

**TOWN OF WETHERSFIELD, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

# TOWN OF WETHERSFIELD, CONNECTICUT

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## Independent Auditors' Report

To the Members of the Town Council  
Town of Wethersfield

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, 2010, 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 basic 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2010 on our consideration of the Town of Wethersfield, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 and budgetary comparison information on pages 43 through 46 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.

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

December 27, 2010

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2010**

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, 2010. 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 \$72.7 million, an increase of \$5.2 million or 7.7% over the previous fiscal year. Of the Town's total net assets at June 30, 2010, \$14.7 million or 20.2% 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, a decrease of \$49 thousand from the prior fiscal year. Of the total General Fund balance as of June 30, 2010, \$8.0 million represents unreserved fund balance. Unreserved General Fund balance represents approximately 9.1% of total General Fund expenditures (\$88.1 million). The Town of Wethersfield's governmental funds reported combined ending fund balances of \$16.2 million, a decrease of \$1.1 million from the prior fiscal year. The combined governmental funds include the General Fund, Capital Projects Fund, Small Cities Housing Rehab Fund, Post Retirement Benefits 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 and as prescribed within the Town's written financial policies. 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 \$3.2 million (approximately 8.9%) as of the end of the fiscal year.
- Total cost of all of the Town's programs was \$90 million with no new programs added this year.
- The resources available for appropriation were \$1.5 million 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 and 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 7.7 % (\$72.7 million compared to \$67.5 million). The amount of \$57.9 million of net assets at June 30, 2010 is restricted as to the trust purposes they can be used for (\$652 thousand) or are invested in capital assets (\$57.3 million - buildings, roads, bridges, and so on). The remaining balance of \$14.7 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 \$15.8 million at June 30, 2009 to \$14.7 million at June 30, 2010, for a total decrease of \$1.1 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 (77.4 %) 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>2010</b>	<b>2009</b>
Current and other assets	\$ 26,649	\$ 25,494
Capital assets, net of accumulated depreciation	91,263	87,668
Total assets	<u>117,912</u>	<u>113,162</u>
Current liabilities	3,768	3,785
Long-term liabilities outstanding	41,450	41,916
Total liabilities	<u>45,218</u>	<u>45,701</u>
Net Assets:		
Invested in capital assets, net of related debt	57,342	51,029
Restricted	653	647
Unrestricted	<u>14,698</u>	<u>15,785</u>
Total Net Assets	<u>\$ 72,693</u>	<u>\$ 67,461</u>

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,927	\$ 2,671
Operating grants and contributions	15,137	14,937
Capital grants and contributions	1,458	1,520
General revenues:		
Property taxes	70,954	70,212
Unrestricted grants	1,046	1,096
Unrestricted investment earnings	411	535
Miscellaneous	829	204
Total revenues	<u>93,762</u>	<u>91,175</u>
Expenses:		
Public safety	8,925	9,040
Public works	7,907	8,636
Recreation and parks	2,027	1,908
Social services	898	1,173
Library	1,707	1,734
General government	10,062	6,426
Education	57,504	57,328
Interest on long-term debt	1,185	618
Total expenses	<u>90,214</u>	<u>86,863</u>
Change in net assets	<u>\$ 3,548</u>	<u>\$ 4,312</u>

The Town's total revenue was \$93.8 million. The total cost of all programs and services was \$90.2 million. The analysis below separately considers the operations of governmental activities.

**Governmental Activities**

Approximately 75.7% of the revenues were derived from property taxes, 18.8% generated from operating capital and unrestricted grants; the remaining 5.5% 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 \$4.5 million during the year.
- The Town's current levy collected tax rate was 97.4% a decrease from the previous year.
- The Town continued with aggressive grant application strategy to pursue operating grants for governmental activities. The Town has also had continued support from our Legislators for grant entitlements for the functional area of Education.
- There was an increase in operating grants of \$200 thousand.

- Unrestricted investment earnings continued to decrease due to anticipated lower interest earnings rates in the market. The budget estimate that was developed for fiscal year 2009-2010 anticipated a reduction in interest earnings though rates declined below the estimate.

Within governmental activities 11.2 % of the Town’s expenditures relate to general government, 63.7% to education, 9.9% to public safety, 8.8% to public works, 2.2% to recreation and parks, 1.3% relate to payments on long-term debt and the remaining 2.9% other expenditures.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Public safety	\$ 8,925	\$ 9,040	\$ 8,358	\$ 8,771
Public works	7,907	8,636	7,584	7,555
Recreation and parks	2,027	1,908	1,342	1,012
General government	10,062	6,426	7,091	4,661
Education	57,504	57,328	41,647	42,326
All other	3,789	3,525	3,669	3,410
Total	<u>\$ 90,214</u>	<u>\$ 86,863</u>	<u>\$ 69,692</u>	<u>\$ 67,735</u>

**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 \$16.2 million, a decrease of \$1.1 million from June 30, 2009. Changes are because of the following: the reclassification of police post retirement benefits and the recreation fund as Governmental Funds (increase of \$1.6 million and \$473 thousand respectively); a reduction of \$2.7 million in the Capital Projects Fund attributable to Capital Outlay of that amount for various projects; and a decrease of \$487 million in the General fund due to the liability for year end payroll accrual, a requirement of GAAP.

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 \$8.0 million while total fund balance is \$8.9 million. A measure of the General Fund's liquidity is the ratio of unreserved fund balance to total fund expenditures. Unreserved fund balance represents approximately 9.1% of the total General Fund expenditures.

At June 30, 2010, the Town's Total General Fund Balance decreased by \$487 thousand from the previous year. The key factor contributing to this decrease is the year end payroll accrual.

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 Funds at the end of the year totaled \$3.0 million. The Internal Service Fund, which is part of the Governmental activities, increased due to Town and Board of Education contributions into the self-insurance programs exceeded benefit payments.

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

There was a slight difference between the original budget and the final amended budget for both revenues and expenditures. During the year, revenues exceeded budgetary estimates by \$1.5 million primarily due to an increase in tax collections. Expenditures were below budgetary estimates by \$471 thousand. Overall revenues exceeded expenditures on the budgetary basis by \$1.1 million. In the fiscal year 2010, revenues increased by 2.1% from fiscal year 2009, while prior year expenditures increased by less than 0.5%.

The major factors are as follows:

- The Town's property tax revenue exceeded budgetary estimates by 1.3%.
- Investment earnings decreased by approximately \$167 thousand or 37%.

The Town's General Fund balance of \$8.9 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$7.6 million reported in the budgetary comparison in the required supplementary information. This is because budgetary fund balance includes \$813 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purpose, while the GAAP statements include payments on prior year outstanding encumbrances of \$1.4 million. There is also \$672 thousand of school construction expenditures included in the GAAP statements, that is not included in the budgetary statements.

### **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, 2010, is \$91 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 \$3.6 million or approximately 4.1%.

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

Acquisition of the Wilkes Property	\$3.5 million
Millwood Master Plan Phase I	1.8 million

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 7,902	\$ 4,399
Buildings	45,150	41,962
Improvements other than buildings	3,372	7,601
Rolling equipment	4,742	4,867
Furniture and fixtures	655	787
Infrastructure	11,259	10,950
Construction in progress	18,182	17,102
Total	<u>\$ 91,263</u>	<u>\$ 87,668</u>

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

Capital Improvements and Other Equipment	\$ 176,589
Community Center	1,149,666
Fire Truck	1,108,448
Physical Services Vehicles	396,266
Roads and Sidewalks	867,167
Capital Nonrecurring (Public Safety vehicles, Equipment)	<u>171,787</u>
Total	<u>\$ 3,869,923</u>

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 \$32.1 million in bonds and notes outstanding versus \$35.2 million last year - a decrease of 8.8 % as shown in Table 5.

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

	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2010</u>	<u>2009</u>
General Obligation Bonds	\$ 32,080	\$ 35,230

The Town's general obligation bond rating continues to carry the Aa3 rating from Moody's and AA from Standard and Poor's for general obligation debt. The State limits the amount of general obligation debt that municipalities may issue based upon a statutory formula differentiated by the type of debt and a multiplier of tax collections. The overall debt limit for the Town of Wethersfield is equal to seven times annual receipts from taxation or \$499.9 million. The Town's outstanding general obligation debt is significantly below this 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**

Local and State Governments throughout the country, including Wethersfield, continue to deal with the economic reality of Federal and State budget deficits and flat unemployment. The Town Council and staff continue to address these issues while still trying to provide necessary services. They continue to focus on core service provision, identifying where appropriate user fees, to self-fund 100% of the noncore programs, methods to grow the Town's tax base and increase economic development.

The Town of Wethersfield's unemployment rate of 8.3% as of the September 2010 was less than the Hartford Labor Market Area of 8.4% and the Connecticut State overall rate of 8.8% for the same time period.

Indicators for the earlier periods among several other factors were taken into account in the adoption of the General Fund budget for 2010-11. Amounts available for appropriation in the General Fund budget are \$82.7 million, a negligible decrease of \$3 thousand from the final 2010 budget of \$82.7 million. Reductions in spending determined by the Town Council were based upon continued evaluation of core services and anticipated loss in State revenues; investment earnings and other user fees associated with the continuing economic conditions.

The Town did not add any major new programs or initiatives to the 2011 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 \$8.0 million from \$7.9 million. The Town has appropriated \$700 thousand of fund balance in the fiscal year 2010-2011 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, 2010

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 16,791,542
Investments	5,529,472
Receivables, net	3,817,174
Prepaid items	193,121
Inventory	15,074
Other assets	205,138
Capital assets not being depreciated	26,084,670
Capital assets being depreciated, net	65,178,272
Other non-current assets	97,015
Total assets	<u>117,911,478</u>
Liabilities:	
Accounts payable and accrued items	3,648,010
Unearned revenue	120,322
Noncurrent liabilities:	
Due within one year	4,711,603
Due in more than one year	36,738,841
Total liabilities	<u>45,218,776</u>
Net Assets:	
Invested in capital assets, net of related debt	57,341,997
Restricted for trust purposes:	
Expendable trusts	605,420
Nonexpendable trusts	46,879
Unrestricted	<u>14,698,406</u>
Total Net Assets	<u>\$ 72,692,702</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, 2010

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Public safety	\$ 8,924,932	\$ 490,034	\$	\$ 76,885	\$ (8,358,013)
Public works	7,906,892	323,128			(7,583,764)
Recreation and parks	2,027,167	666,199	18,639		(1,342,329)
Social services	897,535	23,819	47,333		(826,383)
Library	1,706,977	18,396	11,209		(1,677,372)
General government	10,061,910	1,595,291	14,015	1,361,513	(7,091,091)
Education	57,504,015	810,386	15,046,293		(41,647,336)
Interest on long-term debt	1,184,845			19,223	(1,165,622)
Total	<u>\$ 90,214,273</u>	<u>\$ 3,927,253</u>	<u>\$ 15,137,489</u>	<u>\$ 1,457,621</u>	<u>(69,691,910)</u>
General revenues:					
Property taxes					70,954,096
Unrestricted grants					1,045,983
Unrestricted investment earnings					411,104
Miscellaneous					828,851
Total general revenues					<u>73,240,034</u>
Change in Net Assets					3,548,124
Net Assets at Beginning of Year, as Restated					<u>69,144,578</u>
Net Assets at End of Year					<u>\$ 72,692,702</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WETHERSFIELD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities Housing Rehabilitation</u>	<u>Post- Employment Benefits</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 5,972,891	\$ 699,719	\$ 31,503	\$ 3,530,767	\$ 2,473,367	\$ 12,708,247
Investments	5,500,103				29,369	5,529,472
Receivables, net	1,375,476	490,051	749,221		198,496	2,813,244
Due from other funds	25,481				58,840	84,321
Other assets					208,195	208,195
Total Assets	<u>\$ 12,873,951</u>	<u>\$ 1,189,770</u>	<u>\$ 780,724</u>	<u>\$ 3,530,767</u>	<u>\$ 2,968,267</u>	<u>\$ 21,343,479</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued items	\$ 2,288,641	\$ 112,346		\$ 8,079	\$ 202,881	\$ 2,611,947
Due to other funds	58,840				25,481	84,321
Due to other governments	673,472					673,472
Deferred revenue	993,796		749,221		79,200	1,822,217
Total liabilities	<u>4,014,749</u>	<u>112,346</u>	<u>749,221</u>	<u>8,079</u>	<u>307,562</u>	<u>5,191,957</u>
Fund balances:						
Reserved:						
Encumbrances	813,143					813,143
Retirement benefits				55,498		55,498
Unreserved, reported in:						
General Fund	8,046,059					8,046,059
Special Revenue Funds			31,503	3,467,190	2,613,826	6,112,519
Capital Project Funds		1,077,424				1,077,424
Permanent Fund					46,879	46,879
Total fund balances	<u>8,859,202</u>	<u>1,077,424</u>	<u>31,503</u>	<u>3,522,688</u>	<u>2,660,705</u>	<u>16,151,522</u>
Total Liabilities and Fund Balances	<u>\$ 12,873,951</u>	<u>\$ 1,189,770</u>	<u>\$ 780,724</u>	<u>\$ 3,530,767</u>	<u>\$ 2,968,267</u>	<u>\$ 21,343,479</u>

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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	\$ 16,151,522
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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	\$ 151,180,975	
Less accumulated depreciation	<u>(59,918,033)</u>	
Net capital assets		91,262,942

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

Net pension asset	97,015
Property tax receivables greater than 60 days	948,924
Loan receivables greater than 60 days	752,971
Interest receivable on property taxes	535,350
Receivable from the state for school construction projects	468,580
Deferred charges	89,231
Deferred amount in refunding	716,838
Bond issuance costs	168,879

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.

2,992,975

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	(32,080,000)
Premium on issuance	(1,305,268)
Interest payable on bonds and notes	(313,419)
Compensated absences	(1,720,289)
OPEB obligation	(4,731,803)
Capital lease	<u>(1,341,746)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 72,692,702

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, 2010

	General	Capital Projects	Small Cities Housing Rehabilitation	Post- Employment Benefits	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes, interest and lien fees	\$ 71,117,614	\$	\$	\$	\$	\$ 71,117,614
Intergovernmental revenues	14,093,177	1,356,110			2,335,785	17,785,072
Other local revenues	2,709,868	111,403	121	126,294	1,519,102	4,466,788
Total revenues	<u>87,920,659</u>	<u>1,467,513</u>	<u>121</u>	<u>126,294</u>	<u>3,854,887</u>	<u>93,369,474</u>
Expenditures:						
Current:						
Public safety	8,132,620				46,292	8,178,912
Public works	7,395,776					7,395,776
Recreation and parks	1,442,808				374,576	1,817,384
Social services	897,535					897,535
Library	1,620,882				43,225	1,664,107
General government	7,936,072	36,458	2,561	384,344	891,058	9,250,493
Education	54,093,101				3,011,144	57,104,245
Capital outlay		5,350,779			1,060,688	6,411,467
Debt service	4,044,856					4,044,856
Total expenditures	<u>85,563,650</u>	<u>5,387,237</u>	<u>2,561</u>	<u>384,344</u>	<u>5,426,983</u>	<u>96,764,775</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,357,009</u>	<u>(3,919,724)</u>	<u>(2,440)</u>	<u>(258,050)</u>	<u>(1,572,096)</u>	<u>(3,395,301)</u>
Other Financing Sources (Uses):						
Refunding bonds issued	12,010,000					12,010,000
Premium on refunding bonds	1,322,220					1,322,220
Payment to refunded bond escrow agent	(13,161,148)					(13,161,148)
Issuance of capital lease					425,593	425,593
Transfers in		1,373,955		421,800	1,110,783	2,906,538
Transfers out	(2,573,236)	(158,943)			(174,359)	(2,906,538)
Total other financing sources (uses)	<u>(2,402,164)</u>	<u>1,215,012</u>		<u>421,800</u>	<u>1,362,017</u>	<u>596,665</u>
Net Change in Fund Balances	(45,155)	(2,704,712)	(2,440)	163,750	(210,079)	(2,798,636)
Fund Balances at Beginning of Year, as Restated	<u>8,904,357</u>	<u>3,782,136</u>	<u>33,943</u>	<u>3,358,938</u>	<u>2,870,784</u>	<u>18,950,158</u>
Fund Balances at End of Year	<u>\$ 8,859,202</u>	<u>\$ 1,077,424</u>	<u>\$ 31,503</u>	<u>\$ 3,522,688</u>	<u>\$ 2,660,705</u>	<u>\$ 16,151,522</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, 2010

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)	\$ (2,798,636)
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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	6,594,498
Depreciation expense	(2,944,516)
Loss on disposal of capital assets	(54,816)

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	(143,979)
Property tax receivable - accrual basis change	(149,552)
Loans receivable - accrual basis change	752,971
Property tax interest and lien revenue - accrual basis change	(13,966)
Net pension asset	344

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:

Issuance of refunding bonds	(12,010,000)
Premium on refunding	(1,322,220)
Deferred amount in refunding	(726,148)
Issuance costs on refunding	171,072
Payment to escrow agent for refunding	13,161,148
Bond principal payments	2,725,000
Capital lease issuance	(425,593)
Capital lease payments	603,833

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	28,796
Interest on bonds	(85,854)
Deferred charges	726,148
OPEB obligation	(2,443,803)
Amortization of deferred charge on refunding	(31,616)
Amortization of issuance costs	(2,193)
Amortization of bond premiums	16,952

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>1,920,254</u>
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Change in Net Assets of Governmental Activities (Exhibit II)

<u>\$ 3,548,124</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, 2010**

	<b>Governmental            Activities</b> <hr style="border: 0.5px solid black;"/> <b>Internal            Service Funds</b> <hr style="border: 0.5px solid black;"/>
<b>Assets:</b>	
Cash and cash equivalents	\$ 4,083,295
Accounts receivable	36,259
Total assets	<hr style="border: 0.5px solid black;"/> <u>4,119,554</u>
<b>Liabilities:</b>	
<b>Current:</b>	
Accounts payable	49,172
Claims incurred but not reported	722,575
<b>Noncurrent:</b>	
Claims incurred but not reported	354,832
Total liabilities	<hr style="border: 0.5px solid black;"/> <u>1,126,579</u>
<b>Net Assets:</b>	
Unrestricted	\$ <u><u>2,992,975</u></u>

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, 2010**

	<u><b>Governmental Activities Internal Service Fund</b></u>
Operating Revenues:	
Contributions	\$ <u>11,290,699</u>
Operating Expenses:	
Salaries, wages and employee benefits	8,991,706
Other expenses	<u>380,998</u>
Total operating expenses	<u>9,372,704</u>
Operating Income	<u>1,917,995</u>
Nonoperating Revenue:	
Income on investments	<u>2,259</u>
Total nonoperating revenue	<u>2,259</u>
Change in Net Assets	1,920,254
Net Assets at Beginning of Year	<u>1,072,721</u>
Net Assets at End of Year	\$ <u><u>2,992,975</u></u>

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, 2010

	<b>Governmental Activities <u>Internal Service Fund</u></b>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 11,351,076
Payment to suppliers	(380,998)
Payment to employees	(9,105,554)
Net cash provided by operating activities	<u>1,864,524</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>2,259</u>
Net Increase in Cash and Cash Equivalents	1,866,783
Cash and Cash Equivalents at Beginning of Year	<u>2,216,512</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,083,295</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,917,995
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease in accounts receivable	60,377
Decrease in accounts payable and accrued expenses	<u>(113,848)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,864,524</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, 2010

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
Assets:		
Cash and cash equivalents	\$ 167,079	\$ 2,261,625
Investments		
U.S. stocks	28,652,294	
International stocks	8,051,067	
U.S. bonds	13,436,979	
Stable value funds	7,087,797	
Contribution and other receivables	<u>5,365</u>	
Total assets	<u>57,400,581</u>	<u>\$ 2,261,625</u>
Liabilities:		
Due to student groups and others		<u>2,261,625</u>
Total liabilities	<u>-</u>	<u>\$ 2,261,625</u>
Net Assets:		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 57,400,581</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, 2010

Additions:	
Contributions:	
Employer	\$ 1,204,694
Plan members	1,006,559
Total	<u>2,211,253</u>
Investment income:	
Net appreciation in fair value of investments	4,196,573
Interest and dividends	1,985,794
Net investment income	<u>6,182,367</u>
Net additions	<u>8,393,620</u>
Deductions:	
Benefits	3,841,542
Administration expense	279,724
Total deductions	<u>4,121,266</u>
Net Increase	4,272,354
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>53,128,227</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 57,400,581</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 2, 2004. 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.

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.

### **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.

Small Cities Housing Rehabilitation Funds accounts for federal grant revenues from the U.S. Department of Housing and Urban Development and subsequent loans to entities for various grant years.

Postemployment Benefits Fund accounts for the revenues and expenditures relating to the Town employees contributions to a retirement fund to pay for medical benefits.

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.

The Agency Funds account for monies held on behalf of outside groups such as student activity funds, Town escrow, and firefighter escrow.

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
Infrastructure and public domain improvements	20-70
Office and school equipment	10-20
Kitchen appliances	15
Machinery, tools and equipment	10-15
Motor vehicles	7
Computer equipments and accessories	5

**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 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 three supplemental budgetary appropriations made during the year totaling \$231,513 from fund balance to cover disaster recovery expenditures.

### **B. Deficit Fund Equity**

The following fund has a deficit fund balance at June 30, 2010:

	<u>Amount</u>
Nonmajor:	
Special Revenue Fund:	
Cottone Field Donations	\$ 1,223

This amount will be funded through contributions and future 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.

## Deposits

*Deposit Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$12,702,761 of the Town's bank balance of \$19,087,487 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,408,646
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,294,115</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 12,702,761</u>

## Cash Equivalents

At June 30, 2010 the Town's cash equivalents amounted to \$704,049. 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. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
Bank of America N.A. Cash Management Assets	*

\*Not rated

## Investments

As of June 30, 2010, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Bonds	N/A	\$ 13,436,979	\$	\$ 13,436,979	\$
Certificates of Deposit	N/A	<u>5,500,103</u>	<u>5,500,103</u>	<u>13,436,979</u>	<u>5,500,103</u>
Total		<u>18,937,082</u>	<u>5,500,103</u>	<u>13,436,979</u>	<u>\$ -</u>
Other Investments:					
Common Stock		36,703,361			
Mutual Funds		<u>7,117,166</u>			
Total Investments		<u>\$ 62,757,609</u>			

*Interest Rate Risk* - The Town has, for the Pension Trust Funds, an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Pension Commission's Investment Policy requires its fixed income portion to be high quality bonds managed consistent with Bank of America's forecast of interest rates, inflation and valuation levels, and the benchmark is the Lehman Brothers Aggregate Index for high quality and the J.P. Morgan Developed B/B Index for high yield. This is a means to manage the Town's 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 Investment Policy (described in the preceding paragraph) further limits its investment choices. The Town's interest-bearing investments consist of U.S. Government guaranteed obligations that are not subject to rating.

The Pension Commission's investment benchmark for large capitalization companies is the S&P 500 Index and Russell 1000 Value, and for small capitalization companies the benchmark is the Russell 2000. The benchmark for international equities is the Morgan Stanley EAFE Index and for fixed income is the Barclay's Capital Index.

*Concentration of Credit Risk* - The Investment Policy sets forth the following asset allocation targets: Domestic Equities 30% - 70%; International Equities 20%; and Fixed Income 20%.

*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, 2010, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that 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>Small Cities Rehabilitation</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 1,499,111	\$	\$	\$	\$ 1,499,111
Accrued interest on taxes					-
Accounts and other*	258,758	490,051	749,221	45,557	1,543,587
Special assessments					-
Intergovernmental				189,198	189,198
Gross receivables	<u>1,757,869</u>	<u>490,051</u>	<u>749,221</u>	<u>234,755</u>	<u>3,231,896</u>
Less: allowance for uncollectibles	<u>(382,393)</u>				<u>(382,393)</u>
Net Total Receivables	<u>\$ 1,375,476</u>	<u>\$ 490,051</u>	<u>\$ 749,221</u>	<u>\$ 234,755</u>	<u>\$ 2,849,503</u>

\*Does not include accrued interest on property taxes of \$535,350.

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	\$ 948,924	\$
Property taxes and other fees collected in advance		44,872
Small Cities Rehabilitation:		
Loan Receivable	749,221	
Nonmajor Governmental Funds:		
Loan Receivable	3,750	
Unearned grants and other		75,450
	<u>                    </u>	<u>                    </u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,701,895</u>	<u>\$ 120,322</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	\$ 4,399,156	\$ 3,503,127	\$	\$ 7,902,283
Construction in progress	17,101,828	5,863,832	(4,783,273)	18,182,387
Total capital assets not being depreciated	<u>21,500,984</u>	<u>9,366,959</u>	<u>(4,783,273)</u>	<u>26,084,670</u>
Capital assets being depreciated:				
Buildings	70,817,703	144,391		70,962,094
Improvements other than buildings	3,300,444	994,248		4,294,692
Rolling equipment	9,679,153	585,352	(380,967)	9,883,538
Furniture and fixtures	9,948,207	266,437		10,214,644
Infrastructure	29,720,953	20,384		29,741,337
Total capital assets being depreciated	<u>123,466,460</u>	<u>2,010,812</u>	<u>(380,967)</u>	<u>125,096,305</u>
Less accumulated depreciation for:				
Buildings	(24,256,851)	(1,555,725)		(25,812,576)
Improvements other than buildings	(780,391)	(141,811)		(922,202)
Rolling equipment	(4,812,325)	(655,057)	326,151	(5,141,231)
Furniture and fixtures	(9,255,706)	(304,085)		(9,559,791)
Infrastructure	(18,194,395)	(287,838)		(18,482,233)
Total accumulated depreciation	<u>(57,299,668)</u>	<u>(2,944,516)</u>	<u>326,151</u>	<u>(59,918,033)</u>
Total capital assets being depreciated, net	<u>66,166,792</u>	<u>(933,704)</u>	<u>(54,816)</u>	<u>65,178,272</u>
Governmental Activities Capital Assets, Net	<u>\$ 87,667,776</u>	<u>\$ 8,433,255</u>	<u>\$ (4,838,089)</u>	<u>\$ 91,262,942</u>

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

Governmental activities:		
Public safety	\$	800,195
Public works		541,808
Recreation and parks		246,781
General government		36,438
Education		<u>1,319,294</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>2,944,516</u></u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2010. 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	\$ 14,099,995	\$ 53,429
Silas Deane Middle School renovations	13,217,559	7,441
Webb/Stillman School renovations	10,629,880	29,076
Town Hall Phase 2 renovations	5,149,763	50,237
Community Center	1,203,054	4,946
Community Center Windows	94,100	25,900
Millwood Master Plan Phase 1	2,806,690	113,310
Road and Sidewalk Improvements	<u>922,088</u>	<u>999,023</u>
Total	\$ <u><u>48,123,129</u></u>	\$ <u><u>1,283,362</u></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, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 25,481
Nonmajor Governmental Funds	General Fund	<u>58,840</u>
		\$ <u><u>84,321</u></u>

Interfund transfers:

	<b>Transfers In</b>			
	<b>Capital Projects Fund</b>	<b>Post- Employment Benefits</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Transfers Out</b>
Transfers out:				
General Fund	\$ 1,179,247	\$ 421,800	972,189	\$ 2,573,236
Capital Projects	20,349		138,594	158,943
Nonmajor Governmental	174,359			174,359
Total Transfers In	<u>\$ 1,373,955</u>	<u>\$ 421,800</u>	<u>1,110,783</u>	<u>\$ 2,906,538</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, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 496,727
2012	399,666
2013	193,121
2014	193,121
2015	193,121
Total minimum lease payments	<u>1,475,756</u>
Less amount representing interest	<u>(134,010)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,341,746</u>

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 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	\$ 35,230,000	\$ 12,010,000	\$ 15,160,000	\$ 32,080,000	\$ 2,680,000
Premium on general obligation bonds		1,322,220	16,952	1,305,268	
Less deferred amounts	(111,537)	(726,148)	(31,616)	(806,069)	
Total bonds payable	<u>35,118,463</u>	<u>12,606,072</u>	<u>15,145,336</u>	<u>32,579,199</u>	<u>2,680,000</u>
Capital leases	1,519,986	425,593	603,833	1,341,746	443,605
Net OPEB obligation	2,288,000	6,220,803	3,777,000	4,731,803	
Compensated absences	1,749,085		28,796	1,720,289	865,423
Risk management liability	1,240,153		162,746	1,077,407	722,575
Governmental Activities Long-Term Liabilities	<u>\$ 41,915,687</u>	<u>\$ 19,252,468</u>	<u>\$ 19,717,711</u>	<u>\$ 41,450,444</u>	<u>\$ 4,711,603</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. 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, 2010</u>
General obligation bonds	09/15/91	\$ 5,000,000	5.75-7.75	09/15/11	\$ 250,000 125,000 -	\$ 500,000
General obligation bonds	09/01/96	1,920,000	4.35-5.9	09/01/12	130,000	125,000
General obligation bonds	10/15/01	7,000,000	3.25-5.25	10/15/21	350,000	1,050,000
General obligation bonds	08/01/02	7,000,000	4.0-4.625	01/15/22	375,000 180,000 -	375,000
General obligation bonds	03/15/03	8,970,000	2.5-3.4	08/15/22	720,000 785,000 -	3,995,000
General obligation bonds	06/15/05	15,000,000	3.0-5.0	08/15/25	790,000 275,000 -	8,500,000
General obligation bonds	06/15/09	6,855,000	2.5-4.5	08/15/28	405,000 125,000 -	5,655,000
General obligation bonds	06/15/10	12,010,000	3.0-5.0	07/15/22	790,000	<u>11,880,000</u>
Total Outstanding						<u>\$ 32,080,000</u>

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

**Authorized But Unissued**

The total of authorized but unissued bonds at June 30, 2010 is \$2,322,923. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,680,000	\$ 1,095,508	\$ 3,775,508
2012	2,550,000	1,117,010	3,667,010
2013	2,610,000	1,032,933	3,642,933
2014	2,230,000	957,190	3,187,190
2015	2,400,000	888,538	3,288,538
2016-2020	12,450,000	3,187,832	15,637,832
2021-2025	5,555,000	1,120,392	6,675,392
2026-2029	<u>1,605,000</u>	<u>135,494</u>	<u>1,740,494</u>
Total	\$ <u>32,080,000</u>	\$ <u>9,534,897</u>	\$ <u>41,614,897</u>

**General Obligation Bonds - Advance Refunding**

On April 8, 2010, the City issued \$12,010,000 of general obligation refunding bonds with interest rates ranging from 3% to 5% to currently refund the outstanding principal amounts of \$250,000 General Obligation Bonds, Series 1996, dated August 15, 1996, \$3,150,000 General Obligations Bonds, Series 2001 dated October 15, 2001, \$4,125,000 General Obligation Bonds, Series 2002, dated August 1, 2002, \$370,000 General Obligation Bonds, Series 2003, dated March 15, 2003, \$3,340,000 General Obligation Bonds, Series 2005, dated June 15, 2005, and \$1,200,000 General Obligation, Series 2009, dated June 15, 2009.

The net proceeds of \$13,161,148 (including a premium of \$1,322,220 and issuance costs of \$171,072, including underwriter's fees) will reduce total debt service payments over the next 12 years by approximately \$642,878 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$483,783. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called. The balance in escrow was \$12,793,067 at June 30, 2010. The outstanding balance of the defeased bonds as of June 30, 2010 is \$11,880,000.

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	\$ 160,694	\$ 20,625	\$ 140,069
Schools	321,387	13,309	308,078
Sewers	267,823	11,134	256,689
Urban renewal	232,113		232,113
Pension deficit	214,258		214,258

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 \$11.1 million or 8.05% of the District debt.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$499.9 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, 2010, 2009 or 2008.

### 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:

	<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>
2008-09	\$ 431,743	\$	72,940	\$	(104,264)	\$	400,419
2009-10	400,419		66,636		(90,118)		376,937

### 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 2010, total claims expense of \$8,925,070 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, 2010.

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, 2010 of \$700,470.

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, 2010 and 2009, is presented below:

	<u>Accrued Liability Beginning of Fiscal Year</u>		<u>Current Year Claims Paid and Changes in Estimates</u>		<u>Accrued Liability Claim Payments</u>		<u>Accrued Liability End of Fiscal Year</u>
2008-09	\$ 854,384	\$	8,369,954	\$	(8,384,604)	\$	839,734
2009-10	839,734		8,925,070		(10,465,274)		700,470

### 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 2009-10 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2009-2010 was \$489,127. 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

### A. Plan Description

The Town and Board of Education provide postretirement benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The Town does not issue stand-alone financial statements for this program.

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

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Active plan members	159	428
Retired members	153	335
Total Participants	<u>312</u>	<u>763</u>

## B. Funding Policy

The Town's funding and payment of postemployment benefits for the year ended June 30, 2010 are accounted for in the Internal Service Fund and Retiree Health Fund on a pay-as-you-go basis. As of June 30, 2010, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

## C. Annual OPEB Cost and Net OPEB Obligations

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<b>Town and BOE Retiree Benefit Plan</b>
Annual required contribution (ARC)	\$ 6,187,000
Interest on net OPEB obligation	148,720
Adjustment to annual required contribution	(114,917)
Annual OPEB cost	<u>6,220,803</u>
Contributions made	<u>3,777,000</u>
Increase in net OPEB obligation	2,443,803
Net OPEB obligation - beginning of year	<u>2,288,000</u>
Net OPEB Obligation - End of Year	<u>\$ 4,731,803</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal years ended June 30, 2010 and June 30, 2009 are presented below.

<u>Year Ended</u>	<u>OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation</u>
6/30/2009	\$ 5,757,000	\$ 3,469,000	60.26%	\$ 2,288,000
6/30/2010	6,220,803	3,777,000	60.72%	4,731,803

## Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) (b)</u>	<u>(Unfunded) AAL (UAAL) (a-b)</u>	<u>Percentage Funded (a/b)</u>	<u>Covered Payroll (c)</u>	<u>as a % of Covered Payroll ((a-b)/c)</u>
7/1/07	\$ -	\$ 66,076,000	\$ (66,076,000)	0.0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject

plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year, decreasing amortization of the unfunded actuarial accrued liability (AAL). The actuarial accrued liability for benefits was approximately \$66,076,000 and the fair market value of the assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,076,000. The actuarial assumptions include a 6.5% interest rate and annual payroll growth rate of 4.0%. The annual OPEB cost trend rate is 9% initially decreasing 1% per year to an ultimate rate of 5%.

## 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, 2008 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 7.5% of monthly earnings, employees of AFSCME Local 1303-40 and Local 1303-408 are required to contribute 5%, employees of the Town Administrative Group are required to contribute 5%, employees of the CILU Local 222 814081 Library Supervisors and 814082 Library Non-Supervisors are required to contribute 6% and AFSCME Local 818 hired prior to July 1, 2008 are required to contribute 5% and after July 1, 2008 are required to contribute 3% 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, 2010, the Town's required contribution was \$1,204,694, which represents 7.3% of covered payroll of \$16,559,221.

Administrative costs of the Plan are financed through investment earnings.

#### **D. Annual Pension Cost and Net Pension Asset**

The Town's annual pension cost and net pension asset for the year ended June 30, 2010 are as follows:

Annual required contribution	\$ 1,204,694
Interest on net pension obligation	(7,734)
Adjustment to annual required contribution	<u>7,390</u>
Annual pension cost	1,204,350
Contributions made	<u>1,204,694</u>
Increase in net pension asset	(344)
Net pension asset - beginning of year	<u>(96,671)</u>
 Net Pension Obligation Asset - End of Year	 <u><u>\$ (97,015)</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2008 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% 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 25-year closed period for the Town and a 20-year closed period for the police beginning July 1, 2004 for all plans.

#### **E. Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/08	\$ 1,145,624	\$ 1,146,403	100%	\$ (96,131)
6/30/09	1,193,147	1,193,687	100	(96,671)
6/30/10	1,204,350	1,204,694	100	(97,015)

## F. Pension Plan Required Supplementary Information

### Schedule of Funding Progress

(thousands)

<b>Plan Year</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) Entry Age (b)</b>	<b>Overfunded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll (a-b)/c)</b>
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
7/01/2008	62,734	67,395	4,661	93.1	15,914	29.3
7/01/2009	66,535	72,247	5,712	92.1	16,559	34.5

### Schedule of Employer Contributions

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
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
6/30/09	1,193,687	100
6/30/10	1,204,694	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

All Town of Wethersfield, Connecticut's teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$24,276,097.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2010 the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$3,755,379 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

### **13. PRIOR PERIOD ADJUSTMENTS**

#### Adjustments to Fund Balances

General Fund - Accrued payroll was not recorded in the prior year resulting in a decrease in fund balance and an increase in liabilities of \$441,367.

Post Retirement Health Care Fund - Police post retirement benefits were included in agency funds in the prior year resulting in an increase in fund balance and current assets of \$1,650,749 in the post retirement health care fund and a decrease in assets of the same amount in the agency funds.

Recreation Fund - The recreation fund was included in agency funds in the prior year resulting in an increase in fund balance and current assets of \$473,703 in the recreation fund and a decrease in assets of the same amount in the agency funds.

#### Adjustments to Net Assets

As a result of the above adjustments, beginning net assets increased by \$1,683,085, for governmental funds the liabilities increased by \$441,367 and assets increased by 2,124,452.

## 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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes, interest and lien fees	\$ 70,219,896	\$ 70,219,896	\$ 71,117,614	\$ 897,718
Intergovernmental revenues:				
State of Connecticut - General Government	1,318,238	1,318,238	1,181,274	(136,964)
State of Connecticut - Board of Education	6,903,196	6,903,196	7,084,455	181,259
State of Connecticut - Recovery Act - Stabilization	1,143,948	1,143,948	1,143,948	-
Total intergovernmental revenues	<u>9,365,382</u>	<u>9,365,382</u>	<u>9,409,677</u>	<u>44,295</u>
Licenses, fees and permits:				
Engineering	10,350	10,350	9,060	(1,290)
Town Clerk	3,000	3,000	3,707	707
Transfer station	25,000	25,000	24,404	(596)
Police	5,100	5,100	1,742	(3,358)
Building inspections	250,350	250,350	436,825	186,475
Total licenses, fees and permits	<u>293,800</u>	<u>293,800</u>	<u>475,738</u>	<u>181,938</u>
Charges for services:				
Town Clerk	375,000	375,000	389,679	14,679
Police	295,100	295,100	403,786	108,686
Recreation and parks	180,500	180,500	185,822	5,322
Rents	9,800	9,800	9,634	(166)
Library	9,524	9,524	18,396	8,872
Community Center	43,055	43,055	43,100	45
Refuse disposal	51,000	51,000	55,691	4,691
Youth Service Counseling	1,500	1,500	1,595	95
White goods pickup	7,500	7,500	28,151	20,651
False alarms	35,000	35,000	24,005	(10,995)
Dial-A-Ride membership	18,000	18,000	22,224	4,224
Computer services	1,500	1,500	1,575	75
Cell tower rental fees	176,900	176,900	176,669	(231)
Returned check fee	2,000	2,000	-	(2,000)
Tree services	28,000	28,000	27,902	(98)
Other			60,488	60,488
Total charges for services	<u>1,234,379</u>	<u>1,234,379</u>	<u>1,448,717</u>	<u>214,338</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fines and penalties	\$ 44,000	\$ 44,000	\$ 47,203	\$ 3,203
Interest on investments	450,000	450,000	282,940	(167,060)
Other revenues	131,041	131,041	481,528	350,487
Appropriation of Fund Balance	700,000	931,513	-	(931,513)
Total	\$ 82,438,498	\$ 82,670,011	83,263,417	\$ 593,406
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			3,755,379	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(26,258)	
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes			<u>928,121</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ <u>87,920,659</u>	

## 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, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Town Council	\$ 99,624	\$ 99,624	\$ 97,817	\$ 1,807
Town Manager	367,850	375,237	375,237	-
Personnel	56,500	79,810	79,627	183
Town Attorney	100,000	255,701	254,407	1,294
Town Clerk	220,585	234,135	234,135	-
Registrar of Voters	121,698	121,698	90,234	31,464
Town Treasurer	3,089	3,595	3,595	-
Finance/Accounting	444,091	444,091	443,693	398
Employee Benefits	441,564	441,564	441,564	-
Information processing	352,687	377,687	371,198	6,489
Tax collection	188,444	188,444	183,265	5,179
Assessment	312,717	312,717	307,570	5,147
Central office services	243,457	243,457	225,103	18,354
Town-wide radio system	219,351	219,351	187,475	31,876
Probate court	33,000	27,428	27,428	-
Economic Development	254,019	254,019	240,961	13,058
Building Inspection	358,279	374,794	373,748	1,046
Total general government	<u>3,816,955</u>	<u>4,053,352</u>	<u>3,937,057</u>	<u>116,295</u>
Public Safety:				
Police	7,395,604	7,395,604	7,359,814	35,790
Fire suppression	651,670	651,356	571,565	79,791
Fire Marshal	113,586	113,586	116,684	(3,098)
Fire facilities and maintenance	62,518	62,832	49,823	13,009
Emergency Medical Services	36,417	38,068	37,591	477
Total public safety	<u>8,259,795</u>	<u>8,261,446</u>	<u>8,135,477</u>	<u>125,969</u>
Public Works:				
Engineering	616,714	617,573	617,954	(381)
Facility utilities and maintenance	697,071	697,071	648,027	49,044
Physical services	3,293,067	3,345,437	3,300,318	45,119
Refuse and recycling services	1,951,209	1,951,209	1,850,900	100,309
Vehicle maintenance	940,311	940,311	915,960	24,351
Total public works	<u>7,498,372</u>	<u>7,551,601</u>	<u>7,333,159</u>	<u>218,442</u>
Social Services:				
Tri-Town Health District	104,670	104,670	104,670	-
Social and youth services	807,713	807,713	791,953	15,760
Total social services	<u>912,383</u>	<u>912,383</u>	<u>896,623</u>	<u>15,760</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Library	\$ 1,609,508	\$ 1,609,508	\$ 1,585,445	\$ 24,063
Recreation and Parks	1,487,030	1,476,024	1,443,187	32,837
Contingency	340,000	-	-	-
Insurance	685,000	685,000	648,602	36,398
Disaster Recovery	-	231,513	231,493	20
Metropolitan District Commission	2,578,338	2,578,338	2,510,308	68,030
Debt service:				
Principal retirement	2,595,000	2,725,000	2,725,000	-
Interest	1,223,567	1,148,785	1,253,207	(104,422)
Bond issuance cost			66,650	(66,650)
Total debt service	<u>3,818,567</u>	<u>3,873,785</u>	<u>4,044,857</u>	<u>(171,072)</u>
Board of Education				
General expenditures	47,794,759	47,794,759	47,716,094	78,665
Recovery Act - Stabilization	1,143,948	1,143,948	1,143,948	-
Total board of education	<u>48,938,707</u>	<u>48,938,707</u>	<u>48,860,042</u>	<u>78,665</u>
Total expenditures	79,944,655	80,171,657	79,626,250	545,407
Other Financing Uses:				
Transfers out	<u>2,493,843</u>	<u>2,498,354</u>	<u>2,573,236</u>	<u>(74,882)</u>
Total	\$ <u>82,438,498</u>	\$ <u>82,670,011</u>	82,199,486	\$ <u>470,525</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			3,755,379	
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes			928,121	
State of Connecticut school construction payable			672,465	
Change in Accrued Payroll			(16,402)	
Encumbrances outstanding at June 30, 2009, liquidated during the year ended June 30, 2010			1,410,980	
Encumbrances outstanding at June 30, 2010			<u>(813,143)</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				\$ <u>88,136,886</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u> (restated)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,972,891	\$ 11,578,065
Investments	5,500,103	
Property taxes receivable, net	1,116,718	1,098,476
Other receivables	258,758	903,981
Prepaid expenses		64,372
Due from other funds	<u>25,481</u>	
Total Assets	<u>\$ 12,873,951</u>	<u>\$ 13,644,894</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued items	\$ 2,288,641	\$ 3,199,744
Due to other funds	58,840	83,783
Due to other governments	673,472	896
Deferred revenues	<u>993,796</u>	<u>1,456,114</u>
Total liabilities	<u>4,014,749</u>	<u>4,740,537</u>
Fund balance:		
Reserved for encumbrances	813,143	1,434,292
Unreserved:		
Designated for subsequent year's budget	700,000	700,000
Undesignated	<u>7,346,059</u>	<u>6,770,065</u>
Total fund balance	<u>8,859,202</u>	<u>8,904,357</u>
Total Liabilities and Fund Balance	<u>\$ 12,873,951</u>	<u>\$ 13,644,894</u>

**TOWN OF WETHERSFIELD, CONNECTICUT**

**GENERAL FUND**

**REPORT OF TAX COLLECTOR**

**FOR THE YEAR ENDED JUNE 30, 2010**

Grand List	Uncollected Taxes June 30, 2009 and Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Tax Levy	Collections					Uncollected Taxes June 30, 2010
		Additions	Deletions			Taxes	Interest	Liens	Refunds	Total	
2008	\$ 71,367,252	\$ 128,671	\$ 802,916	\$	\$ 70,693,007	\$ 70,145,578	\$ 186,523	\$ 168	\$ 141,057	\$ 70,191,212	\$ 688,486
2007	877,923	54,753	31,194		901,482	574,542	120,464	1,781	28,278	668,509	355,218
2006	303,614	52,203	16,911		338,906	200,783	53,925	408	15,754	239,362	153,877
2005	154,266	278	5,952		148,592	45,342	27,662	216	320	72,900	103,570
2004	71,425	210	712		70,923	20,650	13,600	120	242	34,128	50,515
2003	28,357	534	246		28,645	11,131	4,801	72	2,268	13,736	19,782
2002	39,737		59		39,678	4,275	2,476	48		6,799	35,403
2001	49,917		57		49,860	873	970		80	1,763	49,067
2000	5,242		55		5,187					-	5,187
1999	4,994		52		4,942					-	4,942
1998	5,112		7		5,105					-	5,105
1997	5,949		930		5,019					-	5,019
1996	12,114				12,114					-	12,114
1995	5,048				5,048					-	5,048
1994 and prior	5,778				5,778					-	5,778
	<u>\$ 72,936,728</u>	<u>\$ 236,649</u>	<u>\$ 859,091</u>	<u>\$ -</u>	<u>\$ 72,314,286</u>	<u>\$ 71,003,174</u>	<u>\$ 410,421</u>	<u>\$ 2,813</u>	<u>\$ 187,999</u>	<u>\$ 71,228,409</u>	<u>\$ 1,499,111</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

## Special Revenue Funds

	Special Revenue Funds						
	Capital and Nonrecurring Expenditures	Animal Control	School Cafeteria	State and Federal Grants			Cove Preservation
				Municipal	Education	Police	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 379,171	\$ 52,361	\$ 190,938	\$ 64,537	\$	\$ 171,183	\$ 162,672
Investments							
Accounts receivables, net		851	68,456	34	17,451	7,706	
Due from other funds					58,840		
Prepaid expenses	193,121						
Inventory			15,074				
<b>Total Assets</b>	<u>\$ 572,292</u>	<u>\$ 53,212</u>	<u>\$ 274,468</u>	<u>\$ 64,571</u>	<u>\$ 76,291</u>	<u>\$ 178,889</u>	<u>\$ 162,672</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued items	\$ 5,446	\$ 66	\$ 86,328	\$ 14,550	\$ 76,215	\$ 19,438	\$
Deferred revenue					76		
Due to other funds							
<b>Total liabilities</b>	<u>5,446</u>	<u>66</u>	<u>86,328</u>	<u>14,550</u>	<u>76,291</u>	<u>19,438</u>	<u>-</u>
<b>Fund Balances:</b>							
<b>Unreserved:</b>							
Unreserved and undesignated	<u>566,846</u>	<u>53,146</u>	<u>188,140</u>	<u>50,021</u>		<u>159,451</u>	<u>162,672</u>
<b>Total fund balance</b>	<u>566,846</u>	<u>53,146</u>	<u>188,140</u>	<u>50,021</u>	<u>-</u>	<u>159,451</u>	<u>162,672</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 572,292</u>	<u>\$ 53,212</u>	<u>\$ 274,468</u>	<u>\$ 64,571</u>	<u>\$ 76,291</u>	<u>\$ 178,889</u>	<u>\$ 162,672</u>

(Continued on next page)

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

**JUNE 30, 2010**

**Special Revenue**

	<u>Land Acquisition</u>	<u>Edic Loan Repayment</u>	<u>Senior Net Lab</u>	<u>Katherine E. Smith</u>	<u>Frank Weston</u>	<u>Mayor's Volunteer Recognition</u>	<u>Agricultural Land Preservation</u>	<u>Terlicki Trust</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 2,470	\$ 82,133	\$ -	\$ 19,597	\$ 182,240	\$ 2,804	\$ 386,006	\$ 15,996
Investments								
Accounts receivables, net		3,750						
Due from other funds								
Prepaid expenses								
Inventory								
<b>Total Assets</b>	<u>\$ 2,470</u>	<u>\$ 85,883</u>	<u>\$ -</u>	<u>\$ 19,597</u>	<u>\$ 182,240</u>	<u>\$ 2,804</u>	<u>\$ 386,006</u>	<u>\$ 15,996</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue		3,750						
Due to other funds								
<b>Total liabilities</b>	<u>-</u>	<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Unreserved:								
Unreserved and undesignated	<u>2,470</u>	<u>82,133</u>	<u>-</u>	<u>19,597</u>	<u>182,240</u>	<u>2,804</u>	<u>386,006</u>	<u>15,996</u>
<b>Total fund balance</b>	<u>2,470</u>	<u>82,133</u>	<u>-</u>	<u>19,597</u>	<u>182,240</u>	<u>2,804</u>	<u>386,006</u>	<u>15,996</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,470</u>	<u>\$ 85,883</u>	<u>\$ -</u>	<u>\$ 19,597</u>	<u>\$ 182,240</u>	<u>\$ 2,804</u>	<u>\$ 386,006</u>	<u>\$ 15,996</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>Special Revenue Funds</u>				<u>Permanent</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Cottone</u> <u>Field</u> <u>Donations</u>	<u>Capital</u> <u>Reserve</u>	<u>Recreation</u> <u>Fund</u>	<u>Total</u>	<u>Public</u> <u>Library</u>	
<b>ASSETS</b>						
Cash and cash equivalents	\$	\$ 198,823	\$ 544,704	\$ 2,455,635	\$ 17,732	\$ 2,473,367
Investments				-	29,369	29,369
Accounts receivables, net	100,000			198,248	248	198,496
Due from other funds				58,840		58,840
Prepaid expenses				193,121		193,121
Inventory				15,074		15,074
Total Assets	<u>\$ 100,000</u>	<u>\$ 198,823</u>	<u>\$ 544,704</u>	<u>\$ 2,920,918</u>	<u>\$ 47,349</u>	<u>\$ 2,968,267</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued items	\$ 368	\$	\$	\$ 202,411	\$ 470	\$ 202,881
Deferred revenue	75,374			79,200		79,200
Due to other funds	25,481			25,481		25,481
Total liabilities	<u>101,223</u>	<u>-</u>	<u>-</u>	<u>307,092</u>	<u>470</u>	<u>307,562</u>
Fund Balances:						
Unreserved:						
Unreserved and undesignated	(1,223)	198,823	544,704	2,613,826	46,879	2,660,705
Total fund balance	<u>(1,223)</u>	<u>198,823</u>	<u>544,704</u>	<u>2,613,826</u>	<u>46,879</u>	<u>2,660,705</u>
Total Liabilities and Fund Balances	<u>\$ 100,000</u>	<u>\$ 198,823</u>	<u>\$ 544,704</u>	<u>\$ 2,920,918</u>	<u>\$ 47,349</u>	<u>\$ 2,968,267</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Special Revenue Funds</b>						
	<b>Capital and Nonrecurring Expenditures</b>	<b>Animal Control</b>	<b>School Cafeteria</b>	<b>State and Federal Grants</b>			<b>Cove Preservation</b>
				<b>Municipal</b>	<b>Education</b>	<b>Police</b>	
Revenues:							
Intergovernmental revenues	\$	\$	\$ 385,394	\$ 88,675	\$ 1,748,996	\$ 76,885	\$
Licenses, fees and permits		15,449					
Charges for services			810,386				
Interest and dividends			96			177	474
Donations							
Other revenue						114,957	24,222
Total revenues	<u>-</u>	<u>15,449</u>	<u>1,195,876</u>	<u>88,675</u>	<u>1,748,996</u>	<u>192,019</u>	<u>24,696</u>
Expenditures:							
Current:							
Public safety		10,488				35,804	
Recreation and parks							8,300
Library							
General government	746,985			139,685			
Education			1,262,148		1,748,996		
Capital outlay	623,206					88,118	
Total expenditures	<u>1,370,191</u>	<u>10,488</u>	<u>1,262,148</u>	<u>139,685</u>	<u>1,748,996</u>	<u>123,922</u>	<u>8,300</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,370,191)</u>	<u>4,961</u>	<u>(66,272)</u>	<u>(51,010)</u>	<u>-</u>	<u>68,097</u>	<u>16,396</u>
Other Financing Sources (Uses)							
Lease proceeds	425,593						
Transfers in	983,139			5,646			
Transfers out	(57,649)			(19,205)			
Total other financing sources (uses)	<u>1,351,083</u>	<u>-</u>	<u>-</u>	<u>(13,559)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(19,108)	4,961	(66,272)	(64,569)	-	68,097	16,396
Fund Balances at Beginning of Year, as Restated	<u>585,954</u>	<u>48,185</u>	<u>254,412</u>	<u>114,590</u>	<u>-</u>	<u>91,354</u>	<u>146,276</u>
Fund Balances at End of Year	<u>\$ 566,846</u>	<u>\$ 53,146</u>	<u>\$ 188,140</u>	<u>\$ 50,021</u>	<u>\$ -</u>	<u>\$ 159,451</u>	<u>\$ 162,672</u>

(Continued on next page)

## TOWN OF WETHERSFIELD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Special Revenue</u>							
	<u>Land Acquisition</u>	<u>Edic Loan Repayment</u>	<u>Senior Net Lab</u>	<u>Katherine E. Smith</u>	<u>Frank Weston</u>	<u>Mayor's Volunteer Recognition</u>	<u>Agricultural Land Preservation</u>	<u>Terlicki Trust</u>
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$
Licenses, fees and permits								
Charges for services								
Interest and dividends	884			186	11,891	26	1,179	150
Donations								
Other revenue	1	2,292						
Total revenues	<u>885</u>	<u>2,292</u>	<u>-</u>	<u>186</u>	<u>11,891</u>	<u>26</u>	<u>1,179</u>	<u>150</u>
Expenditures:								
Current:								
Public safety								
Recreation and parks								
Library								
General government		2,915			1,473			
Education								
Capital outlay	306,000							
Total expenditures	<u>306,000</u>	<u>2,915</u>	<u>-</u>	<u>-</u>	<u>1,473</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(305,115)</u>	<u>(623)</u>	<u>-</u>	<u>186</u>	<u>10,418</u>	<u>26</u>	<u>1,179</u>	<u>150</u>
Other Financing Sources (Uses)								
Lease proceeds								
Transfers in		50,000						
Transfers out			(5,950)					
Total other financing sources (uses)	<u>-</u>	<u>50,000</u>	<u>(5,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(305,115)	49,377	(5,950)	186	10,418	26	1,179	150
Fund Balances at Beginning of Year, as Restated	<u>307,585</u>	<u>32,756</u>	<u>5,950</u>	<u>19,411</u>	<u>171,822</u>	<u>2,778</u>	<u>384,827</u>	<u>15,846</u>
Fund Balances at End of Year	<u>\$ 2,470</u>	<u>\$ 82,133</u>	<u>\$ -</u>	<u>\$ 19,597</u>	<u>\$ 182,240</u>	<u>\$ 2,804</u>	<u>\$ 386,006</u>	<u>\$ 15,996</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds				Permanent Fund	Eliminating Entries	Total Nonmajor Governmental Funds
	Cottone Field Donations	Capital Reserve	Recreation Fund	Total	Public Library		
Revenues:							
Intergovernmental revenues	\$ 24,626	\$		\$ 2,324,576	\$ 11,209	\$	\$ 2,335,785
Licenses, fees and permits				15,449			15,449
Charges for services			437,277	1,247,663			1,247,663
Interest and dividends	3			15,066	4,427		19,493
Donations	9,000			9,000			9,000
Other revenue		55,252		196,724	30,773		227,497
Total revenues	<u>33,629</u>	<u>55,252</u>	<u>437,277</u>	<u>3,808,478</u>	<u>46,409</u>		<u>3,854,887</u>
Expenditures:							
Current:							
Public safety				46,292			46,292
Recreation and parks			366,276	374,576			374,576
Library				-	43,225		43,225
General government				891,058			891,058
Education				3,011,144			3,011,144
Capital outlay	43,364			1,060,688			1,060,688
Total expenditures	<u>43,364</u>	<u>-</u>	<u>366,276</u>	<u>5,383,758</u>	<u>43,225</u>		<u>5,426,983</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,735)</u>	<u>55,252</u>	<u>71,001</u>	<u>(1,575,280)</u>	<u>3,184</u>		<u>(1,572,096)</u>
Other Financing Sources (Uses)							
Lease proceeds				425,593			425,593
Transfers in		138,231		1,177,016		(66,233)	1,110,783
Transfers out		(157,788)		(240,592)		66,233	(174,359)
Total other financing sources (uses)	<u>-</u>	<u>(19,557)</u>	<u>-</u>	<u>1,362,017</u>	<u>-</u>	<u>-</u>	<u>1,362,017</u>
Net Change in Fund Balances	(9,735)	35,695	71,001	(213,263)	3,184		(210,079)
Fund Balances at Beginning of Year, as Restated	<u>8,512</u>	<u>163,128</u>	<u>473,703</u>	<u>2,827,089</u>	<u>43,695</u>		<u>2,870,784</u>
Fund Balances at End of Year	<u>\$ (1,223)</u>	<u>\$ 198,823</u>	<u>544,704</u>	<u>\$ 2,613,826</u>	<u>\$ 46,879</u>	<u>-</u>	<u>\$ 2,660,705</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS

JUNE 30, 2010

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 733,691	\$ 3,349,604	\$ 4,083,295
Accounts receivable		36,259	36,259
Total assets	<u>733,691</u>	<u>3,385,863</u>	<u>4,119,554</u>
Liabilities:			
Current:			
Accounts payable	369	48,803	49,172
Risk management claims	22,105	700,470	722,575
Total current liabilities	<u>22,474</u>	<u>749,273</u>	<u>771,747</u>
Noncurrent:			
Claims incurred but not reported	354,832		354,832
Total liabilities	<u>377,306</u>	<u>749,273</u>	<u>1,126,579</u>
Net Assets	<u>\$ 356,385</u>	<u>\$ 2,636,590</u>	<u>\$ 2,992,975</u>

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Operating Revenues:			
Contributions	\$ 133,482	\$ 11,157,217	\$ 11,290,699
Operating Expenses:			
Employee benefits	66,636	8,925,070	8,991,706
Other expenses		380,998	380,998
Total operating expenses	<u>66,636</u>	<u>9,306,068</u>	<u>9,372,704</u>
Operating Income	<u>66,846</u>	<u>1,851,149</u>	<u>1,917,995</u>
Nonoperating Revenue:			
Income on investments	<u>1,697</u>	<u>562</u>	<u>2,259</u>
Total nonoperating revenue	<u>1,697</u>	<u>562</u>	<u>2,259</u>
Change in Net Assets	68,543	1,851,711	1,920,254
Net Assets at Beginning of Year	<u>287,842</u>	<u>784,879</u>	<u>1,072,721</u>
Net Assets at End of Year	<u>\$ 356,385</u>	<u>\$ 2,636,590</u>	<u>\$ 2,992,975</u>

**TOWN OF WETHERSFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 133,482	\$ 11,217,594	\$ 11,351,076
Payments to suppliers		(380,998)	(380,998)
Payments to employees	<u>(89,925)</u>	<u>(9,015,629)</u>	<u>(9,105,554)</u>
Net cash provided by operating activities	43,557	1,820,967	1,864,524
Cash Flows from Investing Activities:			
Income on investments	<u>1,697</u>	<u>562</u>	<u>2,259</u>
Net Increase in Cash and Cash Equivalents	45,254	1,821,529	1,866,783
Cash and Cash Equivalents at Beginning of Year	<u>688,437</u>	<u>1,528,075</u>	<u>2,216,512</u>
Cash and Cash Equivalents at End of Year	<u>\$ 733,691</u>	<u>\$ 3,349,604</u>	<u>\$ 4,083,295</u>
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating income	<u>\$ 66,846</u>	<u>\$ 1,851,149</u>	<u>\$ 1,917,995</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in receivable		60,377	60,377
Increase (decrease) in accounts payable and accrued expenses	<u>(23,289)</u>	<u>(90,559)</u>	<u>(113,848)</u>
Total adjustments	<u>(23,289)</u>	<u>(30,182)</u>	<u>(53,471)</u>
Net Cash Provided by Operating Activities	<u>\$ 43,557</u>	<u>\$ 1,820,967</u>	<u>\$ 1,864,524</u>

## TOWN OF WETHERSFIELD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u> (as restated)	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>School Escrow</b>				
Assets:				
Cash and cash equivalents	\$ 499,784	\$ 887,666	\$ 823,662	\$ 563,788
Liabilities:				
Fiduciary deposits	\$ 499,784	\$ 887,666	\$ 823,662	\$ 563,788
<b>Town Escrow</b>				
Assets:				
Cash and cash equivalents	\$ 726,683	\$ 361,687	\$ 426,471	\$ 661,899
Total Assets	\$ 726,683	\$ 361,687	\$ 426,471	\$ 661,899
Liabilities:				
Accounts payable	\$ 5,975	\$	\$ 5,975	\$
Fiduciary deposits	720,708	361,687	420,496	661,899
Total Liabilities	\$ 726,683	\$ 361,687	\$ 426,471	\$ 661,899
<b>Firefighter Escrow</b>				
Assets:				
Cash and cash equivalents	\$ 1,008,508	\$ 69,145	\$ 41,715	\$ 1,035,938
Total Assets	\$ 1,008,508	\$ 69,145	\$ 41,715	\$ 1,035,938
Liabilities:				
Fiduciary deposits	\$ 1,008,508	\$ 69,145	\$ 41,715	\$ 1,035,938
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 2,234,975	\$ 1,318,498	\$ 1,291,848	\$ 2,261,625
Liabilities:				
Accounts payable	\$ 5,975	\$	\$ 5,975	\$
Due to other funds				-
Fiduciary deposits	2,229,000	1,318,498	1,285,873	2,261,625
Total Liabilities	\$ 2,234,975	\$ 1,318,498	\$ 1,291,848	\$ 2,261,625

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

**COMPARATIVE SCHEDULE BY SOURCE**

**JUNE 30, 2010**

(In Thousands)

Total tax collections, including interest and lien fees, received by Treasurer for year ended June 30, 2010					\$ 71,416
Reimbursement for loss on: Tax relief for elderly - elderly freeze					<u>3</u>
BASE					<u>\$ 71,419</u>
	<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	\$ 160,694	\$	\$	\$	\$
4-1/2 times base		321,387			
3-3/4 times base			267,823		
3-1/4 times base				232,113	
3 times base					214,258
Total debt limitation	<u>160,694</u>	<u>321,387</u>	<u>267,823</u>	<u>232,113</u>	<u>214,258</u>
Indebtedness:					
Bonds payable	18,790	13,290			
Bonds authorized - unissued	1,835	488			
Town share of Metropolitan District debt			11,134		
Less school and other grants		(469)			
Total indebtedness	<u>20,625</u>	<u>13,309</u>	<u>11,134</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 140,069</u>	<u>\$ 308,078</u>	<u>\$ 256,689</u>	<u>\$ 232,113</u>	<u>\$ 214,258</u>

Note: In no event shall total debt exceed seven times annual receipts from taxation (\$499.9 million).