



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Woodbridge, Connecticut (the "Town") as of and for the fiscal year ended June 30, 2014, and the related notes thereto which collectively comprise the Town's basic financial statements as listed in the table of content.

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 Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodbridge, Connecticut as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on pages 3-10, budgetary comparison information on page 41, and the schedules of funding progress and employers contributions on page 42 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 combining and individual fund financial statements and other schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 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.

The introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 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 22, 2014

TOWN OF WOODBRIDGE, CONNECTICUT
Management's Discussion and Analysis - *unaudited*
June 30, 2014
(In Thousands)

As management of the Town of Woodbridge, 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, 2014. 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.

Financial Highlights - Primary Government

The assets of the Town of Woodbridge exceeded its liabilities at the close of the most recent fiscal year by \$60,350 (net position). Of this amount, \$3,535 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The Town's total net position increased by \$1,754. This increase is primarily attributable to an increase in charges for services, property tax revenue and the receipt of grants. As of the close of the current fiscal year, the Town of Woodbridge's governmental funds reported combined ending fund balances of \$1,735 with a general fund total fund balance of \$5,930. The total fund balance of \$1,735 includes a deficit fund balance of \$6,300 in the Woodbridge Country Club Fund due to a \$6,300 notes payable liability. Additionally, the Town has a \$770 note liability in the Public Works Facility fund. Management has committed to maintaining a minimum unassigned fund balance in the General Fund of 7% to 14% of the subsequent year's annual budget.

As of the end of the current fiscal year, unassigned fund balance for the general fund was \$4,484, or approximately 9.9% of general fund expenditures.

The Town's total general obligation bonds decreased by \$1,625 during the current fiscal year. The key factor in this is the repayment of principal in the Town's debt service. The bonds outstanding are for school construction, land acquisition and other general municipal improvements. In August of 2013, the Town issued short term notes in the amount of \$6,300 to finance the purchase of the Woodbridge Country Club and \$5,520 to finance the construction of the new public works garage. See Note 6 on page 32 for more information.

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, highways and streets, solid waste disposal, human services, economic development, and culture and recreation activities.

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 Woodbridge, 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 two categories: governmental 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. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Woodbridge maintains twenty-two (22) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Public Works Facility fund and the Woodbridge Country Club fund, all of which are considered to be major funds. Ten (10) special revenue funds, six (6) capital project funds and two (2) permanent funds are combined into aggregate funds in this presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

Fiduciary funds. The Town of Woodbridge maintains four (4) individual 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 statement because the resources of those funds are not available to support the Town of Woodbridge's own programs.

Fiduciary funds provide the same type of information as the government-wide financial statements, only in more detail. The fiduciary fund financial statements provide separate information for Student Activities, Senior Center Activities and Senior Center Arts and Crafts and the OPEB fund. Conversely, these funds are combined into a single, aggregated presentation in the fiduciary fund financial statements. Individual fund data for these funds is provided in the form of combining statements elsewhere in this report.

The basic fiduciary fund financial statements can be found on pages 16-17 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 18-44 of this report.

The notes to this report also contain certain information concerning the Town's progress in funding its obligation to provide benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Woodbridge, assets exceeded liabilities by \$60,350 at the close of the most recent fiscal year. This is an increase of \$1,754 over the prior year.

**TOWN OF WOODBRIDGE, CONNECTICUT
SUMMARY STATEMENT OF NET POSITION
June 30, 2014 and 2013**

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> |
|----------------------------------|----------------------|----------------------|
| | <u>Governmental</u> | <u>Governmental</u> |
| | <u>Activities</u> | <u>Activities</u> |
| Current and other assets | \$ 14,207 | \$ 14,870 |
| Capital assets | 77,646 | 72,904 |
| Total assets | 91,853 | 87,774 |
| Long-term liabilities | 20,595 | 16,547 |
| Other liabilities | 10,862 | 12,631 |
| Total liabilities | 31,457 | 29,178 |
| Deterred Inflows of Resources | 46 | - |
| Net position: | | |
| Net investment in capital assets | 55,946 | 51,843 |
| Restricted | 869 | 1,142 |
| Unrestricted | 3,535 | 5,611 |
| Total net position | \$ 60,350 | \$ 58,596 |

By far the largest portion of the Town's net position (92.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town 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.

The Town also has \$395 in restricted assets for trust purposes, \$160 for public safety, \$121 for the library, and \$193 for other purposes. These are assets restricted for a specific purpose and cannot be used for any other purpose other than its original intent.

The remaining balance of unrestricted net position \$3,535 may be used to meet the government's ongoing obligations to citizens and creditors. This compares to last year's total unrestricted net position of \$5,611, a decrease of \$2,076. This is mainly due to the outstanding bond anticipation notes.

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. The same held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net position by \$1,754, thereby accounting for a 3.0 percent growth. The increase of \$1,754 of net position is \$1,084 more than the previous increase of \$670.

**TOWN OF WOODBRIDGE, CONNECTICUT
SUMMARY STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2014 and 2013**

| | 2014 | 2013 |
|--|------------------|------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 2,470 | \$ 2,854 |
| Operating grants and contributions | 3,567 | 2,431 |
| Capital grants and contributions | 1,836 | 429 |
| General Revenues: | | |
| Property taxes | 41,511 | 40,857 |
| Grants and contributions not restricted to specific programs | 179 | 708 |
| Miscellaneous | 431 | 394 |
| Investment income | 62 | 71 |
| Total revenues | 50,055 | 47,744 |
| Expenses: | | |
| General Government | 2,809 | 2,750 |
| Public Safety | 6,154 | 6,237 |
| Public Works | 5,556 | 4,539 |
| Human Services | 835 | 750 |
| Library | 1,408 | 1,394 |
| Education | 15,674 | 15,750 |
| Amity Regional School District | 12,987 | 12,385 |
| Recreation | 2,541 | 2,704 |
| Debt Service | 338 | 565 |
| Total expenses | 48,301 | 47,074 |
| Increase in net position | 1,754 | 670 |
| Net Position, beginning | 58,596 | 57,926 |
| Net Position, ending | \$ 60,350 | \$ 58,596 |

Key elements of this increase are as follows:

Eighty-three percent (83%) of the revenues of the Town were derived from property taxes, followed by eleven percent (11%) from grants and contributions, five percent (5%) from charges for services, and one percent (1%) from miscellaneous revenues.

Major revenue factors included:

- Property tax revenues recorded for the fiscal year 2014, up \$654, or 1.60% reflects growth in the total assessed value of taxable property of 1.29 % and a mill rate increase of 1.22%.
- Governmental Fund investment earnings decreased by \$9 from \$71 in the prior fiscal year to \$62 in the fiscal year ended June 30, 2014.
- Intergovernmental revenue increased from the prior fiscal year by \$2,014. This is primarily due to an increase in education operating grants of \$238, an increase in public works grants of \$2,151 combined with a decrease in public safety grants of \$25.
- Charges for services decreased by approximately \$384 from the prior fiscal year, primarily due to decreased fees from the Country Club of Woodbridge of \$324 along with \$12 in decreased building permit revenue, and \$22 in decreased Town Clerk fees.

For Governmental Activities, 59% of the Town's expenses relate to education, 13% relates to public safety, 12% relates to parks and public works operations, 10% relates to health and welfare, recreation activities, and library, 5% relates to government administration, and other areas, and the remaining 1% to interest payments on long term debt.

Major expense factors include:

- Recreation decreased \$163 primarily due to a decrease of \$296 in expenses related to the Country Club of Woodbridge.
- The cost of education services from Amity increased \$602 primarily due to negotiated wage settlements, employee health insurance cost increases and other cost increases
- An increase of \$1,017 in Public Works primarily due to expenses related to the construction of the new public works facility and Merritt Avenue Bridge.
- A decrease of \$227 in debt service interest payments.

Expenses and Program Revenues - Government-Wide Activities

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. A noteworthy exception, however, was the Town's debt service. Debt service decreased by \$195 due to the repayment of principal on outstanding debt with no new debt issued. Additionally, as noted earlier, public works expenses increased due to the construction of the new facility by \$3,785 and construction of the Merritt Avenue Bridge at \$712.

Business-type activities. The Town does not maintain any business- type activities at the present time.

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 \$1,735. Please note the total fund balance of \$1,735 includes a deficit fund balance of \$6,300 in the Woodbridge Country Club Fund due to a \$6,300 notes payable liability and a \$770 note liability in the Public Works Facility fund. The remainder of fund balance totaling \$8,805, includes \$1,361 assigned to liquidate contracts and purchase orders of the prior period, \$474 restricted for specific purposes, \$2,273 committed to certain functions, \$384 identified as nonspendable and \$4,484 as unassigned in the general fund.

General fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,484, while total fund balance equals \$5,930. 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 9.9% of total general fund expenditures, while total fund balance represents 13.1% of that same amount.

In 2013, the total fund balance of the Town's general fund decreased by \$120.

Woodbridge Country Club Fund. This fund is a capital improvement fund dedicated to the purchase of the Woodbridge Country Club in August 2009. The Town approved a bond referendum totaling \$7,000 in May of 2009. There were no expenditures for this capital project in 2014 with a debt pay down of \$350. The Woodbridge Country Club fund balance (deficit) was (\$6,300) on June 30, 2014 representing that fund's note liability.

Public Works Facility. This fund is a capital improvement fund related to the construction of the new Public Works Facility. The Town began construction in June of 2013. In fiscal year 2014, there were expenses totaling \$3,785. The Town has appropriated \$5,520 in bonds toward the construction of this facility.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an increase of \$409 and can be briefly summarized as follows:

- \$417 increase to capital and non-recurring of which \$375 is used to fund new boilers at Beecher school.
- \$80 increase in public works due to storm related activities.
- \$38 increase benefits due to increased costs in workers compensation.
- \$200 decrease in Contingency to fund needs in other departments.
- \$74 in net increases allocated to all other budgetary departments.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$77,646 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- \$375 for a boiler replacement at Beecher Road School.
- \$236 in infrastructure improvements related to road reclamation.
- \$459 in vehicle and equipment purchases for public safety
- \$4,712 in net additions to construction in progress including \$3,785 toward the construction of the Public Works facility and 638 toward the reconstruction of the Merritt Avenue Bridge.

**TOWN OF WOODBRIDGE, CONNECTICUT
CAPITAL ASSETS (NET OF DEPRECIATION)
June 30, 2014 and 2013**

| | Governmental Activities | |
|----------------------------|-------------------------|------------------|
| | 2014 | 2013 |
| Land | \$ 20,567 | \$ 20,567 |
| Buildings and improvements | 25,735 | 25,771 |
| Machinery and equipment | 2,940 | 2,980 |
| Infrastructure | 21,168 | 21,062 |
| Construction in progress | 7,236 | 2,523 |
| Total | <u>\$ 77,646</u> | <u>\$ 72,904</u> |

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$9,580. The Town has issued no debt secured solely by specified revenue sources (i.e., revenue bonds).

**TOWN OF WOODBRIDGE, CONNECTICUT
OUTSTANDING DEBT**

| | Governmental Activities | |
|--------------------------|-------------------------|------------------|
| | 2014 | 2013 |
| General obligation bonds | <u>\$ 9,580</u> | <u>\$ 11,205</u> |

The Town's total debt decreased by \$1,625 (14.5%) during the current fiscal year. The key factor in this decrease was the continued payment of principal on all Town Bond issues.

The Town was upgraded to an "AAA" rating from Moody's Investors Service. This rating was awarded in May of 2010 and was the result of a Moody's global recalibration.

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 \$288,268, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in note 6 of this report.

The Town utilizes a budget model to project the tax consequences associated with funding the annual budget projections and capital expenditures over a ten year period. The model enables Town administration and the general public to view various scenarios for projecting the impact of operating expenditures and capital projects by utilizing various budgetary assumptions which include debt service, projected annual growth in operating revenues and expenditures, use of undesignated fund balance, tax collection rates and grand list growth.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 4.3%, which is a decrease from a rate of 5.7% a year ago. This compares favorably to the State's average unemployment rate of 8.1% and the Bridgeport-Stamford Labor Market of 6.0%.
- Primarily a residential community, the Town experienced a slight increase in the total taxable assessed value in 2010 of 1.29%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town of Woodbridge'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, 11 Meetinghouse Lane, Woodbridge, CT 06525.