
| Due to other funds | 10,651 | - | - | 679,643 |
| Unearned revenues | 401,734 | - | - | 426,478 |
| Total liabilities | 994,935 | 15,956 | - | 1,951,988 |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable | - | - | - | 8,054 |
| Restricted | 744,300 | - | 89,146 | 3,112,476 |
| Committed | - | 2,638,737 | - | 3,126,179 |
| Unassigned | - | - | - | (255,881) |
| Total fund balances (deficits) | 744,300 | 2,638,737 | 89,146 | 5,990,828 |
| Total liabilities and fund balances (deficits) | \$ 1,739,235 | \$ 2,654,693 | \$ 89,146 | \$ 7,942,816 |

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TOWN OF WESTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICITS)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

| | Special Revenue Funds | | | | |
|--|-----------------------|---------------------------|----------------------|---------------------|------------------------|
| | School Lunch | Board of Education Grants | Youth Service Bureau | Library Board Fund | Senior Citizens Center |
| REVENUES | | | | | |
| Intergovernmental | \$ - | \$ 652,131 | \$ 18,888 | \$ - | \$ - |
| Income from investments | - | - | - | - | - |
| Charges for services | 1,337,784 | - | 187,017 | 1,814,694 | - |
| Other revenues | - | - | - | - | 31,518 |
| Total revenues | 1,337,784 | 652,131 | 205,905 | 1,814,694 | 31,518 |
| EXPENDITURES | | | | | |
| General government | - | - | 178,748 | 2,390 | 42,678 |
| Education | 1,361,056 | 652,131 | - | - | - |
| Capital outlay | - | - | - | - | - |
| Total expenditures | 1,361,056 | 652,131 | 178,748 | 2,390 | 42,678 |
| Revenues over (under) expenditures | (23,272) | - | 27,157 | 1,812,304 | (11,160) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | - | 13,496 |
| Transfers out | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | 13,496 |
| Net change in fund balance (deficits) | (23,272) | - | 27,157 | 1,812,304 | 2,336 |
| FUND BALANCES (DEFICITS), beginning | 147,582 | 12,375 | 67,265 | 189,970 | 14,390 |
| FUND BALANCES (DEFICITS), ending | \$ 124,310 | \$ 12,375 | \$ 94,422 | \$ 2,002,274 | \$ 16,726 |

| Special Revenue Funds | | | | | | |
|-----------------------|-------------------------|-----------------------------------|------------------------------|----------------------|------------------|---------------------|
| Communications Tower | Weston High School Fund | Horace B. Hurlbutt Memorial Trust | Morehouse Elderly Assistance | Social Services Fund | Gifts and Grants | FEMA Storm Activity |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 101,173 |
| - | - | - | 199 | - | - | - |
| 165,519 | - | 1,253 | - | - | - | - |
| - | 505 | - | - | 13,675 | 60,243 | - |
| 165,519 | 505 | 1,253 | 199 | 13,675 | 60,243 | 101,173 |
| 71,644 | - | - | 2,465 | - | 60,243 | 357,004 |
| - | 2,572 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 71,644 | 2,572 | - | 2,465 | - | 60,243 | 357,004 |
| 93,875 | (2,067) | 1,253 | (2,266) | 13,675 | - | (255,831) |
| - | - | - | - | - | - | - |
| (138,000) | - | - | - | - | - | - |
| (138,000) | - | - | - | - | - | - |
| (44,125) | (2,067) | 1,253 | (2,266) | 13,675 | - | (255,831) |
| 361,078 | 17,764 | 9,912 | 139,226 | 29,969 | (50) | - |
| \$ 316,953 | \$ 15,697 | \$ 11,165 | \$ 136,960 | \$ 43,644 | \$ (50) | \$ (255,831) |

(Continued)

TOWN OF WESTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (DEFICITS), Continued
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2013

| | Capital Projects Fund | | Permanent Fund | Totals |
|--|-----------------------|--|------------------|---------------------|
| | Capital Improvements | Reserve Fund for Capital and Nonrecurring Expenditures | Greylegge Fund | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 99,602 | \$ - | \$ 871,794 |
| Income from investments | - | - | - | 199 |
| Charges for services | - | - | - | 3,506,267 |
| Other revenues | 6,800 | - | 46,124 | 158,865 |
| Total revenues | 6,800 | 99,602 | 46,124 | 4,537,125 |
| EXPENDITURES | | | | |
| General government | - | - | 6,267 | 721,439 |
| Education | - | - | - | 2,015,759 |
| Capital outlay | 2,111,143 | 1,330,641 | - | 3,441,784 |
| Total expenditures | 2,111,143 | 1,330,641 | 6,267 | 6,178,982 |
| Revenues over (under) expenditures | (2,104,343) | (1,231,039) | 39,857 | (1,641,857) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 250,000 | 1,958,477 | - | 2,221,973 |
| Transfers out | - | - | - | (138,000) |
| Total other financing sources (uses) | 250,000 | 1,958,477 | - | 2,083,973 |
| Net change in fund balance (deficits) | (1,854,343) | 727,438 | 39,857 | 442,116 |
| FUND BALANCES (DEFICITS), beginning | 2,598,643 | 1,911,299 | 49,289 | 5,548,712 |
| FUND BALANCES (DEFICITS) ending | \$ 744,300 | \$ 2,638,737 | \$ 89,146 | \$ 5,990,828 |

Nonmajor Enterprise Funds

ENTERPRISE FUNDS

Enterprise Funds are used to account for ongoing organizations and activities which are similar to those found in the private sector.

Water Supply System - is used to account for revenues and expenditures related to the Town's portion of the water supply system.

Self-Funded Recreation Program - is used to account for revenues and expenditures related to the Town's Park and Recreation programs.

Recycling and Transfer Station - is used to account for revenues and expenditures related to the Town's recycling and transfer station.

TOWN OF WESTON, CONNECTICUT

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

June 30, 2013

| | Business-Type Activities - Enterprise Funds | | | Total |
|---|--|---------------------------------------|--------------------------------------|-------------------|
| | Water Supply System | Self-Funded Recreation Programs | Recycling and Transfer Station | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 14,744 | \$ 63,027 | \$ - | \$ 77,771 |
| Accounts receivable | 4,041 | - | 47,668 | 51,709 |
| Due from other funds | - | 194,339 | - | 194,339 |
| Total current assets | 18,785 | 257,366 | 47,668 | 323,819 |
| Noncurrent assets: | | | | |
| Capital assets, net of accumulated depreciation | 70,348 | 78 | 84,080 | 154,506 |
| Total noncurrent assets | 70,348 | 78 | 84,080 | 154,506 |
| Total assets | 89,133 | 257,444 | 131,748 | 478,325 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | - | 99,996 | - | 99,996 |
| Due to other funds | 63,534 | - | 62,970 | 126,504 |
| Total current liabilities | 63,534 | 99,996 | 62,970 | 226,500 |
| NET POSITION | | | | |
| Net Investment in capital assets | 70,348 | 78 | 84,080 | 154,506 |
| Unrestricted (deficit) | (44,749) | 157,370 | (15,302) | 97,319 |
| Total net position | \$ 25,599 | \$ 157,448 | \$ 68,778 | \$ 251,825 |

TOWN OF WESTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2013

| | Business-Type Activities - Enterprise Funds | | | Total |
|---|--|---------------------------------------|--------------------------------------|-------------------|
| | Water Supply System | Self-Funded Recreation Programs | Recycling and Transfer Station | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 18,797 | \$ 415,162 | \$ 292,174 | \$ 726,133 |
| Total operating revenues | <u>18,797</u> | <u>415,162</u> | <u>292,174</u> | <u>726,133</u> |
| OPERATING EXPENSES | | | | |
| Costs of services | 40,565 | 376,802 | 381,039 | 798,406 |
| Depreciation | 5,845 | 1,456 | 5,166 | 12,467 |
| Total operating expenses | <u>46,410</u> | <u>378,258</u> | <u>386,205</u> | <u>810,873</u> |
| Operating (loss) income | <u>(27,613)</u> | <u>36,904</u> | <u>(94,031)</u> | <u>(84,740)</u> |
| NONOPERATING REVENUES | | | | |
| Interest income | 45 | 501 | - | 546 |
| Total nonoperating revenues | <u>45</u> | <u>501</u> | <u>-</u> | <u>546</u> |
| Net (loss) income before transfers | <u>(27,568)</u> | <u>37,405</u> | <u>(94,031)</u> | <u>(84,194)</u> |
| TRANSFERS | | | | |
| Transfers in | 16,080 | - | 103,066 | 119,146 |
| Transfers out | - | (30,000) | - | (30,000) |
| | <u>16,080</u> | <u>(30,000)</u> | <u>103,066</u> | <u>89,146</u> |
| Change in net position | <u>(11,488)</u> | <u>7,405</u> | <u>9,035</u> | <u>4,952</u> |
| FUND NET POSITION, beginning | <u>37,087</u> | <u>150,043</u> | <u>59,743</u> | <u>246,873</u> |
| FUND NET POSITION, ending | <u>\$ 25,599</u> | <u>\$ 157,448</u> | <u>\$ 68,778</u> | <u>\$ 251,825</u> |

TOWN OF WESTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2013

| | Business-Type Activities - Enterprise Funds | | | Total |
|---|--|---------------------------------------|--------------------------------------|-----------------|
| | Water Supply System | Self-Funded Recreation Programs | Recycling and Transfer Station | |
| Cash Flows From Operating Activities | | | | |
| Receipts from customers and users | \$ 23,639 | \$ 433,618 | \$ 277,222 | \$ 734,479 |
| Payments to suppliers and personnel | (66,080) | (380,009) | (368,091) | (814,180) |
| Net cash used in operating activities | (42,441) | 53,609 | (90,869) | (79,701) |
| Cash Flows From Investing Activities | | | | |
| Interest income | 45 | 501 | - | 546 |
| Cash Flows From Non-Capital Financing Activities: | | | | |
| Transfers: | | | | |
| From/to other funds | 16,080 | (30,000) | 103,066 | 89,146 |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Acquisition of capital assets | - | - | (12,197) | (12,197) |
| Net increase (decrease) in cash and cash equivalents | (26,316) | 24,110 | - | (2,206) |
| Cash and Cash Equivalents | | | | |
| Beginning | 41,060 | 38,917 | - | 79,977 |
| Ending | \$ 14,744 | \$ 63,027 | \$ - | \$ 77,771 |
| Reconciliation of Operating (Loss) Income to Net Cash Provided By (Used in) Operating Activities | | | | |
| Operating (loss) income | \$ (27,613) | \$ 36,904 | \$ (94,031) | \$ (84,740) |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 5,845 | 1,456 | 5,166 | 12,467 |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in other receivables | 4,842 | 1,930 | (14,954) | (8,182) |
| Decrease in due from other funds | - | 16,526 | - | 16,526 |
| Decrease in accounts payable | - | (3,207) | - | (3,207) |
| (Increase) decrease in due to other funds | (25,515) | - | 12,950 | (12,565) |
| Net cash provided by (used in) operating activities | (42,441) | 53,609 | (90,869) | (79,701) |

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Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts and Agency Funds.

Private Purpose Trust Funds - are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments. The Town's Private Purpose Trust Fund is listed below:

Mariana L. Clark

Agency Funds - are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.

The Town's agency funds are as follows:

Student Activity Fund
Police Survivors
School Athletic

TOWN OF WESTON, CONNECTICUT

STATEMENT OF PRIVATE PURPOSE TRUST FUNDS NET POSITION - FIDUCIARY FUNDS

June 30, 2013

| | Private Purpose Trust Fund <hr/> Mariana L. Clark <hr/> |
|-----------------------------------|--|
| ASSETS | |
| Cash and cash equivalents | \$ 128,788 |
| Total assets | <hr/> 128,788 <hr/> |
| Net Position Held in Trust | |
| For donors' intentions | 128,788 |
| Total net position | <hr/> \$ 128,788 <hr/> <hr/> |

TOWN OF WESTON, CONNECTICUT

STATEMENT OF CHANGES IN NET POSITION - PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2013

| | Private Purpose Trust Fund Mariana L. Clark |
|-----------------------------------|---|
| Additions | |
| Investment Income: | |
| Interest and dividends | \$ 1,669 |
| Total additions | <u>1,669</u> |
| | |
| Net change in net position | 1,669 |
| | |
| Net Position Held in Trust | |
| Beginning of year | <u>127,119</u> |
| | |
| End of year | <u><u>\$ 128,788</u></u> |

TOWN OF WESTON, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Year Ended June 30, 2013

| | Balance July 1, 2012 | Additions | Deletions | Balance June 30, 2013 |
|------------------------------|-------------------------|------------|--------------|--------------------------|
| STUDENT ACTIVITY FUND | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 364,542 | \$ 536,161 | \$ (588,445) | \$ 312,258 |
| Liabilities | | | | |
| Other liabilities | \$ 364,542 | \$ 536,161 | \$ (588,445) | \$ 312,258 |
| POLICE SURVIVOR | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 5,173 | \$ 10 | \$ - | \$ 5,183 |
| Liabilities | | | | |
| Other liabilities | \$ 5,173 | \$ 10 | \$ - | \$ 5,183 |
| SCHOOL ATHLETIC | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 37,477 | \$ 135,041 | \$ (165,654) | \$ 6,864 |
| Liabilities | | | | |
| Other liabilities | \$ 37,477 | \$ 135,041 | \$ (165,654) | \$ 6,864 |
| TOTALS | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 407,192 | \$ 671,212 | \$ (754,099) | \$ 324,305 |
| Liabilities | | | | |
| Other liabilities | \$ 407,192 | \$ 671,212 | \$ (754,099) | \$ 324,305 |

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**Capital Assets Used in the Operation
Of Governmental Funds**

TOWN OF WESTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY CATEGORY - HISTORICAL COST

June 30, 2013

Governmental funds capital assets:

| | | |
|----------------------------------|-----------|--------------------|
| Land | \$ | 10,148,899 |
| Buildings and improvements | | 112,293,323 |
| Land Improvements | | 5,147,219 |
| Machinery, equipment and vehicle | | 12,928,081 |
| Infrastructure | | 17,510,751 |
| Construction in progress | | 3,185,420 |
| Total | \$ | 161,213,693 |

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Other Schedules

TOWN OF WESTON, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND

June 30, 2013

| | General Fund | BOE Miscellaneous | Elimination 1 | General Fund Combined |
|--|----------------------|----------------------|---------------------|--------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 7,010,389 | \$ 197,178 | \$ - | \$ 7,207,567 |
| Investments | 11,981,011 | - | - | 11,981,011 |
| Receivables, net of allowances for collection losses: | | | | |
| Property taxes | 1,316,281 | - | - | 1,316,281 |
| Intergovernmental and other | 118,843 | 9,000 | - | 127,843 |
| Inventories and prepaids | 840,871 | - | - | 840,871 |
| Due from other funds | 958,958 | - | (144,363) | 814,595 |
| Advances to other funds | 582,550 | - | - | 582,550 |
| Total assets | \$ 22,808,903 | \$ 206,178 | \$ (144,363) | \$ 22,870,718 |
| Liabilities | | | | |
| Accounts payable and accruals | 1,677,647 | - | - | 1,677,647 |
| Due to other funds | 8,098,892 | 144,363 | (144,363) | 8,098,892 |
| Deferred revenue | 1,224,634 | - | - | 1,224,634 |
| Unearned revenue | 121,587 | - | - | 121,587 |
| Taxes collected in advance | 341,686 | - | - | 341,686 |
| Total liabilities | 11,464,446 | 144,363 | (144,363) | 11,464,446 |
| Fund balances: | | | | |
| Nonspendable | 1,423,421 | - | - | 1,423,421 |
| Committed | 419,229 | - | - | 419,229 |
| Assigned | 191,497 | 61,815 | - | 253,312 |
| Unassigned | 9,310,310 | - | - | 9,310,310 |
| Total fund balances | 11,344,457 | 61,815 | - | 11,406,272 |
| Total liabilities and fund balances | \$ 22,808,903 | \$ 206,178 | \$ (144,363) | \$ 22,870,718 |

TOWN OF WESTON, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT - GENERAL FUND
 For the Year Ended June 30, 2013

| | General Fund | BOE Miscellaneous | General Fund Combined |
|---|----------------------|----------------------|--------------------------|
| REVENUES | | | |
| Property taxes | \$ 63,966,155 | \$ - | \$ 63,966,155 |
| Intergovernmental | 5,788,270 | - | 5,788,270 |
| Income from investments | 408,278 | - | 408,278 |
| Net depreciation in fair value of investments | (337,526) | - | (337,526) |
| Charges for services | 797,868 | 464,218 | 1,262,086 |
| Other revenues | 166,844 | - | 166,844 |
| Total revenues | 70,789,889 | 464,218 | 71,254,107 |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 5,642,964 | - | 5,642,964 |
| Public safety | 2,457,482 | - | 2,457,482 |
| Public works | 1,750,222 | - | 1,750,222 |
| Health and welfare | 415,692 | - | 415,692 |
| Culture and recreation | 964,387 | - | 964,387 |
| Education | 50,097,687 | 451,794 | 50,549,481 |
| Debt service: | | | |
| Principal retirements | 4,295,000 | - | 4,295,000 |
| Interest and other charges | 2,477,976 | - | 2,477,976 |
| Total expenditures | 68,101,410 | 451,794 | 68,553,204 |
| Revenues over (under) expenditures | 2,688,479 | 12,424 | 2,700,903 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 158,000 | - | 158,000 |
| Transfers out | (2,331,119) | - | (2,331,119) |
| Total other financing sources (uses) | (2,173,119) | - | (2,173,119) |
| Net change in fund balance | 515,360 | 12,424 | 527,784 |
| FUND BALANCES, beginning | 10,829,097 | 49,391 | 10,878,488 |
| FUND BALANCES, ending | \$ 11,344,457 | \$ 61,815 | \$ 11,406,272 |

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TOWN OF WESTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND
OUTSTANDING - GENERAL FUND
For the Year Ended June 30, 2013

| Grand List Year | Taxes Receivable July 1, 2012 | Current Levy | Lawful Corrections | | Balance To Be Collected |
|--------------------|-------------------------------------|----------------------|--------------------|-------------------|-------------------------------|
| | | | Additions | Deletions | |
| 2011 | \$ - | \$ 63,516,936 | \$ 38,165 | \$ 95,893 | \$ 63,459,208 |
| 2010 | 779,629 | - | 2,743 | 19,622 | 762,750 |
| 2009 | 365,431 | - | - | 10,372 | 355,059 |
| 2008 | 210,281 | - | 532 | 11,942 | 198,871 |
| 2007 | 135,446 | - | 1,019 | 4,663 | 131,802 |
| 2006 | 71,244 | - | 515 | 4,141 | 67,618 |
| 2005 | 30,434 | - | 251 | 4,027 | 26,658 |
| 2004 | 3,913 | - | 177 | 3,904 | 186 |
| 2003 | 19,685 | - | 116 | 3,585 | 16,216 |
| 2002 | - | - | 413 | - | 413 |
| 2001 | - | - | 124 | - | 124 |
| 2000 | - | - | - | - | - |
| 1999 | - | - | 493 | - | 493 |
| 1998 | 4,520 | - | 510 | - | 5,030 |
| 1997 | - | - | 62 | - | 62 |
| | <u>\$ 1,620,583</u> | <u>\$ 63,516,936</u> | <u>\$ 45,120</u> | <u>\$ 158,149</u> | <u>\$ 65,024,490</u> |

| Refund Adjustments | Collections | | | | Balance Uncollected June 30, 2013 | Refund Balance June 30, 2013 | Taxes Receivable June 30, 2013 |
|-----------------------|----------------------|-------------------|------------------|----------------------|---|------------------------------------|--------------------------------------|
| | Taxes | Interest | Fees | Total | | | |
| \$ 84,019 | \$ 62,927,225 | \$ 204,139 | \$ 1,530 | \$ 63,132,894 | \$ 616,002 | \$ 47,557 | \$ 663,559 |
| (38,412) | 498,111 | 93,882 | 2,305 | 594,298 | 226,227 | 49,182 | 275,409 |
| (23,819) | 176,744 | 62,669 | 6,715 | 246,128 | 154,496 | 24,772 | 179,268 |
| (32,913) | 37,035 | 45,022 | 594 | 82,651 | 128,923 | 8,280 | 137,203 |
| (31,236) | 26,495 | 24,594 | 221 | 51,310 | 74,071 | 22,666 | 96,737 |
| (30,745) | 2,179 | 18,256 | 96 | 20,531 | 34,694 | 17,025 | 51,719 |
| (8,138) | 5,991 | 1,946 | 24 | 7,961 | 12,529 | 7,821 | 20,350 |
| - | 177 | 228 | - | 405 | 9 | - | 9 |
| - | 6,191 | 2,249 | 24 | 8,464 | 10,025 | - | 10,025 |
| - | 413 | 672 | - | 1,085 | - | - | - |
| - | 124 | 219 | - | 343 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 493 | 1,105 | - | 1,598 | - | - | - |
| - | 510 | 881 | - | 1,391 | 4,520 | - | 4,520 |
| - | 62 | - | - | 62 | - | - | - |
| <u>\$ (81,244)</u> | <u>\$ 63,681,750</u> | <u>\$ 455,862</u> | <u>\$ 11,509</u> | <u>\$ 64,149,121</u> | <u>\$ 1,261,496</u> | <u>\$ 177,303</u> | <u>\$ 1,438,799</u> |

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