

**TOWN OF SOUTHBURY, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**TOWN OF SOUTHBURY, CONNECTICUT**

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## Independent Auditors' Report

To the Board of Finance  
Town of Southbury  
Southbury, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, 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 management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Southbury, 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 November 12, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 33 through 35 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.*

November 12, 2010

**TOWN OF SOUTHBURY, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2010**

This discussion and analysis of the Town of Southbury, 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 VI.

**Financial Highlights**

- Net assets of our governmental activities increased by \$1.3 million, or 1.4%.
- During the year, the Town had \$59.6 million in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$58.3 million with no new programs added this year.
- The General Fund reported a GAAP fund balance this year of \$5.8 million, less encumbrances of \$0.1 million, and \$0.7 million appropriated for the 2010-11 budget. This leaves an unreserved fund balance of \$5.0 million, of which \$4.2 million is designated to preserve the Town's bond rating.
- The resources available for appropriation were \$0.4 million less than budgeted for the General Fund. Expenditures were kept within spending limits.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to VI. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

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

- *Governmental Activities* - The Town's basic services are reported here, including education, general government, public safety, public works, conservation of health and community activities. Property taxes, charges for services, and state and federal grants finance most of these activities.

### **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the Revaluation Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State of Connecticut). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Fiduciary Funds (Exhibits V and VI)* - 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. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## Government-Wide Financial Analysis

The Town's combined net assets increased from a year ago. 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**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 15,008,872	\$ 16,827,108
Capital assets, net of accumulated depreciation	89,515,510	88,038,139
Total assets	<u>104,524,382</u>	<u>104,865,247</u>
Long-term liabilities outstanding	12,992,486	14,184,516
Other liabilities	586,166	1,023,017
Total liabilities	<u>13,578,652</u>	<u>15,207,533</u>
Net Assets:		
Invested in capital assets, net of debt	76,810,916	74,133,487
Unrestricted	<u>14,134,814</u>	<u>15,524,227</u>
Total Net Assets	<u>\$ 90,945,730</u>	<u>\$ 89,657,714</u>

Net assets of the Town's governmental activities increased by 1.3% (\$89.6 million compared to \$90.9 million). Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$15.5 million at June 30, 2009 to \$14.1 million at the end of this year.

Net assets invested in capital assets increased by \$2.7 million. When developers complete developments and turn over roads to the Town, a contribution is recognized along with the contributed asset.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,639,586	\$ 1,569,083
Operating grants and contributions	2,620,110	3,339,691
Capital grants and contributions	9,922	1,130,916
General revenues:		
Property taxes	54,142,170	54,635,281
Grants and contributions not restricted to specific purposes	891,408	925,063
Unrestricted investment earnings	94,485	282,508
Miscellaneous	182,068	190,766
Total revenues	<u>59,579,749</u>	<u>62,073,308</u>
 Program expenses		
General government	6,348,760	6,562,516
Public safety	3,316,094	3,195,427
Public works	5,208,912	5,226,292
Conservation of health	788,926	885,919
Community activities	1,483,411	1,504,360
Education	40,624,032	41,080,048
Debt service	521,598	562,765
Total expenses	<u>58,291,733</u>	<u>59,017,327</u>
 Increase in Net Assets	 <u>\$ 1,288,016</u>	 <u>\$ 3,055,981</u>

The Town's total revenues were \$59.6 million. The total cost of all programs and services was \$58.3 million. Property taxes accounted for 90.9% of all revenues. Revenues from grants and contributions, the second largest component, were 4.4%. Education expenses were 69.7% of total expenses.

Table 3 presents the cost of each of the Town’s programs - general government, public safety, public works, conservation of health, community activities, education and debt service - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General government	\$ 6,348,760	\$ 6,562,516	\$ 5,658,611	\$ 5,859,693
Public safety	3,316,094	3,195,427	2,863,414	2,818,046
Public works	5,208,912	5,226,292	4,857,300	3,314,936
Conservation of health	788,926	885,919	787,986	885,919
Community activities	1,483,411	1,504,360	780,238	902,252
Education	40,624,032	41,080,048	38,552,968	38,634,026
Debt service	521,598	562,765	521,598	562,765
Totals	<u>\$ 58,291,733</u>	<u>\$ 59,017,327</u>	<u>\$ 54,022,115</u>	<u>\$ 52,977,637</u>

**Town Funds Financial Analysis**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$13.4 million, which is a decrease from last year’s total of \$14.8 million. Included in this year’s total change in fund balance is a decrease of \$0.3 million in the Town’s General Fund. The primary reason for the General Fund’s decrease was a decrease in encumbrances. The original budget for 2010 also utilized \$616,019 of the prior year fund balance to balance it.

The Capital Projects Fund balance decreased by \$1.1 million due primarily to road construction. Some significant expenditures were:

Equipment	\$ 226,640
Infrastructure	1,905,000
Vehicles	595,060

Nonmajor governmental funds decreased by \$0.03 million.

The Town's General Fund balance of \$5.78 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$5.64 million. This is because budgetary fund balance does not include \$137 thousand of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2010, the Town had \$89.5 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads and bridges - Table 4. This amount represents a net increase (including additions and deductions) of \$1.5 million, or 1.7%, over last year.

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 19,283	\$ 19,283
Buildings and improvements	13,457	13,688
Equipment	4,829	4,666
Infrastructure	44,250	44,578
Construction in progress	7,697	5,823
Totals	\$ 89,516	\$ 88,038

This year's major additions included:

Infrastructure	\$ 1,905,152
Equipment	226,640
Vehicles	595,060

The Town's fiscal year 2010-11 capital plan calls for it to spend \$700,000 on vehicles. The Town also appropriated an additional \$1.7 million for road improvements.

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

### **Long-Term Debt**

At June 30, 2010, the Town had \$12,500,000 in bonds and notes outstanding versus \$13,525,000 last year - a decrease of \$1,025,000. Bonds of \$1,025,000 were retired this year.

The Town's general obligation bond rating continues to carry the Aa2 rating, a rating that has been assigned by national rating agencies to the Town's debt since March 2010. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$379.0 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when setting the fiscal year 2011 budget tax rates. One of those factors is the economy. The Town's employment growth has been affected by the economic turndown. Unemployment in the Town now stands at 7.2% versus 6.9% a year ago. This compares favorably with the State's unemployment rate of 8.5% and the national rate of 9.6%.

These indicators were taken into account when adopting the General Fund budget for 2010-11. Amounts available for appropriation in the General Fund budget are \$60,599,789, an increase of 1.3% over the original 2010 budget of \$59,804,864. Budgeted property tax revenue increased 2.1% from the previous year.

The Town has added no new programs or initiatives in the 2011 budget. The Town has also appropriated \$710,000 of fund balance to balance the 2011 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by June 30, 2011.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Southbury, 501 Main Street, Southbury, Connecticut 06488.

## TOWN OF SOUTHBURY, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<b>Governmental Activities</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 13,733,099
Receivables, net	973,726
Prepaid items	302,047
Capital assets not being depreciated	26,980,261
Capital assets, net of accumulated depreciation	62,535,249
Total assets	<u>104,524,382</u>
Liabilities:	
Accounts and other payables	472,723
Unearned revenue	113,443
Noncurrent liabilities:	
Due within one year	1,435,193
Due in more than one year	11,557,293
Total liabilities	<u>13,578,652</u>
Net Assets:	
Invested in capital assets, net of related debt	76,810,916
Unrestricted	14,134,814
Total Net Assets	<u>\$ 90,945,730</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTHBURY, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,348,760	\$ 690,149	\$	\$	\$ (5,658,611)
Public safety	3,316,094	435,530	17,150		(2,863,414)
Public works	5,208,912	147,895	193,795	9,922	(4,857,300)
Conservation of health	788,926	440	500		(787,986)
Community activities	1,483,411	365,572	337,601		(780,238)
Education	40,624,032		2,071,064		(38,552,968)
Debt service	521,598				(521,598)
<b>Total</b>	<b>\$ 58,291,733</b>	<b>\$ 1,639,586</b>	<b>\$ 2,620,110</b>	<b>\$ 9,922</b>	<b>(54,022,115)</b>
General revenues:					
Property taxes					54,142,170
Grants and contributions not restricted to specific programs					891,408
Unrestricted investment earnings					94,485
Miscellaneous					182,068
Total general revenues					<u>55,310,131</u>
Change in net assets					1,288,016
Net Assets at Beginning of Year					<u>89,657,714</u>
Net Assets at End of Year					<u>\$ 90,945,730</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2010

	<u>General</u>	<u>Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,139,042	\$ 71,333	\$ 5,234,603	\$ 2,288,121	\$ 13,733,099
Receivables, net	708,879	221,306		43,541	973,726
Due from other funds	8,195	1,327		372,105	381,627
Other assets	21,490				21,490
Total Assets	<u>\$ 6,877,606</u>	<u>\$ 293,966</u>	<u>\$ 5,234,603</u>	<u>\$ 2,703,767</u>	<u>\$ 15,109,942</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 356,316	\$	\$ 4,950	\$ 865	\$ 362,131
Due to other funds	75,879			305,748	381,627
Deferred revenue	669,333	221,306	69,708		960,347
Total liabilities	<u>1,101,528</u>	<u>221,306</u>	<u>74,658</u>	<u>306,613</u>	<u>1,704,105</u>
Fund balances:					
Reserved for encumbrances	137,065		113,044	41,020	291,129
Unreserved, reported in:					
General Fund	5,639,013				5,639,013
Special Revenue Funds		72,660		2,356,134	2,428,794
Capital Project Funds			5,046,901		5,046,901
Total fund balances	<u>5,776,078</u>	<u>72,660</u>	<u>5,159,945</u>	<u>2,397,154</u>	<u>13,405,837</u>
Total Liabilities and Fund Balances	<u>\$ 6,877,606</u>	<u>\$ 293,966</u>	<u>\$ 5,234,603</u>	<u>\$ 2,703,767</u>	<u>\$ 15,109,942</u>

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## TOWN OF SOUTHBURY, 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 (Exhibit III)		\$ 13,405,837
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 155,301,585	
Less accumulated depreciation	<u>(65,786,075)</u>	
Net capital assets		89,515,510
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		280,557
Property tax receivables greater than 60 days		406,353
Interest receivable on property taxes		219,245
Housing and mortgage loans		221,306
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		(12,500,000)
Interest payable on bonds and notes		(110,592)
Compensated absences		(287,892)
Capital lease		<u>(204,594)</u>
Net Assets of Governmental Activities (Exhibit I)		<u>\$ 90,945,730</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Small Cities</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 54,251,986	\$	\$	\$	\$ 54,251,986
Intergovernmental	2,959,153	272,515	107	214,593	3,446,368
Charges for services	891,280			526,289	1,417,569
Income on investments	66,380		13,702	14,403	94,485
Miscellaneous	405,274			68,898	474,172
Total revenues	<u>58,574,073</u>	<u>272,515</u>	<u>13,809</u>	<u>824,183</u>	<u>59,684,580</u>
Expenditures:					
Current:					
General government	6,092,932			43,558	6,136,490
Public safety	2,985,112			275,870	3,260,982
Public works	2,782,952			308,758	3,091,710
Conservation of health	427,666				427,666
Community activities	1,264,038	5,365		210,036	1,479,439
Education	40,624,032				40,624,032
Capital outlay	1,798,428	268,977	2,445,156		4,512,561
Debt service				1,555,442	1,555,442
Total expenditures	<u>55,975,160</u>	<u>274,342</u>	<u>2,445,156</u>	<u>2,393,664</u>	<u>61,088,322</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,598,913</u>	<u>(1,827)</u>	<u>(2,431,347)</u>	<u>(1,569,481)</u>	<u>(1,403,742)</u>
Other Financing Sources (Uses):					
Transfers in	141,975		1,394,668	1,620,743	3,157,386
Transfers out	(3,015,411)		(61,975)	(80,000)	(3,157,386)
Total other financing sources (uses)	<u>(2,873,436)</u>	<u>-</u>	<u>1,332,693</u>	<u>1,540,743</u>	<u>-</u>
Net Change in Fund Balances	(274,523)	(1,827)	(1,098,654)	(28,738)	(1,403,742)
Fund Balances at Beginning of Year	<u>6,050,601</u>	<u>74,487</u>	<u>6,258,599</u>	<u>2,425,892</u>	<u>14,809,579</u>
Fund Balances at End of Year	<u>\$ 5,776,078</u>	<u>\$ 72,660</u>	<u>\$ 5,159,945</u>	<u>\$ 2,397,154</u>	<u>\$ 13,405,837</u>

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**TOWN OF SOUTHBURY, 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 of 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)	\$ (1,403,742)
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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	4,592,899
Depreciation expense	(3,123,028)

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:

Property tax receivable - accrual basis change	(105,065)
Property tax interest and lien revenue - accrual basis change	(4,752)
Net pension asset	125,844
Mortgage loan receivables	(2,515)
Contributions of roads	7,500

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	1,025,000
Capital lease payments	175,058

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	(8,028)
Accrued interest	8,845

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u><u>1,288,016</u></u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	<b>Pension Trust Fund</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 408,607
Investments:	
Mutual funds	7,770,957
U.S. Treasury issues	1,736,893
Corporate bonds	<u>564,225</u>
Total assets	<u>10,480,682</u>
Liabilities	<u>-</u>
Net Assets:	
Held in trust for pension benefits	<u>\$ 10,480,682</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTHBURY, CONNECTICUT**

**FIDUCIARY FUNDS**

**STATEMENT OF CHANGES IN PLAN NET ASSETS**

**PENSION TRUST FUND**

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

	<u><b>Pension Trust Fund</b></u>
Additions:	
Contributions:	
Plan members	\$ 29,557
Employer	600,000
Total contributions	<u>629,557</u>
Investment income:	
Net appreciation in fair value of investments	896,871
Interest and dividends	124,234
Net investment income	<u>1,021,105</u>
Total additions	<u>1,650,662</u>
Deductions:	
Benefits	286,187
Fees	980
Total deductions	<u>287,167</u>
Change in Net Assets	1,363,495
Net Assets Held in Trust for Pension Benefits - Beginning of Year	<u>9,117,187</u>
Net Assets Held in Trust for Pension Benefits - End of Year	<u><u>\$ 10,480,682</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF SOUTHURY, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Southbury, 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 1787. Its legal authority is derived from its Charter which was adopted in 1975 and most recently amended in 1997. The Town operates under a Board of Selectmen/Board of Finance/Town Meeting form of government. Services provided include street maintenance, recreation, police and fire protection, planning and zoning, community services and health services. The Town is a member of Regional School District #15 which provides education services for all children.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies is the responsibility of the First Selectman.

The Board of Finance is responsible for financial and taxation matters as prescribed by the Charter and Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

#### 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.

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 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Small Cities Fund is used to account for federal Small Cities grant and loan program.

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities.

Additionally, the Town reports the following fund types:

The Pension Trust Fund accounts for the activities of the Town of Southbury Pension System, which accumulates resources for pension benefit payments to qualified Town employees.

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 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.

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." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens on real property are filed on May 1 following the due date. Interest on delinquent taxes accrues at the rate of 1.5% per month. An amount of \$30,563 has been established as an allowance for uncollectible taxes. At June 30, 2010, this represents 6.4% of all property taxes receivable.

## **F. Prepaid Items**

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 governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	25-50
Public domain infrastructure	20-50
System infrastructure	20-50
Vehicles	5-15
Office equipment	5-15
Land improvements	10-20

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

Substantially all Town employees, other than those employed less than 20 hours per week or on a seasonal or temporary basis, are allowed to accumulate a limited amount of unused vacation and sick leave until termination of their employment. Upon termination of service, an employee with over six months of service is entitled to payment for unused vacation.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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**

### **Budgetary Information**

The Town adheres to the following procedures in establishing the budget for the General Fund. On the third Monday in May, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally adopted by vote of the Annual Town Meeting.
- The Board of Finance in concurrence with the Board of Selectmen is authorized to make additional appropriations up to \$20,000 to any single agency or department per year. Any appropriation causing the total to exceed or exceeding \$20,000 must be approved by Town Meeting.
- Budgets are adopted on the modified accrual basis of accounting.
- The legal budget is a departmental level budget.
- There were supplemental appropriations of \$15,499 during the year ended June 30, 2010. All additional appropriations were made in accordance with the Charter.
- Budgets for Special Revenue Funds are prepared in accordance with the requirements of the various grant agreements and/or provisions which control the expenditure of such funds. Since such budgets are adopted on a program basis, it is not practicable to present the results of budgetary operations at the combined level.
- Capital Projects appropriations for capital and reserve funds are approved in the annual budget. Projects in excess of \$20,000 not in the annual budget are approved at Town Meeting.

All General Fund appropriations lapse at year end. Appropriations for Capital Projects Funds and several Special Revenue Funds are continued until completion of the project, even when projects extend for more than one fiscal year. If three years lapse without any expenditure or any encumbrance of said funds, the appropriation will lapse.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

**A. 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*, \$908,797 of the Town’s bank balance of \$8,056,805 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 775,179
Uninsured and collateralized held by the pledging bank’s trust department, not in the Town’s name	<u>133,618</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 908,797</u>

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.

**Cash Equivalents**

At June 30, 2010, the Town’s cash equivalents amounted to \$7,305,919. 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 Tax Exempt Proceeds Fund*	
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	AAA/m

\*Not rated

## B. 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>
Interest-bearing investments:					
U.S. Treasury notes		\$ 937,433	\$	\$ 937,433	\$
U.S. Government agencies	AAA	<u>799,460</u>			<u>799,460</u>
Total		1,736,893	\$ <u>-</u>	\$ <u>937,433</u>	\$ <u>799,460</u>
Other investments:					
Equities		4,418,530			
Mutual funds		<u>3,916,652</u>			
Total Investments		\$ <u>10,072,075</u>			

*Interest Rate Risk* - The Town does not limit their maximum final stated maturities to fifteen years. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

*Concentration of Credit Risk* - The Town has a policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has a policy for custodial credit risk. At June 30, 2010, the Town did not have any uninsured and unregistered securities held by the counter party 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, nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 219,245	\$	\$	\$ 219,245
Taxes	475,925			475,925
Accounts	44,272		43,541	87,813
Housing loans		221,306		221,306
Gross receivables	<u>739,442</u>	<u>221,306</u>	<u>43,541</u>	<u>1,004,289</u>
Less allowance for uncollectibles:				
Taxes	<u>(30,563)</u>			<u>(30,563)</u>
Net Total Receivables	<u>\$ 708,879</u>	<u>\$ 221,306</u>	<u>\$ 43,541</u>	<u>\$ 973,726</u>

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>
Delinquent property taxes receivable	\$ 406,353	\$
Accrued interest on property taxes	219,245	
Small cities loans and grants	221,306	
Unearned grants		69,708
Advanced tax collections		<u>43,735</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 846,904</u>	<u>\$ 113,443</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>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 19,283,405	\$	\$	\$	\$ 19,283,405
Construction in progress	5,823,310	4,005,338		(2,131,792)	7,696,856
Total capital assets not being depreciated	<u>25,106,715</u>	<u>4,005,338</u>	<u>-</u>	<u>(2,131,792)</u>	<u>26,980,261</u>
Capital assets being depreciated:					
Buildings	16,931,064			43,345	16,974,409
Furniture and equipment	9,617,922	595,061	(295,005)	226,640	10,144,618
Infrastructure	99,340,490			1,861,807	101,202,297
Total capital assets being depreciated	<u>125,889,476</u>	<u>595,061</u>	<u>(295,005)</u>	<u>2,131,792</u>	<u>128,321,324</u>
Less accumulated depreciation for:					
Buildings	3,243,252	274,616			3,517,868
Furniture and equipment	4,951,759	658,598	(295,005)		5,315,352
Infrastructure	54,763,041	2,189,814			56,952,855
Total accumulated depreciation	<u>62,958,052</u>	<u>3,123,028</u>	<u>(295,005)</u>	<u>-</u>	<u>65,786,075</u>
Total capital assets being depreciated, net	<u>62,931,424</u>	<u>(2,527,967)</u>	<u>-</u>	<u>2,131,792</u>	<u>62,535,249</u>
Governmental Activities Capital Assets, Net	<u>\$ 88,038,139</u>	<u>\$ 1,477,371</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,515,510</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 327,179
Public safety	254,221
Public works	2,460,649
Community activities	<u>80,979</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,123,028</u>

### Capital Project Commitments

The Town has active construction projects as of June 30, 2010. The projects include:

	<u>Appropriation</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Remaining Balance</u>
Capital	\$ 4,584,014	\$ 4,295,960	\$ 32,369	\$ 255,685
Berry Farm	1,756,655	1,743,823		12,832
Reserve Accounts	19,301,252	15,894,886	108,505	3,297,861
Limited Reserve Accounts	18,859,807	18,190,211		669,596
Senior Police Probate Park and Recreation Center	3,689,043	3,586,880	843	101,320

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2010, the interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 8,195
Small Cities	General Fund	1,327
Nonmajor Governmental Funds	Nonmajor Governmental Funds	297,553
Nonmajor Governmental Funds	General Fund	<u>74,552</u>
Total		<u>\$ 381,627</u>

All balances reflect recurring reimbursement type transactions expected to be repaid in the current period.

Interfund transfers:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 1,394,668	\$ 1,620,743	\$ 3,015,411
Nonmajor Governmental	80,000			80,000
Capital Projects	<u>61,975</u>			<u>61,975</u>
Total Transfers Out	<u>\$ 141,975</u>	<u>\$ 1,394,668</u>	<u>\$ 1,620,743</u>	<u>\$ 3,157,386</u>

All transfers are for regularly recurring operational transfers.

## 7. 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	\$ 13,525,000	\$	\$ 1,025,000	\$ 12,500,000	\$ 1,025,000
Capital leases	379,652		175,058	204,594	184,293
Compensated absences	<u>279,864</u>	<u>8,028</u>		<u>287,892</u>	<u>225,900</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 14,184,516</u>	<u>\$ 8,028</u>	<u>\$ 1,200,058</u>	<u>\$ 12,992,486</u>	<u>\$ 1,435,193</u>

A schedule of bond and notes outstanding at June 30, 2010 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2010</u>
Bonds payable:					
General purpose	2003	2023	3-5	\$ 10,000,000	\$ 6,500,000
General purpose	2004	2024	2.95-4.3	5,580,000	3,850,000
General purpose	2009	2019	3.52-4.0	2,400,000	<u>2,150,000</u>
Total					<u>\$ 12,500,000</u>

Annual maturities of bonds and notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,025,000	\$ 494,406	\$ 1,519,406
2012	1,025,000	457,794	1,482,794
2013	1,025,000	421,087	1,446,087
2014	1,025,000	383,463	1,408,463
2015	1,025,000	344,525	1,369,525
2016-19	4,000,000	973,181	4,973,181
2020-24	<u>3,375,000</u>	<u>370,638</u>	<u>3,745,638</u>
Total	<u>\$ 12,500,000</u>	<u>\$ 3,445,094</u>	<u>\$ 15,945,094</u>

### Bond Authorizations

The Town has authorized the issuance of debt for the following projects:

	<u>Original Authorization</u>	<u>Bonds Previously Issued</u>
Land Purchases	\$ 8,650,000	\$ 5,750,000

## Capital Lease

The Town entered into a capital lease to acquire a communication system. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2011	\$ 192,690
2012	7,200
2013	7,200
2014	7,200
2015	<u>1,200</u>
Total future minimum lease payments	215,490
Less amounts representing interest	<u>10,896</u>
Present Value of Future Minimum Lease Payments	<u>\$ 204,594</u>

## Overlapping Debt

The Town of Southbury is a member of Regional School District #15, which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2010, the outstanding bonded indebtedness of the District was \$27,040,000. These issues are eligible for partial reimbursement by the State of Connecticut. Total grants anticipated are \$2,434,451. The Town of Southbury's share will be approximately 69.94% of the remainder. These are general obligations of Regional School District #15 and its member towns.

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 121,959	\$ 15,400	\$ 106,559
Schools	243,918	17,210	226,708
Sewers	203,265		203,265
Urban renewal	176,163		176,163
Pension deficit	162,612		162,612

\*Portion of Regional School District #15 indebtedness as described above. Also includes bonds authorized unissued when debt has been issued.

In no case shall total indebtedness exceed seven times annual receipts from taxation (\$379,428).

## 8. 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; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

## 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Pension Trust Fund

#### A. Plan Description

The Town of Southbury is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide retirement, disability and death benefits for its employees. The PERS is considered to be part of the Town of Southbury's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The system was established by vote of the Board of Selectmen July 1, 1970.

The Town of Southbury Retirement System covers substantially all employees working more than 20 hours a week.

Participants who retire at normal retirement date are entitled to a monthly retirement benefit in an amount equal to 1.5 and 2.5% (police) of their average monthly earnings multiplied by years of service up to a maximum of 35 years. Average monthly compensation is the average salary over the 60 consecutive month period that provides the highest average (36 months for police). The Plan also produces a preretirement death benefit. Participants become 100% vested on completing 5 years of vesting service. Normal retirement eligibility is later of age 50 and completing 20 years of service but not later than age 55 for police and the later of age 65 or 5 years for all others.

The membership of the Plan consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	41
Terminated plan members entitled to benefits but not yet receiving them	29
Current plan members	<u>107</u>
Total	<u><u>177</u></u>

#### B. Summary of Significant Accounting Policies and Plan Asset Matters

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. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments: All assets are valued at fair value. All investments are invested in government bonds, corporate bonds and equity mutual funds.

### C. Funding Policy

The Town is required to contribute the amounts necessary to fund the PERS and cover all administrative charges. Police are required to contribute 1.9% of annual earnings. All amounts are determined by annual actuarial valuations and are included as part of the annual budget expenditures. The current contribution rate for the Town is 10.7% of covered payroll. Covered payroll is \$5,158,084 or 85.0% of total Town payroll of \$6,067,971. The contribution requirements of the Town and plan members may be amended by the Board of Selectmen and subject to bargaining unit approval.

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

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

Annual required contribution	\$ 474,442
Interest on net pension obligation	(12,377)
Adjustment to annual required contribution	<u>12,091</u>
Annual pension cost	474,156
Contributions made	<u>600,000</u>
Decrease in net pension obligation	(125,844)
Net pension asset at beginning of year	<u>(154,713)</u>
Net Pension Asset at End of Year	<u><u>\$ (280,557)</u></u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2009
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	19 years
Asset valuation method	Fair Value-5 Year Smoothing
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	4.0%
Inflation	3-3.5%

### E. Trend Information

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/10	\$ 474,156	\$ 600,000	126.54%	\$ (280,557)
6/30/09	429,632	435,000	101.25	(154,713)
6/30/08	685,159	704,566	102.83	(149,345)

**F. Pension Plan Required Supplementary Information**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/09	\$ 10,940,626	\$ 12,458,889	\$ 1,518,263	87.8	\$ 5,158,084	29.4%
7/1/08	11,337,498	11,391,583	54,085	99.5	4,324,805	1.3
7/1/07	9,594,300	9,902,633	308,333	96.9	3,944,816	7.8
7/1/06	8,092,844	10,747,816	2,654,972	75.3	4,035,522	65.8
7/1/05	7,022,779	9,635,186	2,612,407	72.9	3,651,946	71.5
7/1/04	5,778,471	8,649,205	2,870,734	66.8	3,335,296	86.1

**Schedule of Employer Contributions**

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
6/30/10	\$ 474,442	\$ 600,000	126.46%
6/30/09	430,307	435,000	101.09
6/30/08	685,586	704,566	102.77
6/30/07	628,812	630,000	100.19
6/30/06	628,812	600,000	95.50
6/30/05	592,343	700,000	118.17

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

**10. CONTINGENT LIABILITIES**

The Town is currently a defendant in a number of lawsuits including tax appeals. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

**11. SUBSEQUENT EVENTS**

The Town has issued a refunding for the Town's December 15, 2002 General Obligation Bonds of \$6,000,000 on July 14, 2010 for the amount of \$6,080,000. Interest of 3.00% to 5.00% on the refunded bond will be payable on September 15, 2010 and semiannually thereafter on March 15 and September 15 in each year until maturity in 2022.

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Property taxes:				
Property taxes	\$ 52,931,796	\$ 52,931,796	\$ 53,406,500	\$ 474,704
Prior year's taxes	549,800	549,800	329,133	(220,667)
Motor vehicle supplement	350,000	350,000	279,528	(70,472)
Interest and liens	206,463	206,463	236,825	30,362
Total property taxes	<u>54,038,059</u>	<u>54,038,059</u>	<u>54,251,986</u>	<u>213,927</u>
Intergovernmental revenues:				
State of Connecticut:				
Education Cost Sharing	2,422,233	2,422,233	2,050,596	(371,637)
Other	658,296	658,296	796,592	138,296
Telecommunication property tax	213,616	213,616	111,965	(101,651)
Total intergovernmental revenues	<u>3,294,145</u>	<u>3,294,145</u>	<u>2,959,153</u>	<u>(334,992)</u>
Licenses, permits and fees:				
Building and regulatory	330,091	330,091	159,970	(170,121)
Recreation	306,821	306,821	240,814	(66,007)
Town Clerk	477,467	477,417	481,804	4,387
Dog licenses and fees	8,100	8,150	8,692	542
Total licenses, permits and fees	<u>1,122,479</u>	<u>1,122,479</u>	<u>891,280</u>	<u>(231,199)</u>
Investment income	<u>231,068</u>	<u>231,068</u>	<u>66,380</u>	<u>(164,688)</u>
Other	<u>478,093</u>	<u>478,093</u>	<u>469,119</u>	<u>(8,974)</u>
Transferred in from other funds	<u>25,000</u>	<u>25,000</u>	<u>141,975</u>	<u>116,975</u>
Total	<u>\$ 59,188,844</u>	<u>\$ 59,188,844</u>	<u>58,779,893</u>	<u>\$ (408,951)</u>

Budgetary revenues are different than GAAP revenues because:

Cancellation of prior year encumbrances are recognized as budgetary revenue (63,845)Total Revenues and Other Financing Sources as Reported on the Statement of  
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
Exhibit IV\$ 58,716,048

## TOWN OF SOUTHBURY, 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:				
Board of Selectmen	\$ 262,814	\$ 262,814	\$ 234,449	\$ 28,365
Town Hall Service expense	132,000	132,000	118,777	13,223
Other expense	188,497	188,497	186,212	2,285
Social Services	36,526	36,726	35,058	1,668
Labor related expense	2,506,215	2,506,215	2,428,024	78,191
Computers	69,775	69,775	67,185	2,590
Probate Court	12,000	12,000	9,777	2,223
Elections	138,851	138,851	85,658	53,193
Board of Finance	34,400	34,400	34,400	-
Board of Assessment Appeals	1,500	1,500	887	613
Controller	218,067	218,861	218,860	1
Tax Collector	135,478	137,249	137,217	32
Assessor	160,124	160,396	157,153	3,243
Town Clerk	225,141	225,866	216,868	8,998
Building Inspector	148,342	148,887	148,387	500
Insurance and Bonds	575,146	575,146	516,926	58,220
Legal expense	135,000	141,300	141,225	75
Planning Commission	137,169	140,433	118,883	21,550
Inland Wetlands Commission	85,862	87,817	85,699	2,118
Zoning Commission	12,800	12,800	3,009	9,791
Zoning Board of Appeals	34,117	34,243	33,479	764
Economic Development Commission	4,950	4,950	3,550	1,400
Town properties - inside	243,119	243,119	240,215	2,904
Energy	393,915	393,915	332,168	61,747
Town properties - outside	397,459	397,459	380,758	16,701
Contingency	200,000	90		90
Refunds	100,000	100,000	90,834	9,166
Total	<u>6,589,267</u>	<u>6,405,309</u>	<u>6,025,658</u>	<u>379,651</u>
Public safety:				
Fire Department/hydrants	421,770	449,170	425,349	23,821
Communications	299,380	299,380	255,748	43,632
Police Protection	1,872,489	1,881,589	1,822,811	58,778
Civil Preparedness	5,060	5,060	4,893	167
Fire Marshal	94,937	95,336	90,984	4,352
Tree Warden	8,000	8,000	6,122	1,878
Canine Control	66,789	69,089	63,538	5,551
Ambulance Association	326,367	326,367	326,367	-
Total	<u>3,094,792</u>	<u>3,133,991</u>	<u>2,995,812</u>	<u>138,179</u>
Highway-public works:				
General maintenance	1,758,439	1,843,439	1,812,290	31,149
Solid waste disposal	860,616	888,616	789,333	99,283
Total	<u>2,619,055</u>	<u>2,732,055</u>	<u>2,601,623</u>	<u>130,432</u>

(Continued on next page)

## TOWN OF SOUTHBURY, 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

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Conservation of health:				
Conservation Commission	\$ 13,200	\$ 13,200	\$ 5,843	\$ 7,357
Department of Health	148,569	148,569	148,569	-
Visiting Nurses Association	1,800	1,800		1,800
Lake Zoar Authority	25,425	25,425	25,425	-
Lake Lillinonah Authority	22,000	22,000	22,000	-
Pomperaug Valley Water Authority	200	200		200
Water Pollution Authority	1,750	1,750		1,750
Commission of Services for Elderly	245,643	245,643	225,829	19,814
Total	<u>458,587</u>	<u>458,587</u>	<u>427,666</u>	<u>30,921</u>
Community activities:				
Committee expenses	21,300	24,100	14,384	9,716
Library	661,237	661,237	650,373	10,864
Recreation Commission	458,949	460,708	447,440	13,268
Other community activities	160,936	160,936	160,936	-
Total	<u>1,302,422</u>	<u>1,306,981</u>	<u>1,273,133</u>	<u>33,848</u>
Education - Region #15	<u>40,969,600</u>	<u>40,969,600</u>	<u>40,624,032</u>	<u>345,568</u>
Capital outlay	<u>1,798,428</u>	<u>1,798,428</u>	<u>1,798,428</u>	<u>-</u>
Total expenditures	<u>56,832,151</u>	<u>56,804,951</u>	<u>55,746,352</u>	<u>1,058,599</u>
Transfers out:				
Elderly Services and Program Fund	6,709	6,709	6,709	-
Historic Building Fund	17,440	17,440	17,440	-
Capital Reserve Fund	1,015,000	1,015,000	1,015,000	-
Capital Transfers Other	444,668	444,668	444,668	-
Debt Service	1,488,895	1,531,594	1,531,594	-
Total transfers out	<u>2,972,712</u>	<u>3,015,411</u>	<u>3,015,411</u>	<u>-</u>
Total Expenditures and Transfers	<u>\$ 59,804,863</u>	<u>\$ 59,820,362</u>	58,761,763	<u>\$ 1,058,599</u>

Budgetary expenditures are different than GAAP expenditures because:

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

228,808

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

\$ 58,990,571

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,139,042	\$ 7,283,867
Property taxes receivable, net	445,362	541,918
Other accounts receivable	263,517	235,809
Due from other funds	8,195	14,700
Other assets	<u>21,490</u>	<u>19,477</u>
Total Assets	<u>\$ 6,877,606</u>	<u>\$ 8,095,771</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 356,316	\$ 472,354
Due to other funds	75,879	809,045
Deferred revenues	<u>669,333</u>	<u>763,771</u>
Total liabilities	<u>1,101,528</u>	<u>2,045,170</u>
Fund balance:		
Reserved for encumbrances	137,065	429,718
Unreserved:		
Designated for subsequent year's budget	710,000	616,019
Designated for future purposes	4,225,000	4,100,000
Undesignated	<u>704,013</u>	<u>904,864</u>
Total fund balance	<u>5,776,078</u>	<u>6,050,601</u>
Total Liabilities and Fund Balance	<u>\$ 6,877,606</u>	<u>\$ 8,095,771</u>

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2010

Grand List	Due Date	Uncollected Taxes July 1, 2009	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2010	
			Additions	Deductions			Taxes	Interest	Fees	Total		
2008	2009	\$ 53,993,832	\$ 67,121	\$ 178,855	\$ 6,627	\$ 53,875,471	\$ 53,605,722	\$ 133,413	\$ 1,542	\$ 53,740,677	\$ 269,749	
2007	2008	334,081	18,467	16,636	11,912	324,000	252,518	51,621	1,775	305,914	71,482	
2006	2007	108,677	19,304	7,664	22,735	97,582	75,293	28,142	810	104,245	22,289	
2005	2006	32,059	829	44		32,844	16,490	8,630	288	25,408	16,354	
2004	2005	13,662	152	201		13,613	(49)	119	6	76	13,662	
2003	2004	12,098	338	338		12,098				-	12,098	
2002	2003	11,302	268	268		11,302				-	11,302	
37 2001	2002	9,129	97	95		9,131				-	9,131	
2000	2001	8,582				8,582				-	8,582	
1999	2000	7,852				7,852				-	7,852	
1998	1999	8,494				8,494				-	8,494	
1997	1998	8,058				8,058				-	8,058	
1996	1997	7,157				7,157				-	7,157	
1995	1996	5,283				5,283				-	5,283	
1994	1995	2,616				2,616	241			241	2,375	
1993	1994	2,057				2,057				-	2,057	
		<u>\$ 54,564,939</u>	<u>\$ 106,576</u>	<u>\$ 204,101</u>	<u>\$ 41,274</u>	<u>\$ 54,426,140</u>	53,950,215	221,925	4,421	54,176,561	<u>\$ 475,925</u>	
							Suspense collections	<u>17,396</u>	<u>8,836</u>	<u>1,638</u>	<u>27,870</u>	
							TOTAL	<u>\$ 53,967,611</u>	<u>\$ 230,761</u>	<u>\$ 6,059</u>	<u>\$ 54,204,431</u>	

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	Special Revenue Funds								
	Private Duty	Police D.A.R.E.	Parks and Recreation Programs and Trips	Watermain	Three R Investments	Police Forfeitures	Debt Management	Elderly Services and Program Fund	Town Aid Road Fund
<b>Assets</b>									
Cash and cash equivalents	\$ 9,606	\$ 7,826	\$ 33,221	\$	\$ 3,458	\$ 1,144	\$ 290,855	\$ 79,894	\$ 235,139
Accounts receivable	43,541								
Due from other funds				7,973	3,776			6,709	353,647
<b>Total Assets</b>	<b>\$ 53,147</b>	<b>\$ 7,826</b>	<b>\$ 33,221</b>	<b>\$ 7,973</b>	<b>\$ 7,234</b>	<b>\$ 1,144</b>	<b>\$ 290,855</b>	<b>\$ 86,603</b>	<b>\$ 588,786</b>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds		5,065					290,844		
<b>Total liabilities</b>	<b>-</b>	<b>5,065</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>290,844</b>	<b>-</b>	<b>-</b>
Fund Balances:									
Reserved for encumbrances			76						38,522
Unreserved:									
Undesignated	53,147	2,761	33,145	7,973	7,234	1,144	11	86,603	550,264
<b>Total fund balances</b>	<b>53,147</b>	<b>2,761</b>	<b>33,221</b>	<b>7,973</b>	<b>7,234</b>	<b>1,144</b>	<b>11</b>	<b>86,603</b>	<b>588,786</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 53,147</b>	<b>\$ 7,826</b>	<b>\$ 33,221</b>	<b>\$ 7,973</b>	<b>\$ 7,234</b>	<b>\$ 1,144</b>	<b>\$ 290,855</b>	<b>\$ 86,603</b>	<b>\$ 588,786</b>

(Continued on next page)

**TOWN OF SOUTHBURY, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2010**

	<u>Special Revenue Funds</u>								<b>Total Nonmajor Governmental Funds</b>
	<u>Town Clerk Record Preservation</u>	<u>Streetscape Reserve</u>	<u>Revaluation</u>	<u>Loss Reserve</u>	<u>Library Gift</u>	<u>Historical Buildings</u>	<u>Planning</u>	<u>Farm Document</u>	
<b>Assets</b>									
Cash and cash equivalents	\$ 35,037	\$ 9,359	\$ 342,838	\$ 275,780	\$ 776,274	\$ 15,960	\$ 105,850	\$ 65,880	\$ 2,288,121
Accounts receivable									43,541
Due from other funds									372,105
<b>Total Assets</b>	<u>\$ 35,037</u>	<u>\$ 9,359</u>	<u>\$ 342,838</u>	<u>\$ 275,780</u>	<u>\$ 776,274</u>	<u>\$ 15,960</u>	<u>\$ 105,850</u>	<u>\$ 65,880</u>	<u>\$ 2,703,767</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts and other payables	\$	\$	\$	\$ 865	\$	\$	\$	\$	\$ 865
Due to other funds	3,111	6,728							305,748
<b>Total liabilities</b>	<u>3,111</u>	<u>6,728</u>	<u>-</u>	<u>865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,613</u>
<b>Fund Balances:</b>									
Reserved for encumbrances		2,422							41,020
<b>Unreserved:</b>									
Undesignated	31,926	209	342,838	274,915	776,274	15,960	105,850	65,880	2,356,134
<b>Total fund balances</b>	<u>31,926</u>	<u>2,631</u>	<u>342,838</u>	<u>274,915</u>	<u>776,274</u>	<u>15,960</u>	<u>105,850</u>	<u>65,880</u>	<u>2,397,154</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 35,037</u>	<u>\$ 9,359</u>	<u>\$ 342,838</u>	<u>\$ 275,780</u>	<u>\$ 776,274</u>	<u>\$ 15,960</u>	<u>\$ 105,850</u>	<u>\$ 65,880</u>	<u>\$ 2,703,767</u>

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>								
	<u>Private Duty</u>	<u>Police D.A.R.E.</u>	<u>Parks and Recreation Programs and Trips</u>	<u>Watermain</u>	<u>Three R Investments</u>	<u>Police Forfeitures</u>	<u>Debt Management</u>	<u>Elderly Services and Program Fund</u>	<u>Town Aid Road Fund</u>
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$ 193,688
Charges for services	353,521		125,258						
Income on investments							400	136	235
Other		500						12,072	
Total revenues	<u>353,521</u>	<u>500</u>	<u>125,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>12,208</u>	<u>193,923</u>
Expenditures:									
Current:									
General government								3,932	
Public safety	264,048								
Public works									302,848
Community activities			127,690					18,292	
Debt service							1,555,442		
Total expenditures	<u>264,048</u>	<u>-</u>	<u>127,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,555,442</u>	<u>22,224</u>	<u>302,848</u>
Excess (Deficiency) of Revenues over Expenditures	<u>89,473</u>	<u>500</u>	<u>(2,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,555,042)</u>	<u>(10,016)</u>	<u>(108,925)</u>
Other Financing Sources (Uses):									
Transfers in							1,531,594	6,709	
Transfers out	(80,000)								
Total other financing sources (uses)	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,531,594</u>	<u>6,709</u>	<u>-</u>
Net Change in Fund Balances	9,473	500	(2,432)	-	-	-	(23,448)	(3,307)	(108,925)
Fund Balances, Beginning of Year	<u>43,674</u>	<u>2,261</u>	<u>35,653</u>	<u>7,973</u>	<u>7,234</u>	<u>1,144</u>	<u>23,459</u>	<u>89,910</u>	<u>697,711</u>
Fund Balances, End of Year	<u>\$ 53,147</u>	<u>\$ 2,761</u>	<u>\$ 33,221</u>	<u>\$ 7,973</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 11</u>	<u>\$ 86,603</u>	<u>\$ 588,786</u>

(Continued on next page)

## TOWN OF SOUTHURY, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds							Total Nonmajor Governmental Funds	
	Town Clerk Record Preservation	Streetscape Reserve	Revaluation	Loss Reserve	Library Gift	Historical Buildings	Planning		Farm Document
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$ 20,905	\$	\$	\$	\$ 214,593
Charges for services	8,174						27,075	12,261	526,289
Income on investments	132	5	758	665	11,794	88	190		14,403
Other		2,422		7,668	46,236				68,898
Total revenues	<u>8,306</u>	<u>2,427</u>	<u>758</u>	<u>8,333</u>	<u>78,935</u>	<u>88</u>	<u>27,265</u>	<u>12,261</u>	<u>824,183</u>
Expenditures:									
Current:									
General government	226		39,400						43,558
Public safety				11,822					275,870
Public works		2,400		3,510					308,758
Community activities					45,427	18,627			210,036
Debt service									1,555,442
Total expenditures	<u>226</u>	<u>2,400</u>	<u>39,400</u>	<u>15,332</u>	<u>45,427</u>	<u>18,627</u>	<u>-</u>	<u>-</u>	<u>2,393,664</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,080</u>	<u>27</u>	<u>(38,642)</u>	<u>(6,999)</u>	<u>33,508</u>	<u>(18,539)</u>	<u>27,265</u>	<u>12,261</u>	<u>(1,569,481)</u>
Other Financing Sources (Uses):									
Transfers in			65,000			17,440			1,620,743
Transfers out									(80,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>17,440</u>	<u>-</u>	<u>-</u>	<u>1,540,743</u>
Net Change in Fund Balances	8,080	27	26,358	(6,999)	33,508	(1,099)	27,265	12,261	(28,738)
Fund Balances, Beginning of Year	<u>23,846</u>	<u>2,604</u>	<u>316,480</u>	<u>281,914</u>	<u>742,766</u>	<u>17,059</u>	<u>78,585</u>	<u>53,619</u>	<u>2,425,892</u>
Fund Balances, End of Year	\$ <u>31,926</u>	\$ <u>2,631</u>	\$ <u>342,838</u>	\$ <u>274,915</u>	\$ <u>776,274</u>	\$ <u>15,960</u>	\$ <u>105,850</u>	\$ <u>65,880</u>	\$ <u>2,397,154</u>

## TOWN OF SOUTHBURY, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

**JUNE 30, 2010**  
(In Thousands)

Total tax collections, including interest and lien fees					\$ <u>54,204</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	\$ 121,959	\$	\$	\$	\$
4-1/2 times base		243,918			
3-3/4 times base			203,265		
3-1/4 times base				176,163	
3 times base					162,612
	<u>121,959</u>	<u>243,918</u>	<u>203,265</u>	<u>176,163</u>	<u>162,612</u>
Total debt limitation					
Indebtedness:					
Bonds and notes payable	12,500				
Overlapping debt:					
Bonds payable and authorized - Regional District #15*		17,210			
Bonds authorized unissued	2,900				
	<u>15,400</u>	<u>17,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness					
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>106,559</u>	\$ <u>226,708</u>	\$ <u>203,265</u>	\$ <u>176,163</u>	\$ <u>162,612</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$379,428).

\* The Town of Southbury is a member of Regional School District #15 which provides education facilities for grades kindergarten through twelve for the Towns of Southbury and Middlebury. As of June 30, 2010, the outstanding bonded indebtedness of the District was \$27,040. The State of Connecticut will be providing grants to offset the debt of approximately \$2,434. The Town of Southbury's share will be approximately 69.9% of the remainder. These are general obligations of Regional School District #15 and its member towns.