

**TOWN OF WETHERSFIELD, CONNECTICUT**

**JUNE 30, 2008**

# TOWN OF WETHERSFIELD, CONNECTICUT

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## Independent Auditors' Report

To the Members of the Town Council  
Town of Wethersfield  
Wethersfield, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wethersfield, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Wethersfield, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 12 and budgetary comparison information on pages 42 through 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

*Blum, Shapiro & Company, P.C.*

December 2, 2008

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2008**

This discussion and analysis of the Town of Wethersfield, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- The Town's total net assets at the close of the fiscal year were \$ 63.1 million, an increase of \$4.8 million or 8.1% over the previous fiscal year. Of the Town's total net assets at June 30, 2008, \$9.0 million or 14.3% is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$8.9 million, an increase of \$586 thousand from the prior fiscal year. Of the total General Fund fund balance as of June 30, 2008, \$8.5 million represents unreserved fund balance. Unreserved General Fund fund balance represents approximately 9.0% of total General Fund expenditures (\$94.9 million). The Town of Wethersfield's governmental funds reported combined ending fund balances of \$9.4 million, a decrease of \$3.8 million from the prior fiscal year. The combined governmental funds include the General Fund, Capital Projects fund and other nonmajor funds.
- The Town maintains a General Fund undesignated fund balance at a level that meets the guidelines established by rating agencies. Rating agencies evaluate municipalities to determine the financial condition of the community and assign a bond rating that influences the rate of interest paid on debt issues. Accordingly, a strong fund balance demonstrates a town's commitment to fiscal responsibility, reduces bonding costs, and indicates the ability to meet unforeseen emergencies.
- The Town of Wethersfield's total bonded debt had a net decrease of \$2.7 million (approximately 8%) as of the end of the fiscal year.
- Total cost of all of the Town's programs was \$95.4 million with no new programs added this year.
- The resources available for appropriation were \$724 thousand more than budgeted for the General Fund. Expenditures were kept within spending limits.

**Overview of the Financial Statements**

This annual report consists of four parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) an additional section that presents combining statements for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status (Exhibits I and II, respectively).
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements (Exhibits III to IX).
  - The governmental funds statements tell how general government services such as police, fire and parks were financed in the short term as well as what remains for future spending.
  - Proprietary funds statements offer short and long-term financial information about the activities the government operates like business, such as the Town's Medical and Heart and Hypertension Fund.
  - Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

**Major Features of the Basic Financial Statements - Figure A-1**

<u>Type of Statements</u>	<u>Government-wide Financial Statements</u>	<u>Fund Financial Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<i>Scope</i>	Entire Town government (except fiduciary activities)	The activities of the Town that are not proprietary or fiduciary, such as police, fire and parks.	Activities the Town operates similar to businesses.	Instances in which the Town administers resources on behalf of someone else such as student activity funds.
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>➤ Statement of net assets</li> <li>➤ Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>➤ Balance sheet</li> <li>➤ Statement of revenues, expenditures and changes in fund balances.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Statement of net assets.</li> <li>➤ Statement of revenues, expenses, changes in fund net assets.</li> <li>➤ Statement of cash flows.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Statement of fiduciary net assets.</li> <li>➤ Statement of changes in fiduciary net assets.</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both financial and capital, and short-term and long-term.
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash are received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions and deductions during the year regardless of when cash is received or paid.

Figure A-1 summarizes the major features of the Town’s financial statements, including the portion of the Town government they cover and the types of information that they contain. The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

**Government-wide financial statements (Exhibits I and II).** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Wethersfield’s finances. The statement of net assets and the statement of activities present financial information on all of the Town’s assets, liabilities, costs and revenues regardless of actual collections or disbursements. The statements provide both long-term and short-term information about the Town’s overall financial status.

The two government-wide statements report the Town’s net assets and how they have changed. Net assets are the difference between the Town’s assets and liabilities.

- Over time, increases or decreases in the Town’s net assets can be an indicator of whether its financial health is improving or deteriorating, respectively.
- Other non-financial indicators need to be considered such as changes in the Town’s property tax base, growth in school enrollment and the condition of the Town’s infrastructure, i.e., roads, etc.

The statement of net assets presents information on all of Wethersfield's assets and liabilities with the difference reported as net assets. The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal year, such as uncollected receivables for tax revenue and earned but unpaid expenses.

In the statement of net assets and the statement of activities the Town reports its activities as follows:

- *Governmental Activities* represent most of the Town's basic services such as fire and police protection, public works, social and human services, parks and recreation, education and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net assets and statement of activities) can be found in Exhibits I and II of this report.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the Town's funds, focusing on its most significant or "major" funds and not the Town as a whole. Funds are a method of providing an accounting mechanism in order to provide accountability over resources that have been segregated for specific activities or objectives. The Town of Wethersfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Wethersfield has three types of funds:

- *Governmental Funds* (Exhibits III and IV) include most of the Town's basic services which focus on how much cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. These statements provide a detailed short-term view that helps you determine whether there are more or fewer resources that can be spent in the near future to finance the Town's programs. The government-wide statement of activities provides a broader view of the governmental activities than the governmental fund focus. The statement of net activities can be compared with the fund financial statements to better understand the long-term impact of the Town'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.
- *Proprietary Funds* (Exhibits V, VI and VII) are generally used for reporting charges for services for which the Town charges a fee. They are reported in the same way as the government-wide statements. The Town has one type of proprietary fund which is the internal service fund.

The *Internal Service Fund* is used to report activities that provide self-insured medical services and Heart and Hypertension payments which are funded by other Town programs or activities.

- *Fiduciary Funds* (Exhibits VIII and IX) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries.

*Notes to the Financial Statements* 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 immediately following Exhibit IX of this report.

Net assets of the Town's governmental activities increased approximately 8.1% (\$63.2 million compared to \$58.4 million). The amount of \$54.1 million of net assets at June 30, 2008 is restricted as to the trust purposes they can be used for (\$630 thousand) or are invested in capital assets (\$53.5 million - buildings, roads, bridges, and so on). The remaining balance of \$9.0 million is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors. The unrestricted net assets decreased from \$10.9 million at June 30, 2007 to \$9.0 million at June 30, 2008, for a total increase of \$1.9 million. This change in unrestricted governmental net assets resulted primarily because of further investments in capital assets.

The most significant portion of the Town of Wethersfield's assets (78.9%) reflects its investment in capital assets (i.e., land, buildings, vehicles, machinery and equipment and infrastructure). The Town uses these capital assets to provide services to citizens. Although the Town of Wethersfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves may not be used to liquidate these liabilities.

The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 22,639	\$ 23,420
Capital assets, net of accumulated depreciation	84,979	79,470
Total assets	<u>107,618</u>	<u>102,890</u>
Current liabilities	9,946	7,221
Long-term liabilities outstanding	34,522	37,277
Total liabilities	<u>44,468</u>	<u>44,498</u>
Net Assets:		
Invested in capital assets, net of related debt	53,471	46,859
Restricted	630	639
Unrestricted	9,049	10,894
Total Net Assets	<u>\$ 63,150</u>	<u>\$ 58,392</u>

**TABLE 2**  
**CHANGE IN NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,637	\$ 2,698
Operating grants and contributions	28,209	11,058
Capital grants and contributions	63	1,534
General revenues:		
Property taxes	66,021	64,822
Unrestricted grants	1,165	1,128
Unrestricted investment earnings	1,142	1,617
Miscellaneous	919	367
Total revenues	<u>100,156</u>	<u>83,224</u>
Expenses:		
Public safety	8,794	8,521
Public works	7,934	7,859
Recreation and parks	1,825	1,616
Social services	1,042	1,011
Library	1,608	1,471
General government	7,636	7,659
Education	65,149	49,396
Interest on long-term debt	1,410	1,430
Total expenses	<u>95,398</u>	<u>78,963</u>
Change in net assets	<u>\$ 4,758</u>	<u>\$ 4,261</u>

The Town's total revenue was \$100.2 million. The total cost of all programs and services was \$95.4 million. Our analysis below separately considers the operations of governmental activities.

**Governmental Activities**

Approximately 66% of the revenues were derived from property taxes, followed by 28% generated from operating and capital grants, then 1.2% from other unrestricted grants, and the remaining 4.8% of revenues were generated from program and other miscellaneous revenues.

Major revenue factors include:

- An increase in the property taxes and associated interest and lien fees by \$1.2 million during the year.
- The Town's current levy collected tax rate was 98.4%, a slight decrease from the previous year.
- Operating grants for governmental activities continued to increase as a result of an aggressive grant application strategy undertaken by the Town begun last year. The Town has also had continued support from our Legislators for grant entitlements for the functional area of Education.
- Unrestricted investment earnings had a significant decrease due to unanticipated lower interest earnings rates in the market.
- Education expenses and operating grants increased significantly due to an increase of \$14 million on-behalf payments made by the State of Connecticut for Wethersfield teachers.

For governmental activities 8.0% of the Town’s expenditures relate to general government, 68.3% relate to education, 9.2% relate to public safety, 8.3% relate to public works, 3.6% relate to civic and cultural, 1.1% relate to public welfare and the remaining 1.5% relate to interest payments on long-term debt.

Major expenditure factors include a Town initiative to address infrastructure improvements while trying to find other revenue sources such as grants to help fund them. The taxpayer burden is taken very seriously. When the Town expenditure budget is being developed much consideration is given to the viability of the services being offered as well as looking at new ways of providing those services with a savings. One way that this is being accomplished is through shared services with other Towns. Table 3 below presents the cost of each of the Town’s five largest programs -public safety, public works, recreation and parks, general government and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES  
(In Thousands)**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Public safety	\$ 8,794	\$ 8,521	\$ 8,381	\$ 7,960
Public works	7,934	7,859	7,045	6,739
Recreation and parks	1,825	1,616	1,525	1,322
General government	7,636	7,659	6,121	6,275
Education	65,149	49,396	38,010	37,995
All other	4,060	3,912	3,407	3,383
<b>Total</b>	<b>\$ 95,398</b>	<b>\$ 78,963</b>	<b>\$ 64,489</b>	<b>\$ 63,674</b>

**Financial Analysis of the Town’s Fund Financial Statements**

Governmental funds. The focus of the Town of Wethersfield’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the Town’s financial requirements. The unreserved fund balance can serve as a useful measure of the Town’s net resources available for spending at the end of the fiscal year.

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported combined fund balances of \$9.4 million, a decrease of \$3.8 million from June 30, 2007. This decrease is mainly due to capital outlay.

The General Fund is the chief operating fund for the Town. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8.5 million while total fund balance reached \$8.9 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 9.0% of the total General Fund expenditures.

- At June 30, 2008, the Town’s General Fund increased by \$586 thousand over the previous year. The key factors contributing to this increase mirror the governmental activities analysis highlighted in Exhibit IV.

Proprietary funds. The Town’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Internal Service Fund at the end of the year amounted to \$530 thousand. The Internal Service Fund, which is part of the Governmental activities, increased due to Town and Board of Education increased contributions into the self-insurance programs during the fiscal year.

### ***General Fund Budgetary Highlights***

There were no significant differences between the original budget and the final amended budget. During the year, however, revenues exceeded budgetary estimates by \$724 thousand and expenditures were less than budgetary estimates by \$660 thousand, thus eliminating the need to draw upon additional fund balance. Overall revenues over expenditures on the budgetary basis were \$566 thousand. In the current year, revenues increased by 4.6% over the prior year as expenditures increased by 6.3%.

The major factors are as follows:

- The Town's property tax revenue increased approximately 2.1%.
- Board of Education expenditures increased by approximately \$2.3 million or 5.5%.
- Investment earnings decreased by approximately \$436 thousand or 3.1%.

The Town's General Fund balance of \$8.8 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$8.5 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$311 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

### **Capital Asset and Debt Administration**

Capital Assets. The Town of Wethersfield's investment in capital assets for its governmental type activities, as of June 30, 2008, amount to \$85 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, other improvements, rolling equipment, furniture and fixtures and infrastructure - Table 4. The total increase in the Town's investment in capital assets for the current fiscal year was \$5.5 million or approximately 6.9%.

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

- There are a variety of projects that span over a number of years with construction in progress as of the close of the fiscal year. The total construction in progress for governmental activities at June 30, 2008 was \$16.1 million. This amount includes:

➤ Town Hall Renovations Phase 1	\$ 3,483,738
➤ Webb/Stillman/Physical Services Renovation	7,093,044
➤ Town Hall Renovations Phase 2	4,003,315
➤ Community Center Gym Floor	1,005,686
➤ Library Telephone System	28,551
➤ Wethersfield High School HVAC and AC Projects	172,601
➤ Roof Repairs	78,496
➤ Culvert Repair WHS Bike Trail	11,302
➤ Fire Pump/Hard Unit Marine Roof	2,275
➤ Little Red Schoolhouse Improvements	16,750
➤ Cove Park Design/Improvements	19,990
➤ Dock Mooring System	19,880
➤ Basketball Court Improvements	2,500
➤ Millwoods Masterplan Phase 1A	81,933
➤ Furnace Replacements - various buildings	1,575
➤ Bike Trails Phase II	30,670
➤ Voter Registration Boxes	10,000
➤ Keeny Center Boilers	16,420
	<hr/>
Total	\$ <u>16,078,726</u>

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
Land	\$ 2,761	\$ 2,450
Buildings	41,909	42,626
Improvements other than buildings	8,657	9,015
Rolling equipment	3,873	3,926
Furniture and fixtures	1,277	1,769
Infrastructure	10,424	7,941
Construction in progress	16,078	11,743
<b>Total</b>	<b>\$ 84,979</b>	<b>\$ 79,470</b>

This year's major additions to assets being depreciated included:

Capital Improvements and Other Equipment	\$ 450,480
Silas Deane Middle School	722,577
Wethersfield High School Pool HVAC	302,560
Pavement Milling & Overlay	1,452,664
Roads and Sidewalks	420,500
Capital Nonrecurring (Public Safety vehicles, Equipment)	407,861
<b>Total</b>	<b>\$ 3,756,642</b>

Town's fiscal-year 2008-09 capital budget calls for it to spend another \$1.7 million for capital projects, principally for pavement mill and overlay, various drainage repairs, park improvements, building improvements, architectural studies and other infrastructure improvements.

More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

### **Long-Term Debt**

At year-end the Town had \$31.1 million in bonds and notes outstanding versus \$33.8 million last year - a decrease of 8.8% as shown in Table 5.

**TABLE 5**  
**OUTSTANDING DEBT**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2008</b>	<b>2007</b>
General Obligation Bonds	\$ 31,105	\$ 33,840

The Town's general obligation bond rating continues to carry the Aa3 rating from Moody's for general obligation debt. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The overall debt limit for the Town of Wethersfield is equal to seven times annual receipts from taxation or \$471.2 million. The Town's outstanding general obligation debt is significantly below state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

The Town of Wethersfield's budget ultimately depends on property tax revenues to support operations. In addition, senior citizens make up 23.5% of the population. Therefore, balancing the continuation of first-rate services with constrained income levels is critical. In order to address the weakening economy the Town has taken the following initiatives:

- Each year there is a Town Staff Committee which reviews the current and possible new self-sustaining revenue sources to identify potential funding resources.
- Preliminary stages of a Core Services Plan are underway by Staff and Town Council. All Town programs will be evaluated to determine the best allocation for limited resources, based on citizen usage, need and/or costs.
- Growing the Town's tax base is also important and Economic Development is a priority.
  - The economic enhancement of the Town's two main commercial arteries—the Silas Deane Highway and the Berlin Turnpike—is a priority for the Town. A master plan for new development and redevelopment alternatives, as well as streetscape improvements, has been adopted for the Silas Deane Highway with the main goal being to bolster the tax base.
  - Main Street is the established commerce and service center for historic Old Wethersfield (the largest historic district in the State). In 2008 the Town adopted a master plan for this area of Town and identified opportunity here to work with the community to increase vitality through the expansion of tourist activities and attraction of specialty retail.
  - Clean up and restoration of the Cove, a popular recreation site next to the Connecticut River, is a primary objective. This is being undertaken by the regional sewer and water district, the Metropolitan District Commission, through a bonding program authorized by member towns' residents. Work on cleaning the cove should begin in 2009-2010. An environmental improvement plan for Beaver Brook is also on the Town agenda, which can assist with economic development initiatives on the Silas Deane.
  - Wethersfield is one of the few towns in Connecticut to receive the distinguished "Preserve America" community designation from the Federal government. This designation recognizes the Town's unique historic character and the Town's efforts to preserve and enhance these qualities.
  - The Town has recently created a Redevelopment Agency in an effort to more aggressively pursue and encourage private reinvestment in the community. The Agency is working closely with property owners and developers to identify and pursue possible development partnerships throughout the community.
  - The Town continues to successfully supplement local financial resources through a series of grant opportunities for economic development programs. Over the past two years the Town has successfully obtained nearly 1.5 million dollars in State and Federal funding to implement local programs. The Town's façade improvement program was funded through a State STEAP grant, Phase 1 of the Silas Deane Highway streetscape program was also funded through STEAP funds and the Master Plan for Old Wethersfield was funded through the Preserve America program as is the funding necessary for the design and construction of a way finding signage program for the community. Most recently, the State has provided grant funds for a series of physical improvements to the major gateway into the Historic District.
  - Over the past 2 years the Town has welcomed over 40 new business starts to the community.

The Town of Wethersfield's unemployment rate of 5.6% as of the September, 2008 was less than the Hartford Labor Market Area of 6% and the Connecticut State overall rate of 5.9% for the same time period.

The consumer price index for the United States City Average at June, 2008 was at a level of 218.8. The Northeast Region of the United States was at a level of 232.7 at the same time.

These indicators for the earlier periods were taken into account when adopting the General Fund budget for 2008-09. Amounts available for appropriation in the General Fund budget are \$82.9 million, an increase of approximately 5% over the final 2008 budget of \$78.8 million. Property taxes (benefiting from the 2008 rate increases and increases in assessed valuations), the use of additional fund balance resulting from a lawsuit settlement from CRRA and intergovernmental revenue are expected to lead this increase.

The Town will use these increases in revenues to finance programs currently offered and to off-set the effect that we expect inflation to have on program costs. The Town has not added any major new programs or initiatives to the 2009 budget. There will be increased focus on the Core Services for the Town in future budget plans in order to ease the stress of limited resources of taxpayers and current economic conditions.

During the fiscal year, unreserved fund balance in the General Fund increased to \$8.5 million from \$8.3 million. The Town has appropriated \$1.3 of this amount in the fiscal year 2008-2009 budget to assist with the budgetary needs for the Town and Board of Education.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town of Wethersfield's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed in writing to the Office of the Finance Director, Town of Wethersfield, 505 Silas Deane Highway, Wethersfield, Connecticut 06109.

## TOWN OF WETHERSFIELD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2008

	<b>Governmental Activities</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 18,258,655
Investments	33,646
Receivables, net	4,236,617
Prepaid items	109,812
Capital assets not being depreciated	18,840,084
Capital assets being depreciated, net	66,139,312
Total assets	<u>107,618,126</u>
Liabilities:	
Accounts payable and accrued items	5,301,018
Unearned revenue	822,548
Due to fiduciary funds	3,822,975
Noncurrent liabilities:	
Due within one year	4,626,834
Due in more than one year	29,895,047
Total liabilities	<u>44,468,422</u>
Net Assets:	
Invested in capital assets, net of related debt	53,471,124
Restricted for trust purposes:	
Expendable trusts	576,576
Nonexpendable trusts	53,366
Unrestricted	<u>9,048,638</u>
Total Net Assets	<u>\$ 63,149,704</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WETHERSFIELD, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Public safety	\$ 8,794,258	\$ 316,221	\$ 97,307	\$	\$ (8,380,730)
Public works	7,933,880	118,225	770,717		(7,044,938)
Recreation and parks	1,824,643	196,001	40,329	63,050	(1,525,263)
Social services	1,042,139	15,882	531,715		(494,542)
Library	1,607,723	26,863	46,392		(1,534,468)
General government	7,636,372	1,097,207	418,197		(6,120,968)
Education	65,149,144	866,683	26,272,798		(38,009,663)
14 Interest on long-term debt	1,409,775		31,552		(1,378,223)
Total	\$ 95,397,934	\$ 2,637,082	\$ 28,209,007	\$ 63,050	(64,488,795)
General revenues:					
Property taxes					66,021,244
Unrestricted grants					1,164,574
Unrestricted investment earnings					1,141,673
Miscellaneous					918,992
Total general revenues					69,246,483
Change in Net Assets					4,757,688
Net Assets at Beginning of Year					58,392,016
Net Assets at End of Year					\$ 63,149,704

The accompanying notes are an integral part of the financial statements

## TOWN OF WETHERSFIELD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,747,674	\$ 25,348	\$ 1,670,924	\$ 15,443,946
Investments			33,646	33,646
Receivables, net:				
Property taxes receivable, net	752,865			752,865
Intergovernmental	865,369		107,318	972,687
Other receivables	316,998	66,907	650,036	1,033,941
Due from other funds	5,105,506	1,095,951	2,983,316	9,184,773
Other assets			13,681	13,681
Total Assets	<u>\$ 20,788,412</u>	<u>\$ 1,188,206</u>	<u>\$ 5,458,921</u>	<u>\$ 27,435,539</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued items	\$ 2,199,281	\$ 2,370,024	\$ 238,928	\$ 4,808,233
Due to other funds	8,085,333	2,460,295	414,354	10,959,982
Due to other governments	83,113			83,113
Deferred revenue	1,568,085	66,700	561,571	2,196,356
Total liabilities	<u>11,935,812</u>	<u>4,897,019</u>	<u>1,214,853</u>	<u>18,047,684</u>
Fund balances:				
Reserved:				
Encumbrances	311,496			311,496
Retirement benefits			1,678,843	1,678,843
Unreserved, reported in:				
General Fund	8,541,104			8,541,104
Special Revenue Funds			2,511,859	2,511,859
Capital Project Funds		(3,708,813)		(3,708,813)
Permanent Fund			53,366	53,366
Total fund balances	<u>8,852,600</u>	<u>(3,708,813)</u>	<u>4,244,068</u>	<u>9,387,855</u>
Total Liabilities and Fund Balances	<u>\$ 20,788,412</u>	<u>\$ 1,188,206</u>	<u>\$ 5,458,921</u>	<u>\$ 27,435,539</u>

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are  
different because of the following:

Fund balances - total governmental funds	\$ 9,387,855
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 140,607,587	
Less accumulated depreciation	<u>(55,628,191)</u>	
Net capital assets		84,979,396

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not recorded in the funds:

Net pension asset	96,131
Property tax receivables greater than 60 days	611,173
Interest receivable on property taxes	387,165
Assessments receivable	3,200
Deferred charges	227,062
Receivable from the state for school construction projects	759,435

Internal service funds are used by management to charge the costs of  
risk management to individual funds. The assets and liabilities of  
the internal service funds are reported with governmental activities  
in the statement of net assets.

529,676

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

Bonds and notes payable	(31,105,000)
Interest payable on bonds and notes	(368,573)
Compensated absences	(1,727,482)
Capital lease	(537,115)
Bond premium	<u>(93,219)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 63,149,704

The accompanying notes are an integral part of the financial statements

## TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 65,964,160	\$	\$	\$ 65,964,160
Intergovernmental revenues	26,025,271	1,220,933	2,211,506	29,457,710
Other local revenues	3,499,256	46,845	1,159,984	4,706,085
Total revenues	<u>95,488,687</u>	<u>1,267,778</u>	<u>3,371,490</u>	<u>100,127,955</u>
Expenditures:				
Current:				
Public safety	7,719,496		188,160	7,907,656
Public works	7,527,745			7,527,745
Recreation and parks	1,497,924		65,391	1,563,315
Social services	1,042,139			1,042,139
Library	1,560,342		37,262	1,597,604
General government	6,747,319		949,453	7,696,772
Education	61,482,749		2,464,318	63,947,067
Capital outlay		7,569,796	1,058,441	8,628,237
Debt service	4,020,885			4,020,885
Total expenditures	<u>91,598,599</u>	<u>7,569,796</u>	<u>4,763,025</u>	<u>103,931,420</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,890,088</u>	<u>(6,302,018)</u>	<u>(1,391,535)</u>	<u>(3,803,465)</u>
Other Financing Sources (Uses):				
Transfers in		1,736,268	1,782,047	3,518,315
Transfers out	(3,304,321)	(105,815)	(108,179)	(3,518,315)
Total other financing sources (uses)	<u>(3,304,321)</u>	<u>1,630,453</u>	<u>1,673,868</u>	<u>-</u>
Net Change in Fund Balances	585,767	(4,671,565)	282,333	(3,803,465)
Fund Balances at Beginning of Year	<u>8,266,833</u>	<u>962,752</u>	<u>3,961,735</u>	<u>13,191,320</u>
Fund Balances at End of Year	<u>\$ 8,852,600</u>	<u>\$ (3,708,813)</u>	<u>\$ 4,244,068</u>	<u>\$ 9,387,855</u>

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,803,465)
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Governmental funds report capital outlays as expenditures. In the statement of activities,  
the cost of those assets is allocated over their estimated useful lives and reported as  
depreciation expense:

Capital outlay	8,404,228
Depreciation expense	(2,841,015)

In the statement of activities, only the gain on the sale of capital assets is reported. However,  
in the governmental funds, the proceeds from the sale increase financial resources.  
Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.

(53,339)
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Revenues in the statement of activities that do not provide current financial resources are  
not reported as revenues in the funds, and revenues recognized in the funds are not reported in the  
statement of activities:

School building grant receipts	(146,877)
Property tax receivable - accrual basis change	40,781
Property tax interest and lien revenue - accrual basis change	16,303
Assessment receivable - accrual basis change	(400)
Net pension asset	779

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

Bond principal payments	2,735,000
Capital lease payments	251,281

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

Compensated absences	(180,902)
Deferred charges	(36,716)
Accrued interest	(78,444)
Amortization of bond premiums	14,410

Internal service funds are used by management to charge costs to individual funds. The net  
revenue of certain activities of internal services funds is reported with governmental activities.

<u>436,064</u>
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Change in Net Assets of Governmental Activities (Exhibit II)

<u><u>\$ 4,757,688</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND**

**JUNE 30, 2008**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Funds</b> <hr/>
<b>Assets:</b>	
Cash and cash equivalents	\$ 2,814,709
Accounts receivable	1,089,959
Due from other funds	183,091
Total assets	<hr/> 4,087,759
<b>Liabilities:</b>	
Current:	
Accounts payable	41,099
Due to other funds	2,230,857
Claims incurred but not reported	889,706
Noncurrent:	
Claims incurred but not reported	396,421
Total liabilities	<hr/> 3,558,083
<b>Net Assets:</b>	
Unrestricted	\$ 529,676 <hr/>

The accompanying notes are an integral part of the financial statements

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - PROPRIETARY FUND**

**FOR THE YEAR ENDED JUNE 30, 2008**

		<b>Governmental Activities</b>
		<b>Internal Service Fund</b>
Operating Revenues:		
Contributions	\$	9,411,762
Operating Expenses:		
Salaries, wages and employee benefits		8,034,273
Other expenses		1,059,285
Total operating expenses		9,093,558
Operating Income		318,204
Nonoperating Revenue:		
Income on investments		117,860
Change in Net Assets		436,064
Net Assets at Beginning of Year		93,612
Net Assets at End of Year	\$	529,676

The accompanying notes are an integral part of the financial statements

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u><b>Governmental Activities Internal Service Fund</b></u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 9,541,803
Payment to suppliers	(7,876,223)
Payment to employees	(1,695,234)
Net cash used in operating activities	<u>(29,654)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>117,860</u>
Net Increase in Cash and Cash Equivalents	88,206
Cash and Cash Equivalents at Beginning of Year	<u>2,726,503</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,814,709</u></u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:	
Operating income	\$ 318,204
Adjustments to reconcile operating income to net cash used in operating activities:	
Increase in accounts receivable	(497,840)
Decrease in loans to other funds	96,216
Increase in accounts payable and accrued expenses	<u>53,766</u>
Net Cash Used in Operating Activities	<u><u>\$ (29,654)</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

**JUNE 30, 2008**

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
Assets:		
Cash and cash equivalents	\$ 361,206	\$ 1,710,417
Investments:		
U.S. stocks	31,379,863	
International stocks	9,504,520	
U.S. bonds	9,748,033	
Stable value bonds	12,660,168	
Contribution receivable	2,276	
Due from other funds	<u>2,822,690</u>	<u>1,000,285</u>
Total assets	<u>66,478,756</u>	<u>\$ 2,710,702</u>
Liabilities:		
Accounts payable	6,391	\$ 8,857
Due to student groups and others	<u>          </u>	<u>2,701,845</u>
Total liabilities	<u>6,391</u>	<u>\$ 2,710,702</u>
Net Assets:		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 66,472,365</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS**  
**PENSION TRUST FUND**

**FOR THE YEAR ENDED JUNE 30, 2008**

Additions:	
Contributions:	
Employer	\$ 1,146,403
Plan members	956,773
Total	<u>2,103,176</u>
Investment income (loss):	
Net depreciation in fair value of investments	(4,888,143)
Interest and dividends	4,628,484
Net investment loss	<u>(259,659)</u>
Net additions	<u>1,843,517</u>
Deductions:	
Benefits	3,415,637
Administration expense	161,908
Total deductions	<u>3,577,545</u>
Net Decrease	(1,734,028)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>68,206,393</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 66,472,365</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF WETHERSFIELD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The Town was incorporated in 1822. It operates under a charter as revised on November 8, 1994. The Town operates under a Town Council-Town Manager form of government. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in *Statement of Governmental Accounting Standards No. 14* issued by the Governmental Accounting Standards Board.

The Wethersfield Housing Authority (the WHA), although governed by a commission which is appointed by the Town Council, is considered to be a separate governmental body because the Town has no budgetary authority over the WHA and has no authority over the funds of the WHA. Financial data for the WHA are not included in the financial statements of the Town. However, the Town has received several state and federal grants for the renovation of Westfield Heights, a housing development maintained by the WHA. The receipt and expenditure of these grants are being accounted for as Special Revenue Funds of the Town.

The Central Connecticut Health District (the CCHD), a tri-town health district, was created pursuant to State statute. CCHD is overseen by a seven-member board of which three members are appointed by the Town. Funding for CCHD is partially obtained through an assessment levied on the participating towns. The Town has no governing or budgeting authority over CCHD. CCHD is considered a separate governmental body and is, therefore, not included in the Town's financial statements.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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.

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

### **Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

*Special Revenue Funds* account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

*Permanent Funds* used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

*Internal Service Funds* account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Heart and Hypertension and Hospital Medical Insurance Fund are the Town's internal service funds.

### **Fiduciary Funds**

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

*Pension Trust Fund* accounts for the Employee Retirement System.

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Escrow, Town Escrow and Retiree Health Funds are the Town's agency funds.

## **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town

considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for construction and acquisition of major capital assets.

Additionally, the Town reports the following fund types:

The Internal Service Fund is used to account for the Town's heart and hypertension and self-insurance program for accident and health insurance coverage of the Town and Board of Education employees.

The Pension Trust Fund is used to account for the activities of the Town's defined benefit plan which accumulates resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain Town's functions because the 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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for internal service funds include the benefits and services and administrative expenses. 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.

#### **D. Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

The Town’s property tax is levied on July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Real and personal property tax bills in excess of \$200 are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year. Motor vehicle taxes and real and personal property taxes less than \$200 are payable in one installment on July 1.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Property assessments are made at 70% of appraised market value, based on the assessed value of the property at the prior October 1.

It is the policy of the Town to record deferred revenue for property taxes receivable at June 30 that have not been collected prior to September 1. Property taxes collected prior to June 30 that are applicable to the subsequent years’ assessment are reflected as advance tax collections (deferred revenue).

The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements.

#### **F. Inventories and Prepaid Items**

All materials and supplies are recorded as expenditures in the year purchased, except for food and supplies inventory of the Cafeteria Special Revenue Fund. Purchased inventories of the Cafeteria Fund are stated at cost on a first-in, first-out basis. Inventories of donated commodities are stated at fair market value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **G. 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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of five

years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	25-50
Public domain infrastructure	25-70
Vehicles	7
Office equipment	7
Computer equipment	7

#### **H. Compensated Absences**

Employees are paid by prescribed formula for absence due to vacation or sickness. The entire liability is recognized in the government-wide financial statements.

#### **I. Long-Term Obligations**

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

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

#### **J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Budgets for the General Fund, Capital Nonrecurring Expenditures Fund and Animal Control Fund are authorized annually by the Town Council. Annual budgets are not adopted for any major Special Revenue Funds and, accordingly, are not included in the basic financial statements as permitted by accounting principles generally accepted in the United States of America.

In accordance with the Town Charter, Section 708, the Town uses the following procedures in establishing the budgetary data included in the basic financial statements:

Prior to the second Monday in April, the Town Manager submits to the Town Council a proposed operating budget for the General Fund for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. On the fourth Monday in April, a public hearing is conducted to obtain taxpayers' comments. Prior to the 15th of May, the budget is legally adopted through passage of an ordinance.

No department or board may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated. However, upon approval of the Director of Finance and the Town Manager, transfers from one budgetary line item to another may be made within a department or major division. The Board of Education has a similar budgetary control system with approval of such transfers by the Board of Education Business Manager. In addition, under Section 709 of the Town Charter, the Town Council may, by resolution, transfer monies from the contingency account to other line items at any time during the fiscal year and may transfer from any account during the last three months of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the activity level. All unencumbered appropriation balances lapse at the end of the fiscal year for which they were made, except that an appropriation made for a capital outlay does not lapse until the project for which the appropriation was made has been accomplished or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

Special Revenue Funds are administered in the same manner as the General Fund, except that the level of control for these funds is extended to encompass budget variations for expenditures insofar as projected revenues fluctuate within a fiscal period.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than generally accepted accounting principles (GAAP). The major difference between the budgetary and GAAP basis fund balance is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as reservations of fund balance.

There were no supplemental budgetary appropriations made during the year.

## **B. Deficit Fund Equity**

The Open Space fund (nonmajor governmental fund) had a deficit fund balance of \$311,311 which will be funded through future contributions and revenues.

## **3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

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 and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The

provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**A. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts	\$ 10,423,729
Petty cash	4,965
Cash equivalents:	
State Short-Term Investment Fund (STIF)	2,415,457
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	7,182,302
Pension Fund - Wachovia Securities	303,431
Nonmajor Governmental Funds - Bank of America	<u>394</u>
 Total Cash and Cash Equivalents	 \$ <u><u>20,330,278</u></u>

**Deposits**

At June 30, 2008 the carrying amount of the Town deposits was \$10,423,729 and the bank balance was \$10,842,108.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town has a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$672,239 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio. A minimum of \$1,016,987 based on June 30, 2008 deposits was collateralized (collateral held by the pledging bank’s trust department is not in the Town’s name). The balance of deposits of \$9,152,882 was uninsured and uncollateralized.

## Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008 the Town's cash equivalents amounted to \$9,901,584. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>	<u>Not Rated</u>
State Short-Term Investment Fund (STIF)	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA	
Wachovia Securities			X
Bank of America			X

## B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Other Investments:		
Pooled open-end mutual fund accounts:		
Pension Trust Funds	\$ 63,292,584	
Liberty Trust Fund	<u>33,646</u>	
Total	<u>\$ 63,326,230</u>	

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Moody's Investor Service</u>	<u>Not Rated</u>
Corporate bonds:		
Aaa	11%	
Aa1 to Aa3	28%	
A1 to A3	33%	
Less than A3	28%	
Pooled open-end mutual funds:		
Pension Trust Fund		X
Library Trust Fund		X

Concentration of Credit Risk - The Town's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, the Town's investments, other than open-end mutual funds and other pooled accounts that are not categorized as to custodial credit risk, were uninsured and unregistered securities held by the counterparty, or by its trust department or agent, and were not in the Town's name.

#### 4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,090,605	\$	\$	\$ 1,090,605
Accounts and other*	298,004	64,707	1,742,271	2,104,982
Special assessments	18,994	2,200		21,194
Intergovernmental	865,369		107,318	972,687
Gross receivables	<u>2,272,972</u>	<u>66,907</u>	<u>1,849,589</u>	<u>4,189,468</u>
Less: allowance for uncollectibles	<u>(337,740)</u>			<u>(337,740)</u>
Net Total Receivables	<u>\$ 1,935,232</u>	<u>\$ 66,907</u>	<u>\$ 1,849,589</u>	<u>\$ 3,851,728</u>

\*Does not include accrued interest on property taxes of \$387,165.

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 also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable principal	\$ 611,173	\$
Property taxes and other fees collected in advance		197,477
School building grants	759,435	
Capital Projects:		
Assessments	2,200	
Other	1,000	63,500
Nonmajor Governmental Funds:		
Unearned grants and other		<u>561,571</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,373,808</u>	<u>\$ 822,548</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,450,048	\$ 311,310	\$	\$ 2,761,358
Construction in progress	11,742,450	8,404,228	(4,067,952)	16,078,726
Total capital assets not being depreciated	<u>14,192,498</u>	<u>8,715,538</u>	<u>(4,067,952)</u>	<u>18,840,084</u>
Capital assets being depreciated:				
Buildings	62,410,377	547,052		62,957,429
Improvements other than buildings	11,587,323	16,086		11,603,409
Rolling equipment	8,195,807	435,536	(170,235)	8,461,108
Furniture and fixtures	10,235,156	9,679	(6,189)	10,238,646
Infrastructure	25,758,622	2,748,289		28,506,911
Total capital assets being depreciated	<u>118,187,285</u>	<u>3,756,642</u>	<u>(176,424)</u>	<u>121,767,503</u>
Less accumulated depreciation for:				
Buildings	(19,784,965)	(1,263,934)		(21,048,899)
Improvements other than buildings	(2,572,653)	(373,267)		(2,945,920)
Rolling equipment	(4,269,448)	(435,248)	116,898	(4,587,798)
Furniture and fixtures	(8,465,697)	(502,606)	6,187	(8,962,116)
Infrastructure	(17,817,498)	(265,960)		(18,083,458)
Total accumulated depreciation	<u>(52,910,261)</u>	<u>(2,841,015)</u>	<u>123,085</u>	<u>(55,628,191)</u>
Total capital assets being depreciated, net	<u>65,277,024</u>	<u>915,627</u>	<u>(53,339)</u>	<u>66,139,312</u>
Governmental Activities Capital Assets, Net	<u>\$ 79,469,522</u>	<u>\$ 9,631,165</u>	<u>\$ (4,121,291)</u>	<u>\$ 84,979,396</u>

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

Governmental activities:	
Public safety	\$ 790,641
Public works	452,137
Recreation and parks	257,138
General government	37,969
Education	<u>1,303,130</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,841,015</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2008. At year end, the Town’s commitments are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Police Facility/Communications System/Town Hall		
Phase 1 renovations	\$ 13,967,274	\$ 532,429
Silas Deane Middle School renovations	13,217,559	
Webb/Stillman School renovations	10,626,350	30,764
Town Hall Phase 2 renovations	4,003,315	909,738
Road and Sidewalk Improvements	<u>2,790,344</u>	<u>129,655</u>
 Total	 <u>\$ 44,604,842</u>	 <u>\$ 1,602,586</u>

The commitments are being financed with general obligation bonds and state and federal grants.

**6. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

The composition of interfund balances, which represent temporary activity and budgetary policies, as of June 30, 2008 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 2,460,295
	Nonmajor Governmental Funds	414,354
	Internal Service Funds	2,230,857
Capital Projects Fund	General Fund	1,095,951
Nonmajor Governmental Funds	General Fund	2,983,316
Agency Funds	General Fund	1,000,285
Pension Trust Fund	General Fund	2,822,690
Internal Service Funds	General Fund	<u>183,091</u>
 Total		 <u>\$ 13,190,839</u>

Interfund transfers:

	<u>Transfers In</u>		
	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Transfers out:			
General Fund	\$ 1,598,089	\$ 1,706,232	\$ 3,304,321
Capital Projects	30,000	75,815	105,815
Nonmajor Governmental	<u>108,179</u>		<u>108,179</u>
 Total Transfers Out	 <u>\$ 1,736,268</u>	 <u>\$ 1,782,047</u>	 <u>\$ 3,518,315</u>

## 7. LEASES

### Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of rolling equipment, fire apparatus and police communications equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2009	\$ 166,392
2010	166,392
2011	166,392
2012	<u>69,330</u>
Total minimum lease payments	568,506
Less amount representing interest	<u>(31,391)</u>
Present Value of Minimum Lease Payments	\$ <u><u>537,115</u></u>

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 33,840,000	\$	\$ 2,735,000	\$ 31,105,000	\$ 2,730,000
Less deferred amounts	<u>(156,149)</u>		<u>(22,306)</u>	<u>(133,843)</u>	
Total bonds payable	33,683,851		2,712,694	30,971,157	2,730,000
Capital leases	788,396		251,281	537,115	151,032
Compensated absences	1,546,580	180,902		1,727,482	856,096
Risk management liability	<u>1,258,242</u>	<u>27,885</u>		<u>1,286,127</u>	<u>889,706</u>
Governmental Activities					
Long-Term Liabilities	\$ <u><u>37,277,069</u></u>	\$ <u><u>208,787</u></u>	\$ <u><u>2,963,975</u></u>	\$ <u><u>34,521,881</u></u>	\$ <u><u>4,626,834</u></u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$906,312 will be used to repay respective debt; however, the Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2008</u>
General obligation bonds	09/15/91	\$ 5,000,000	5.75-7.75	09/15/11	\$ 250,000 125,000 -	\$ 1,000,000
General obligation bonds	09/01/96	1,920,000	4.35-5.9	09/01/12	130,000	625,000
General obligation bonds	01/15/98	1,370,000	3.85-5.8	01/15/09	125,000	120,000
General obligation bonds	10/15/01	7,000,000	3.25-5.25	10/15/21	350,000	4,900,000
General obligation bonds	08/01/02	7,000,000	4.0-4.625	01/15/22	375,000 180,000 -	5,250,000
General obligation bonds	03/15/03	8,970,000	2.5-3.4	08/15/22	720,000	5,790,000
General obligation bonds	06/15/05	15,000,000	3.0-5.0	08/15/25	785,000 - 790,000	<u>13,420,000</u>
Total Outstanding						\$ <u><u>31,105,000</u></u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,730,000	\$ 1,167,310	\$ 3,897,310
2010	2,595,000	1,063,966	3,658,966
2011	2,585,000	970,704	3,555,704
2012	2,575,000	879,501	3,454,501
2013	2,315,000	792,410	3,107,410
2014-2018	8,975,000	2,906,939	11,881,939
2019-2023	7,760,000	1,185,122	8,945,122
2024-2025	<u>1,570,000</u>	<u>94,200</u>	<u>1,664,200</u>
Total	\$ <u><u>31,105,000</u></u>	\$ <u><u>9,060,152</u></u>	\$ <u><u>40,165,152</u></u>

#### **Authorized But Unissued**

The total of authorized but unissued bonds at June 30, 2008 is \$16.5 million. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 148,239	\$ 23,078	\$ 125,161
Schools	296,478	23,751	272,727
Sewers	247,065	8,448	238,617
Urban renewal	214,123		214,123
Pension deficit	197,652		197,652

Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$8.4 million or 7.89% of the District debt.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$471.2 million).

## 9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2008, 2007 or 2006.

### Heart and Hypertension

The Town is exposed to risk of loss for claims from police officers, hired before 1995, who incur hypertension or heart problems as a result of work conditions. The Town accounts for this activity through use of an internal service fund, which is funded by transfers from the general fund. An analysis of the claims liability is as follows:

	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims Paid and Changes in Estimates</u>	<u>Accrued Liability End of Fiscal Year</u>
2006-07	\$ 506,226	\$ (36,014)	\$ 470,212
2007-08	470,212	(38,469)	431,743

### Medical Self-Insurance

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. The program also covers retired employees. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims in excess of 125% of expected claim payments in the aggregate and over \$100,000 per individual, per year. During 2008, total claims expense of \$7,942,577 was incurred, which did not exceed 125% of expected claim payments. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2008.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2008 of \$854,384.

Premium payments are reported as quasi-external interfund transactions for the General Fund and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the years ended June 30, 2008 and 2007, is presented below:

		<b>Accrued Liability Beginning of Fiscal Year</b>		<b>Current Year Claims Paid and Changes in Estimates</b>		<b>Accrued Liability Claim Payments</b>		<b>Accrued Liability End of Fiscal Year</b>
2006-07	\$	647,079	\$	7,705,602	\$	(7,564,651)	\$	788,030
2007-08		788,030		7,942,577		(7,876,223)		854,384

### **Interlocal Risk Pool**

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town participates in CIRMA's Workers' Compensation Pool, a risk-sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period 2007-08 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2007-2008 was \$251,995. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured.

## **10. CONTINGENT LIABILITIES**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by Town management and counsel to result in a judgment or judgments which would have a material adverse effect on the Town's financial position.

## **11. OTHER POSTEMPLOYMENT BENEFITS**

The Town provides certain health care benefits for retired employees. Substantially all of the Town's employees (except Board of Education) may become eligible for these benefits, as provided by union contracts and Town personnel policies, if they reach normal retirement age while working for the Town. The Town pays a portion of the cost of the health insurance. Spouse and dependent coverage up to age 25 is also provided. The Town recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance premiums, which were approximately \$272,864 for the fiscal year ended June 30, 2008. Currently, 120 retirees meet the eligibility requirements.

## 12. EMPLOYEE RETIREMENT PLANS

### A. Plan Description

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Employee and employer obligations to contribute to the Plan are established and may be amended by the Town. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. A stand-alone financial report is not prepared for the PERS.

At July 1, 2007 Plan membership consisted of the following:

Retirees, disabled individuals, and beneficiaries currently receiving benefits	202
Terminated employees entitled to benefits, but not yet receiving them	33
Current employees	<u>341</u>
Total	<u>576</u>

### B. Summary of Significant Accounting Policies

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

Method Used to Value Investments - Investments are reported at fair value. Investment income is recognized as earned.

### C. Contributions

Police employees are required to contribute 8.5% of monthly earnings, employees of AFSCME Local 1303-40 are required to contribute 5%, employees of the Town Administrative Group and AFSCME Local 818 are required to contribute 5% of their monthly earnings, other employees not mentioned above are required to contribute 2.25% for the first \$6,600 and 5% thereafter.

The Town is required to contribute the amount necessary to finance the benefits for its employees. For fiscal year ended June 30, 2008, the Town's required contribution was \$1,146,402, which represents 7.8% of covered payroll of \$14,770,383.

Administrative costs of the Plan are financed through investment earnings.

#### D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension asset for the year ended June 30, 2007 are as follows:

Annual required contribution	\$ 1,146,403
Interest on net pension obligation	(7,628)
Adjustment to annual required contribution	<u>6,849</u>
Annual pension cost	1,145,624
Contributions made	<u>1,146,403</u>
Increase (decrease) in net pension obligation	(779)
Net pension obligation (asset) - beginning of year	<u>(95,352)</u>
Net Pension Obligation (Asset) - End of Year	<u>\$ (96,131)</u>

The annual required contribution for the current year was determined as part of the July 1, 2003 actuarial valuation using the entry age normal cost method for the Plan. The actuarial assumptions included (a) an 8% investment rate of return and (b) 4.5% projected salary increases. The cost of living adjustment (for police only) was 2.5%, compounded annually. The unfunded actuarial accrued liability is being amortized on a 20-year closed period for the Town and a 10-year closed period for the police beginning July 1, 2000 for all plans.

#### E. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/06	\$ 779,966	\$ 745,694	96%	\$ (93,603)
6/30/07	981,236	982,985	100	(95,352)
6/30/08	1,145,624	1,146,403	100	(96,131)

#### F. Pension Plan Required Supplementary Information

##### Schedule of Funding Progress (thousands)

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (a-b)/c)
7/01/2002	\$ 51,954	\$ 44,609	\$ (7,345)	116.5	\$ 12,099	(60.7) %
7/01/2003	53,118	47,731	(5,387)	111.3	N/A	N/A
7/01/2004	53,114	50,754	(2,360)	104.6	11,973	(19.7)
7/01/2005	53,637	54,860	1,223	97.8	13,007	9.4
7/01/2006	55,733	59,097	3,364	94.3	13,776	24.4
7/01/2007	58,502	63,522	5,020	92.1	14,770	34.0

**Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/03		N/A
6/30/04	\$ 454,299	100 %
6/30/05	595,859	100
6/30/06	782,508	95
6/30/07	982,985	100
6/30/08	1,146,403	100

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

**State of Connecticut Teachers' Retirement System**

Certified teachers employed by the Wethersfield Board of Education are eligible to participate in the State of Connecticut Teachers' Retirement System. This system is a cost-sharing multi-employer defined benefit PERS with the State acting as a non-employer contributor, which is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). The State of Connecticut Teachers' 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, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Full-time certified staff who are employed for an average of at least one-half of a school day are required to participate. A member who completes 10 years of service in Connecticut public schools is eligible for a vested benefit commencing at age 60. Members are required to contribute 7.25% of their annual salary while the contributions by the State are determined on an actuarial reserve basis described in CGS Sections 10-1831 and 10-183z.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The Town does not contribute to the Connecticut Teachers' Retirement System nor has any legal obligation for benefits. The State paid \$16.7 million on behalf of Wethersfield teachers for the fiscal year ended June 30, 2008. This amount is significantly higher than the prior year because the State of Connecticut increased the contribution significantly.

## TOWN OF WETHERSFIELD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Property taxes, interest and lien fees	\$ 65,589,110	\$ 65,589,110	\$ 65,964,160	\$ 375,050
Intergovernmental revenues:				
State of Connecticut - General Government	1,342,547	1,342,547	1,405,529	62,982
State of Connecticut - Board of Education	8,169,152	8,169,152	7,953,303	(215,849)
Total intergovernmental revenues	<u>9,511,699</u>	<u>9,511,699</u>	<u>9,358,832</u>	<u>(152,867)</u>
Licenses, fees and permits:				
Engineering	10,350	10,350	11,015	665
Town Clerk	3,500	3,500	3,687	187
Transfer station	30,000	30,000	29,497	(503)
Police	4,500	4,500	4,400	(100)
Building inspections	250,000	250,000	346,398	96,398
Total licenses, fees and permits	<u>298,350</u>	<u>298,350</u>	<u>394,997</u>	<u>96,647</u>
Charges for services:				
Town Clerk	450,000	450,000	440,252	(9,748)
Police	283,200	283,200	254,179	(29,021)
Recreation and parks	172,316	172,316	172,507	191
Rents	9,800	9,800	9,825	25
Library	7,500	7,500	11,725	4,225
Community Center	40,000	40,000	40,040	40
Refuse disposal	45,780	45,780	56,076	10,296
Youth Service Counseling	4,000	4,000	3,870	(130)
White goods pickup	7,500	7,500	5,390	(2,110)
False alarms	42,000	42,000	28,425	(13,575)
Dial-A-Ride membership	11,610	11,610	12,012	402
Nature Center	62,900	62,900	63,050	150
Computer services	17,575	17,575	17,575	-
Cell tower rental fees	149,060	149,060	148,980	(80)
Returned check fee	2,350	2,350	1,750	(600)
Tree services	27,000	27,000	27,662	662
Other			13,818	13,818
Total charges for services	<u>1,332,591</u>	<u>1,332,591</u>	<u>1,307,136</u>	<u>(25,455)</u>

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fines and penalties	\$ <u>39,500</u>	\$ <u>39,500</u>	\$ <u>51,390</u>	\$ <u>11,890</u>
Interest on investments	<u>1,150,000</u>	<u>1,150,000</u>	<u>974,964</u>	<u>(175,036)</u>
Other revenues	<u>173,000</u>	<u>177,000</u>	<u>770,769</u>	<u>593,769</u>
Transfer In	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u><u>78,098,250</u></u>	\$ <u><u>78,098,250</u></u>	78,822,248	\$ <u><u>723,998</u></u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'  
Retirement System for Town teachers are not budgeted

16,666,439

Total Revenues and Other Financing Sources as Reported on the Statement of  
Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  
Exhibit IV

\$ 95,488,687

## TOWN OF WETHERSFIELD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
General Government:				
Town Council	\$ 93,771	\$ 101,624	\$ 98,567	\$ 3,057
Town Manager	353,212	372,264	367,361	4,903
Personnel	27,291	62,558	62,557	1
Town Attorney	147,000	193,733	183,948	9,785
Town Clerk	235,113	235,113	224,545	10,568
Registrar of Voters	107,382	107,382	102,917	4,465
Town Treasurer	3,085	3,085	3,083	2
Finance/Accounting	440,893	443,393	437,307	6,086
Information processing	365,896	365,896	361,143	4,753
Tax collection	198,807	203,160	203,157	3
Assessment	257,121	257,472	257,449	23
Central office services	237,667	237,667	214,802	22,865
Town-wide radio system	245,813	241,816	232,768	9,048
Probate court	33,000	33,000	27,041	5,959
Economic Development	275,916	275,916	264,781	11,135
Building Inspection	352,519	352,519	345,846	6,673
Total general government	<u>3,374,486</u>	<u>3,486,598</u>	<u>3,387,272</u>	<u>99,326</u>
Public Safety:				
Police	7,049,030	7,055,024	6,827,516	227,508
Fire suppression	680,169	702,192	681,710	20,482
Fire Marshal	105,642	105,642	103,046	2,596
Fire facilities and maintenance	72,547	71,324	68,601	2,723
Emergency Medical Services	39,533	49,493	48,851	642
Total public safety	<u>7,946,921</u>	<u>7,983,675</u>	<u>7,729,724</u>	<u>253,951</u>
Public Works:				
Engineering	608,041	611,010	607,391	3,619
Building inspection and services	805,356	834,856	680,351	154,505
Physical services	3,122,550	3,209,906	3,209,635	271
Refuse and recycling services	1,948,033	1,948,033	1,945,085	2,948
Vehicle maintenance	1,087,723	1,089,223	1,087,819	1,404
Total public works	<u>7,571,703</u>	<u>7,693,028</u>	<u>7,530,281</u>	<u>162,747</u>

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

## GENERAL FUND

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Social Services:				
Tri-Town Health District	\$ 106,454	\$ 106,454	\$ 106,453	\$ 1
Social and youth services	942,981	938,152	938,131	21
Total social services	<u>1,049,435</u>	<u>1,044,606</u>	<u>1,044,584</u>	<u>22</u>
Library	<u>1,601,517</u>	<u>1,601,517</u>	<u>1,562,329</u>	<u>39,188</u>
Recreation and parks	<u>1,508,392</u>	<u>1,519,245</u>	<u>1,516,418</u>	<u>2,827</u>
Contingency	<u>340,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Insurance	<u>624,950</u>	<u>624,950</u>	<u>607,424</u>	<u>17,526</u>
Metropolitan District Commission	<u>2,497,805</u>	<u>2,500,773</u>	<u>2,500,773</u>	<u>-</u>
Reserve - employees/retirees	<u>356,785</u>	<u>261,460</u>	<u>253,785</u>	<u>7,675</u>
Debt service:				
Principal retirement	2,735,000	2,735,000	2,735,000	-
Interest	1,283,787	1,283,787	1,283,785	2
Bond Issuance Cost	80,000	78,045	2,100	75,945
Total debt service	<u>4,098,787</u>	<u>4,096,832</u>	<u>4,020,885</u>	<u>75,947</u>
Board of Education	<u>44,799,332</u>	<u>44,799,332</u>	<u>44,798,539</u>	<u>793</u>
Total expenditures	75,770,113	75,612,016	74,952,014	660,002
Other Financing Uses:				
Transfers out	<u>3,028,139</u>	<u>3,304,468</u>	<u>3,304,468</u>	<u>-</u>
Total	<u>\$ 78,798,252</u>	<u>\$ 78,916,484</u>	78,256,482	<u>\$ 660,002</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

16,666,439

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes

(20,001)

Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 94,902,920

## TOWN OF WETHERSFIELD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,747,674	\$ 12,706,878
Property taxes receivable, net	752,865	786,535
Other receivables	1,182,367	1,223,310
Prepaid expenses		35,917
Due from other funds	<u>5,105,506</u>	<u>3,157,921</u>
Total Assets	<u>\$ 20,788,412</u>	<u>\$ 17,910,561</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued items	\$ 2,199,281	\$ 1,115,940
Due to other funds	8,085,333	5,773,530
Due to other governments	83,113	8,584
Deferred revenues	<u>1,568,085</u>	<u>2,745,674</u>
Total liabilities	<u>11,935,812</u>	<u>9,643,728</u>
Fund balance:		
Reserved for encumbrances	311,496	291,495
Unreserved:		
Designated for subsequent year's budget	1,281,000	700,000
Undesignated	<u>7,260,104</u>	<u>7,275,338</u>
Total fund balance	<u>8,852,600</u>	<u>8,266,833</u>
Total Liabilities and Fund Balance	<u>\$ 20,788,412</u>	<u>\$ 17,910,561</u>

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

Grand List	Uncollected Taxes June 30, 2007 and Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Tax Levy	Collections					Uncollected Taxes June 30, 2008
		Additions	Deletions			Taxes	Interest	Liens	Refunds	Total	
2006	\$ 66,192,718	\$ 96,810	\$ 651,792	\$	\$ 65,637,736	\$ 65,103,172	\$ 175,475	\$	\$ 118,663	\$ 65,159,984	\$ 653,227
2005	654,813	50,575	28,911		676,477	493,166	88,129	2,376	34,533	549,138	217,844
2004	155,516	36,188	16,262		175,442	105,010	38,589	456	7,353	136,702	77,785
2003	59,179	2,045	339		60,885	28,960	17,828	192	651	46,329	32,576
2002	45,852	189	563		45,478	12,688	10,148	96	712	22,220	33,502
2001	49,349		1		49,348	9,995	10,426	72	4,438	16,055	43,791
2000	8,717	30	461		8,286	8,315	8,236	69		16,620	(29)
1999	3,998	3,170	3,727		3,441	6,612	8,943	48		15,603	(3,171)
1998	12,247	46			12,293	7,135	10,890	48		18,073	5,158
1997	13,035	143			13,178	7,085	11,811	48		18,944	6,093
1996	17,787	93			17,880	5,672	10,498	48		16,218	12,208
1995	10,661		101		10,560	5,613	11,399	48		17,060	4,947
1994	8,966				8,966	4,161	5,100	48		9,309	4,805
1993	1,849				1,849	876	394	21		1,291	973
1992	896				896						896
	<u>\$ 67,235,583</u>	<u>\$ 189,289</u>	<u>\$ 702,157</u>	<u>\$ -</u>	<u>\$ 66,722,715</u>	65,798,460	407,866	3,570	166,350	66,043,546	<u>\$ 1,090,605</u>
Advance collections, 2007 List						184,136				184,136	
Total						<u>\$ 65,982,596</u>	<u>\$ 407,866</u>	<u>\$ 3,570</u>	<u>\$ 166,350</u>	<u>\$ 66,227,682</u>	

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TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

Special Revenue Funds

	Capital and Nonrecurring Expenditures	Animal Control	School Cafeteria	State and Federal Grants			Cove Preservation	Land Acquisition
				Municipal	Education	Police		
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$ 287,108	\$	\$	\$ 58,897	\$ 144,602	\$ 234,447
Investments								
Accounts receivables, net		1,527	66	138	81,354	9,033		
Due from other governments			57,318	50,000				
Due from other funds	1,135,218	42,589		32,885			28,600	70,240
Inventory			13,681					
<b>Total Assets</b>	<b>\$ 1,135,218</b>	<b>\$ 44,116</b>	<b>\$ 358,173</b>	<b>\$ 83,023</b>	<b>\$ 81,354</b>	<b>\$ 67,930</b>	<b>\$ 173,202</b>	<b>\$ 304,687</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued items	\$ 75,078	\$ 90	\$ 76,029	\$ 18,414	\$ 8,193	\$	\$ 47,980	\$
Deferred revenue					3,863			
Due to other funds					69,298	33,345		
<b>Total liabilities</b>	<b>75,078</b>	<b>90</b>	<b>76,029</b>	<b>18,414</b>	<b>81,354</b>	<b>33,345</b>	<b>47,980</b>	<b>-</b>
<b>Fund Balances:</b>								
Reserved for retirement benefits								
Unreserved:								
Unreserved and undesignated	1,060,140	44,026	282,144	64,609		34,585	125,222	304,687
<b>Total fund balance</b>	<b>1,060,140</b>	<b>44,026</b>	<b>282,144</b>	<b>64,609</b>	<b>-</b>	<b>34,585</b>	<b>125,222</b>	<b>304,687</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,135,218</b>	<b>\$ 44,116</b>	<b>\$ 358,173</b>	<b>\$ 83,023</b>	<b>\$ 81,354</b>	<b>\$ 67,930</b>	<b>\$ 173,202</b>	<b>\$ 304,687</b>

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**TOWN OF WETHERSFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2008**

**Special Revenue**

	<u>Edic Loan Repayment</u>	<u>Senior Net Lab</u>	<u>Wethersfield Weekend</u>	<u>Small Cities Housing Rehabilitation</u>	<u>Katherine E. Smith</u>	<u>Frank Weston</u>	<u>Mayor's Volunteer Recognition</u>	<u>Agricultural Land Preservation</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$ 228,879	\$ 19,918	\$ 144,544	\$ 2,751	\$ 380,817
Investments								
Accounts receivables, net	8,542			549,166				
Due from other governments								
Due from other funds	39,651	5,950				17,364		
Inventory								
<b>Total Assets</b>	<b>\$ 48,193</b>	<b>\$ 5,950</b>	<b>\$ -</b>	<b>\$ 778,045</b>	<b>\$ 19,918</b>	<b>\$ 161,908</b>	<b>\$ 2,751</b>	<b>\$ 380,817</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Liabilities:</b>								
Accounts payable and accrued items	\$	\$	\$	\$	\$	\$	\$	\$
Deferred revenue	8,542			549,166				
Due to other funds					400			
<b>Total liabilities</b>	<b>8,542</b>	<b>-</b>	<b>-</b>	<b>549,166</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>								
Reserved for retirement benefits								
Unreserved:								
Unreserved and undesignated	39,651	5,950		228,879	19,518	161,908	2,751	380,817
<b>Total fund balance</b>	<b>39,651</b>	<b>5,950</b>	<b>-</b>	<b>228,879</b>	<b>19,518</b>	<b>161,908</b>	<b>2,751</b>	<b>380,817</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 48,193</b>	<b>\$ 5,950</b>	<b>\$ -</b>	<b>\$ 778,045</b>	<b>\$ 19,918</b>	<b>\$ 161,908</b>	<b>\$ 2,751</b>	<b>\$ 380,817</b>

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**TOWN OF WETHERSFIELD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2008**

**Special Revenue Funds**

	<b>Terlicki Trust</b>	<b>Moeller Home Renovations</b>	<b>Cottone Field Donations</b>	<b>Capital Reserve</b>	<b>Postemployment Benefits</b>	<b>Open Space</b>	<b>Total</b>	<b>Permanent Fund  Public Library</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 15,694		\$ 22,850		\$ 110,484		\$ 1,650,991	\$ 19,933	\$ 1,670,924
Investments							-	33,646	33,646
Accounts receivables, net							649,826	210	650,036
Due from other governments							107,318		107,318
Due from other funds		1,275		28,464	1,579,392		2,981,628	1,688	2,983,316
Inventory							13,681		13,681
<b>Total Assets</b>	<b>\$ 15,694</b>	<b>\$ 1,275</b>	<b>\$ 22,850</b>	<b>\$ 28,464</b>	<b>\$ 1,689,876</b>	<b>\$ -</b>	<b>\$ 5,403,444</b>	<b>\$ 55,477</b>	<b>\$ 5,458,921</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable and accrued items					11,033		236,817	2,111	238,928
Deferred revenue							561,571		561,571
Due to other funds						311,311	414,354		414,354
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,033</b>	<b>311,311</b>	<b>1,212,742</b>	<b>2,111</b>	<b>1,214,853</b>
<b>Fund Balances:</b>									
Reserved for retirement benefits					1,678,843		1,678,843		1,678,843
<b>Unreserved:</b>									
Unreserved and undesignated	15,694	1,275	22,850	28,464		(311,311)	2,511,859	53,366	2,565,225
<b>Total fund balance</b>	<b>15,694</b>	<b>1,275</b>	<b>22,850</b>	<b>28,464</b>	<b>1,678,843</b>	<b>(311,311)</b>	<b>4,190,702</b>	<b>53,366</b>	<b>4,244,068</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,694</b>	<b>\$ 1,275</b>	<b>\$ 22,850</b>	<b>\$ 28,464</b>	<b>\$ 1,689,876</b>	<b>\$ -</b>	<b>\$ 5,403,444</b>	<b>\$ 55,477</b>	<b>\$ 5,458,921</b>

## TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds							
	Capital and Nonrecurring Expenditures	Animal Control	School Cafeteria	State and Federal Grants			Cove Preservation	Land Acquisition
				Municipal	Education	Police		
Revenues:								
Intergovernmental revenues	\$	\$	\$ 383,344	\$ 205,767	\$ 1,269,712	\$ 91,385	\$	\$
Licenses, fees and permits		14,675						
Charges for services		272	852,865				23,494	
Interest and dividends			420			2,707	5,163	8,372
Investment gain								
Donations								
Other revenue	140,939	1,063	198	10,022		18,671		
Total revenues	<u>140,939</u>	<u>16,010</u>	<u>1,236,827</u>	<u>215,789</u>	<u>1,269,712</u>	<u>112,763</u>	<u>28,657</u>	<u>8,372</u>
Expenditures:								
Current:								
Public safety		10,466				177,694		
Recreation and parks							65,391	
Library								
General government				202,775				6,844
Education			1,194,606		1,269,712			
Capital outlay	1,058,441							
Total expenditures	<u>1,058,441</u>	<u>10,466</u>	<u>1,194,606</u>	<u>202,775</u>	<u>1,269,712</u>	<u>177,694</u>	<u>65,391</u>	<u>6,844</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(917,502)</u>	<u>5,544</u>	<u>42,221</u>	<u>13,014</u>	<u>-</u>	<u>(64,931)</u>	<u>(36,734)</u>	<u>1,528</u>
Other Financing Sources (Uses)								
Transfers in	1,305,832							
Transfers out	(105,165)							
Total other financing sources (uses)	<u>1,200,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	283,165	5,544	42,221	13,014	-	(64,931)	(36,734)	1,528
Fund Balances at Beginning of Year	<u>776,975</u>	<u>38,482</u>	<u>239,923</u>	<u>51,595</u>	<u>-</u>	<u>99,516</u>	<u>161,956</u>	<u>303,159</u>
Fund Balances at End of Year	<u>\$ 1,060,140</u>	<u>\$ 44,026</u>	<u>\$ 282,144</u>	<u>\$ 64,609</u>	<u>\$ -</u>	<u>\$ 34,585</u>	<u>\$ 125,222</u>	<u>\$ 304,687</u>

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**TOWN OF WETHERSFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

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	<u>Special Revenue</u>							
	<u>Edic Loan Repayment</u>	<u>Senior Net Lab</u>	<u>Wethersfield Weekend</u>	<u>Small Cities Housing Rehabilitation</u>	<u>Katherine E. Smith</u>	<u>Frank Weston</u>	<u>Mayor's Volunteer Recognition</u>	<u>Agricultural Land Preservation</u>
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$ 253,194	\$	\$	\$	\$
Licenses, fees and permits								
Charges for services								
Interest and dividends				1,701	711	14,764	98	13,598
Investment gain								
Donations		6,000						
Other revenue	2,500			16,990				
Total revenues	<u>2,500</u>	<u>6,000</u>	<u>-</u>	<u>271,885</u>	<u>711</u>	<u>14,764</u>	<u>98</u>	<u>13,598</u>
Expenditures:								
Current:								
Public safety								
Recreation and parks								
Library								
General government	30,509			123,317	400	1,433		
Education								
Capital outlay								
Total expenditures	<u>30,509</u>	<u>-</u>	<u>-</u>	<u>123,317</u>	<u>400</u>	<u>1,433</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(28,009)</u>	<u>6,000</u>	<u>-</u>	<u>148,568</u>	<u>311</u>	<u>13,331</u>	<u>98</u>	<u>13,598</u>
Other Financing Sources (Uses)								
Transfers in								
Transfers out			(3,014)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,014)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(28,009)	6,000	(3,014)	148,568	311	13,331	98	13,598
Fund Balances at Beginning of Year	<u>67,660</u>	<u>(50)</u>	<u>3,014</u>	<u>80,311</u>	<u>19,207</u>	<u>148,577</u>	<u>2,653</u>	<u>367,219</u>
Fund Balances at End of Year	<u>\$ 39,651</u>	<u>\$ 5,950</u>	<u>\$ -</u>	<u>\$ 228,879</u>	<u>\$ 19,518</u>	<u>\$ 161,908</u>	<u>\$ 2,751</u>	<u>\$ 380,817</u>

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**TOWN OF WETHERSFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds	
	Terlicki Trust	Moeller Home Renovation	Cottone Field Donations	Capital Reserve	Postemployment Benefits	Open Space	Total		Public Library
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	2,203,402	\$ 8,104	\$ 2,211,506
Licenses, fees and permits							14,675		14,675
Charges for services							876,631	15,138	891,769
Interest and dividends	560		339		3,945		52,378	5,449	57,827
Investment gain								(8,978)	(8,978)
Donations							6,000	8,308	14,308
Other revenue							190,383		190,383
Total revenues	560	-	339	-	3,945	-	3,343,469	28,021	3,371,490
Expenditures:									
Current:									
Public safety							188,160		188,160
Recreation and parks							65,391		65,391
Library							-	37,262	37,262
General government					272,864	311,311	949,453		949,453
Education							2,464,318		2,464,318
Capital outlay							1,058,441		1,058,441
Total expenditures	-	-	-	-	272,864	311,311	4,725,763	37,262	4,763,025
Excess (Deficiency) of Revenues over Expenditures	560	-	339	-	(268,919)	(311,311)	(1,382,294)	(9,241)	(1,391,535)
Other Financing Sources (Uses)									
Transfers in					476,215		1,782,047		1,782,047
Transfers out							(108,179)		(108,179)
Total other financing sources (uses)	-	-	-	-	476,215	-	1,673,868	-	1,673,868
Net Change in Fund Balances	560	-	339	-	207,296	(311,311)	291,574	(9,241)	282,333
Fund Balances at Beginning of Year	15,134	1,275	22,511	28,464	1,471,547	-	3,899,128	62,607	3,961,735
Fund Balances at End of Year	\$ 15,694	\$ 1,275	\$ 22,850	\$ 28,464	\$ 1,678,843	\$ (311,311)	\$ 4,190,702	\$ 53,366	\$ 4,244,068

## TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

JUNE 30, 2008

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 503,902	\$ 2,310,807	\$ 2,814,709
Accounts receivable		1,089,959	1,089,959
Due from other funds	183,091		183,091
Total assets	<u>686,993</u>	<u>3,400,766</u>	<u>4,087,759</u>
Liabilities:			
Current:			
Accounts payable	41,099		41,099
Due to other funds		2,230,857	2,230,857
Risk management claims	35,322	854,384	889,706
Total current liabilities	<u>76,421</u>	<u>3,085,241</u>	<u>3,161,662</u>
Noncurrent:			
Claims incurred but not reported	396,421		396,421
Total liabilities	<u>472,842</u>	<u>3,085,241</u>	<u>3,558,083</u>
Net Assets	<u>\$ 214,151</u>	<u>\$ 315,525</u>	<u>\$ 529,676</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Operating Revenues:			
Contributions	\$ 163,469	\$ 9,248,293	\$ 9,411,762
Operating Expenses:			
Salaries, wages and employee benefits	91,696	7,942,577	8,034,273
Other expenses		1,059,285	1,059,285
Total operating expenses	<u>91,696</u>	<u>9,001,862</u>	<u>9,093,558</u>
Operating Income	71,773	246,431	318,204
Nonoperating Revenue:			
Income on investments	<u>17,993</u>	<u>99,867</u>	<u>117,860</u>
Change in Net Assets	89,766	346,298	436,064
Net Assets at Beginning of Year	<u>124,385</u>	<u>(30,773)</u>	<u>93,612</u>
Net Assets at End of Year	<u>\$ 214,151</u>	<u>\$ 315,525</u>	<u>\$ 529,676</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 175,597	\$ 9,366,206	\$ 9,541,803
Payments to suppliers		(7,876,223)	(7,876,223)
Payments to employees	(175,597)	(1,519,637)	(1,695,234)
Net cash used in operating activities	<u>-</u>	<u>(29,654)</u>	<u>(29,654)</u>
Cash Flows from Investing Activities:			
Income on investments	<u>17,993</u>	<u>99,867</u>	<u>117,860</u>
Net Increase in Cash and Cash Equivalents	17,993	70,213	88,206
Cash and Cash Equivalents at Beginning of Year	<u>485,909</u>	<u>2,240,594</u>	<u>2,726,503</u>
Cash and Cash Equivalents at End of Year	<u>\$ 503,902</u>	<u>\$ 2,310,807</u>	<u>\$ 2,814,709</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:			
Operating income	\$ <u>71,773</u>	\$ <u>246,431</u>	\$ <u>318,204</u>
Adjustments to reconcile operating income to net cash used in operating activities:			
Increase in receivable		(497,840)	(497,840)
Increase (decrease) in loans to other funds	(71,481)	167,697	96,216
Increase (decrease) in accounts payable and accrued expenses	(292)	54,058	53,766
Total adjustments	<u>(71,773)</u>	<u>(276,085)</u>	<u>(347,858)</u>
Net Cash Used in Operating Activities	<u>\$ -</u>	<u>\$ (29,654)</u>	<u>\$ (29,654)</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>School Escrow</b>				
Assets:				
Cash and cash equivalents	\$ 505,157	\$ 688,541	\$ 705,539	\$ 488,159
Liabilities:				
Fiduciary deposits	\$ 505,157	\$ 688,541	\$ 705,539	\$ 488,159
<b>Town Escrow</b>				
Assets:				
Cash and cash equivalents	\$ 1,181,359	\$ 841,299	\$ 800,400	\$ 1,222,258
Due from other funds	692,203	227,997		920,200
Total Assets	\$ 1,873,562	\$ 1,069,296	\$ 800,400	\$ 2,142,458
Liabilities:				
Accounts payable	\$ 22,032	\$	\$ 13,175	\$ 8,857
Due to other funds	15,330		15,330	-
Fiduciary deposits	1,836,200	957,333	659,932	2,133,601
Total Liabilities	\$ 1,873,562	\$ 957,333	\$ 688,437	\$ 2,142,458
<b>Retiree Health</b>				
Assets:				
Due from other funds	\$ 39,432	\$ 40,653	\$ -	\$ 80,085
Liabilities:				
Fiduciary deposits	\$ 39,432	\$ 40,653	\$ -	\$ 80,085

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

## FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,686,516	\$ 1,529,840	\$ 1,505,939	\$ 1,710,417
Due from other funds	<u>731,635</u>	<u>268,650</u>	<u>                    </u>	<u>1,000,285</u>
Total Assets	<u>\$ 2,418,151</u>	<u>\$ 1,798,490</u>	<u>\$ 1,505,939</u>	<u>\$ 2,710,702</u>
Liabilities:				
Accounts payable	\$ 22,032	\$	\$ 13,175	\$ 8,857
Due to other funds	15,330		15,330	-
Fiduciary deposits	<u>2,380,789</u>	<u>1,686,527</u>	<u>1,365,471</u>	<u>2,701,845</u>
Total Liabilities	<u>\$ 2,418,151</u>	<u>\$ 1,686,527</u>	<u>\$ 1,393,976</u>	<u>\$ 2,710,702</u>

**TOWN OF WETHERSFIELD, CONNECTICUT  
STATEMENT OF DEBT LIMITATION**

**COMPARATIVE SCHEDULE BY SOURCE**

**JUNE 30, 2008**

(In Thousands)

Total tax collections, including interest and lien fees, received by Treasurer for year ended June 30, 2008					\$ 65,878
Reimbursement for loss on:					
Tax relief for elderly - elderly freeze					6
BASE					\$ 65,884
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 148,239	\$	\$	\$	\$
4-1/2 times base		296,478			
3-3/4 times base			247,065		
3-1/4 times base				214,123	
3 times base					197,652
Total debt limitation	148,239	296,478	247,065	214,123	197,652
Indebtedness:					
Bonds payable	15,285	15,820			
Bonds authorized - unissued	7,793	8,690			
Town share of Metropolitan District debt			8,448		
Less school and other grants		(759)			
Total indebtedness	23,078	23,751	8,448	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 125,161	\$ 272,727	\$ 238,617	\$ 214,123	\$ 197,652

Note: In no event shall total debt exceed seven times annual receipts from taxation (\$471.2 million).