

**TOWN OF SOUTHBURY, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# 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, 2011, 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, 2011 and the respective changes in financial position, 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 21, 2011 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.*

December 21, 2011

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

**JUNE 30, 2011**

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, 2011. 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 \$1.8 million.
- During the year, the Town had \$61.4 million in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$59.6 million with no new programs added this year.
- The General Fund reported a GAAP fund balance this year of \$6.3 million. \$5.0 million of this is assigned and committed, leaving an unassigned balance of \$1.3 million.

**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>2011</b>	<b>2010</b>
Current and other assets	\$ 15,762,709	\$ 15,008,872
Capital assets, net of accumulated depreciation	89,377,997	89,515,510
Total assets	<u>105,140,706</u>	<u>104,524,382</u>
Long-term liabilities outstanding	11,303,287	12,992,486
Other liabilities	1,072,694	586,166
Total liabilities	<u>12,375,981</u>	<u>13,578,652</u>
Net Assets:		
Invested in capital assets, net of debt	78,355,847	76,810,916
Unrestricted	<u>14,408,878</u>	<u>14,134,814</u>
Total Net Assets	<u>\$ 92,764,725</u>	<u>\$ 90,945,730</u>

Net assets of the Town's governmental activities increased by 2.1% (\$92.8 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 \$14.1 million at June 30, 2010 to \$14.4 million at the end of this year.

Net assets invested in capital assets increased by \$1.5 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>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,469,468	\$ 1,639,586
Operating grants and contributions	2,609,785	2,620,110
Capital grants and contributions	200,000	9,922
General revenues:		
Property taxes	55,523,667	54,142,170
Grants and contributions not restricted to specific purposes	908,796	891,408
Unrestricted investment earnings	59,939	94,485
Miscellaneous	601,860	182,068
Total revenues	<u>61,373,515</u>	<u>59,579,749</u>
 Program expenses		
General government	6,615,090	6,348,760
Public safety	3,321,795	3,316,094
Public works	5,585,086	5,208,912
Conservation of health	444,794	788,926
Community activities	1,467,543	1,483,411
Education	41,616,763	40,624,032
Debt service	503,449	521,598
Total expenses	<u>59,554,520</u>	<u>58,291,733</u>
 Increase in Net Assets	 <u>\$ 1,818,995</u>	 <u>\$ 1,288,016</u>

The Town's total revenues were \$61.4 million. The total cost of all programs and services was \$59.6 million. Property taxes accounted for 90.5% of all revenues. Revenues from operating grants and contributions, the second largest component, were 4.3%. Education expenses were 69.9% 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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General government	\$ 6,615,090	\$ 6,348,760	\$ 5,972,772	\$ 5,658,611
Public safety	3,321,795	3,316,094	2,974,153	2,863,414
Public works	5,585,086	5,208,912	4,969,019	4,857,300
Conservation of health	444,794	788,926	444,794	787,986
Community activities	1,467,543	1,483,411	870,982	780,238
Education	41,616,763	40,624,032	39,540,098	38,552,968
Debt service	503,449	521,598	503,449	521,598
Totals	<u>\$ 59,554,520</u>	<u>\$ 58,291,733</u>	<u>\$ 55,275,267</u>	<u>\$ 54,022,115</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 \$14.1 million, which is an increase from last year’s total of \$13.4 million. The original budget for 2011 also utilized \$710,000 of the prior year fund balance to balance it.

The Capital Projects Fund balance increased by \$0.7 million due primarily to road construction. Some significant expenditures were:

Equipment	\$ 64,060
Infrastructure	2,964,000
Building	20,176

The Town’s General Fund balance of \$6.29 million reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$6.16 million. This is because budgetary fund balance does not include \$131,823 of outstanding encumbrances at year end, which are reported as expenditures for budgetary purposes.

## Capital Asset and Debt Administration

### Capital Assets

At June 30, 2011, the Town had \$89.4 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 decrease (including additions and deductions) of \$138 thousand over last year.

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 19,283	\$ 19,283
Buildings and improvements	13,204	13,457
Equipment	4,207	4,829
Infrastructure	45,649	44,250
Construction in progress	7,035	7,697
Totals	<u>\$ 89,378</u>	<u>\$ 89,516</u>

This year's major additions included:

Infrastructure	\$ 3,662,351
Equipment	64,060
Buildings	20,176

The Town's fiscal year 2011-12 capital plan calls for it to spend \$725,000 on vehicles. The Town also appropriated an additional \$2.0 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, 2011, the Town had \$11,425,000 in bonds and notes outstanding versus \$12,500,000 last year - a decrease of \$1,075,000. Bonds of \$1,075,000 were retired this year. The Town refinanced a portion of its long-term debt, which will result in a savings of \$349,909 of interest over the life of the bonds.

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 \$387.4 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 2012 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 7.9% versus 7.2% a year ago. This compares favorably with the State's unemployment rate of 9.1% and the national rate of 9.3%.

These indicators were taken into account when adopting the General Fund budget for 2011-12. Amounts available for appropriation in the General Fund budget are \$60,299,627, a decrease of 0.6% over the original 2011 budget of \$60,599,789. Budgeted property tax revenue decreased 0.5% from the previous year.

The Town has added no new programs or initiatives in the 2012 budget. The Town has also appropriated \$630,000 of fund balance to balance the 2012 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by June 30, 2012.

## **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, 2011

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 14,034,208
Receivables, net	1,408,299
Prepaid items	320,202
Capital assets not being depreciated	26,318,679
Capital assets, net of accumulated depreciation	63,059,318
Total assets	<u>105,140,706</u>
Liabilities:	
Accounts and other payables	410,990
Unearned revenue	214,050
Unamortized bond premium	447,654
Noncurrent liabilities:	
Due within one year	971,882
Due in more than one year	10,331,405
Total liabilities	<u>12,375,981</u>
Net Assets:	
Invested in capital assets, net of related debt	78,355,847
Unrestricted	14,408,878
Total Net Assets	<u>\$ 92,764,725</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, 2011

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	\$ 6,615,090	\$ 642,318	\$	\$	\$ (5,972,772)
Public safety	3,321,795	336,931	10,711		(2,974,153)
Public works	5,585,086	132,894	283,173	200,000	(4,969,019)
Conservation of health	444,794				(444,794)
Community activities	1,467,543	357,325	239,236		(870,982)
Education	41,616,763		2,076,665		(39,540,098)
Debt service	503,449				(503,449)
Total	<u>\$ 59,554,520</u>	<u>\$ 1,469,468</u>	<u>\$ 2,609,785</u>	<u>\$ 200,000</u>	<u>(55,275,267)</u>
General revenues:					
Property taxes					55,523,667
Grants and contributions not restricted to specific programs					908,796
Unrestricted investment earnings					59,939
Miscellaneous					601,860
Total general revenues					<u>57,094,262</u>
Change in net assets					1,818,995
Net Assets at Beginning of Year					<u>90,945,730</u>
Net Assets at End of Year					<u>\$ 92,764,725</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTHBURY, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2011

	<u>General</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 6,813,320	\$ 60,768	235,217	\$ 5,518,483	\$ 1,406,420	\$ 14,034,208
Receivables, net	724,771	221,306		389,164	58,347	1,393,588
Due from other funds	153,618	1,327	438,093	491,834	13,910	1,098,782
Other assets	39,961					39,961
Total Assets	<u>\$ 7,731,670</u>	<u>\$ 283,401</u>	<u>\$ 673,310</u>	<u>\$ 6,399,481</u>	<u>\$ 1,478,677</u>	<u>\$ 16,566,539</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts and other payables	\$ 208,436			\$ 50,000	\$ 697	\$ 259,133
Due to other funds	461,317		483,909	56,581	96,975	1,098,782
Deferred revenue	771,847	221,306		69,708		1,062,861
Total liabilities	<u>1,441,600</u>	<u>221,306</u>	<u>483,909</u>	<u>176,289</u>	<u>97,672</u>	<u>2,420,776</u>
Fund balances:						
Restricted		62,095	189,401			251,496
Committed	8,208			6,223,192	1,383,215	7,614,615
Assigned	4,986,823					4,986,823
Unassigned	1,295,039				(2,210)	1,292,829
Total fund balances	<u>6,290,070</u>	<u>62,095</u>	<u>189,401</u>	<u>6,223,192</u>	<u>1,381,005</u>	<u>14,145,763</u>
Total Liabilities and Fund Balances	<u>\$ 7,731,670</u>	<u>\$ 283,401</u>	<u>\$ 673,310</u>	<u>\$ 6,399,481</u>	<u>\$ 1,478,677</u>	<u>\$ 16,566,539</u>

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## TOWN OF SOUTHBURY, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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)		\$ 14,145,763
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$ 158,386,590	
Less accumulated depreciation	<u>(69,008,593)</u>	
Net capital assets		89,377,997
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		280,241
Property tax receivables greater than 60 days		406,900
Interest receivable on property taxes		235,317
Housing and mortgage loans		221,305
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred charge on refunding		423,151
Unamortized bond premium		(447,654)
Bonds and notes payable		(11,425,000)
Interest payable on bonds and notes		(151,857)
Compensated absences		(281,137)
Capital lease		<u>(20,301)</u>
Net Assets of Governmental Activities (Exhibit I)		\$ <u>92,764,725</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, 2011

	<u>General</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 55,507,048	\$	\$	\$	\$	\$ 55,507,048
Intergovernmental	2,882,833	165,401	193,128	679,209	40,169	3,960,740
Charges for services	886,514				340,795	1,227,309
Income on investments	46,875		143	7,642	5,279	59,939
Miscellaneous	503,299				98,561	601,860
Total revenues	<u>59,826,569</u>	<u>165,401</u>	<u>193,271</u>	<u>686,851</u>	<u>484,804</u>	<u>61,356,896</u>
Expenditures:						
Current:						
General government	6,222,700				16,752	6,239,452
Public safety	3,036,329				214,832	3,251,161
Public works	2,707,336		233,747		2,422	2,943,505
Conservation of health	444,794					444,794
Community activities	1,213,687	5,936			169,807	1,389,430
Education	41,616,763					41,616,763
Capital outlay	455	170,030		3,048,700		3,219,185
Debt service	1,617,163					1,617,163
Total expenditures	<u>56,859,227</u>	<u>175,966</u>	<u>233,747</u>	<u>3,048,700</u>	<u>403,813</u>	<u>60,721,453</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,967,342</u>	<u>(10,565)</u>	<u>(40,476)</u>	<u>(2,361,849)</u>	<u>80,991</u>	<u>635,443</u>
Other Financing Sources (Uses):						
Payment to refunding bond escrow	(6,423,172)					(6,423,172)
Premium on refunded bonds	447,654					447,654
Proceeds from sale of refunding bonds	6,080,000					6,080,000
Transfers in	256,170			3,352,421	8,428	3,617,019
Transfers out	(2,829,973)		(358,909)	(270,164)	(157,973)	(3,617,019)
Total other financing sources (uses)	<u>(2,469,321)</u>	<u>-</u>	<u>(358,909)</u>	<u>3,082,257</u>	<u>(149,545)</u>	<u>104,482</u>
Net Change in Fund Balances	498,021	(10,565)	(399,385)	720,408	(68,554)	739,925
Fund Balances at Beginning of Year-as restated	<u>5,792,049</u>	<u>72,660</u>	<u>588,786</u>	<u>5,502,784</u>	<u>1,449,559</u>	<u>13,405,838</u>
Fund Balances at End of Year	<u>\$ 6,290,070</u>	<u>\$ 62,095</u>	<u>\$ 189,401</u>	<u>\$ 6,223,192</u>	<u>\$ 1,381,005</u>	<u>\$ 14,145,763</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, 2011

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)	\$ 739,925
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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	3,085,005
Depreciation expense	(3,222,518)

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	547
Property tax interest and lien revenue - accrual basis change	16,072
Net pension asset	(316)

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:

Premium on refunded bonds	(447,654)
Deferred amounts on refunding	80,000
Proceeds from sale of refunding bonds	(6,080,000)
Payment to refunded bond escrow agent	6,423,172
Bond principal payments	1,075,000
Capital lease payments	184,293

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	6,755
Accrued interest	(41,286)

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>1,818,995</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, 2011

	<b>Pension Trust Fund</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 987,030
Investments:	
Mutual funds and equities	9,669,744
U.S. Treasury issues	1,592,831
Corporate bonds	<u>600,150</u>
Total assets	<u>12,849,755</u>
Liabilities	<u>-</u>
Net Assets:	
Held in trust for pension benefits	<u><u>\$ 12,849,755</u></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, 2011

	<b>Pension Trust Fund</b>
	<u>                    </u>
Additions:	
Contributions:	
Plan members	\$ 28,809
Employer	648,132
Total contributions	<u>676,941</u>
Investment income:	
Net appreciation in fair value of investments	1,931,941
Interest and dividends	124,234
Net investment income	<u>2,056,175</u>
Total additions	<u>2,733,116</u>
Deductions:	
Benefits	363,484
Fees	559
Total deductions	<u>364,043</u>
Change in Net Assets	2,369,073
Net Assets Held in Trust for Pension Benefits - Beginning of Year	<u>10,480,682</u>
Net Assets Held in Trust for Pension Benefits - End of Year	<u>\$ 12,849,755</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF SOUTHBURY, 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 is 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 major source of revenue for the fund is from Federal grant receipts.

The Town Aid Road Fund is used to account for financial resources for the maintenance of the Town's roads. The main source of the fund's revenue is from State grants.

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities. The major source of revenue is from bond proceeds and General Fund transfers.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **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 \$45,275 has been established as an allowance for uncollectible taxes. At June 30, 2011, this represents 5.8% 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**

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

## **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 \$15,450 during the year ended June 30, 2011. 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 has a formal 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*, \$1,369,728 of the Town’s bank balance of \$2,947,678 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,165,578
Uninsured and collateralized held by the pledging bank’s trust department, not in the Town’s name	<u>204,150</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 1,369,728</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, 2011, the Town’s cash equivalents amounted to \$10,945,349. 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>Balance, June 30, 2011</u>	<u>Standard and Poor’s Rating</u>
State Tax Exempt Proceeds Fund*	\$ 55,714	
Money Market Funds*	944,804	
Cutwater Asset Management - Connecticut Cooperative Liquid Assets Securities System (CLASS) Plus	9,944,831	AAA/m

\*Not rated

## B. Investments

As of June 30, 2011, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-bearing investments:					
U.S. Treasury notes		\$ 1,313,198	\$	\$ 1,259,580	\$ 53,618
Corporate bonds	CCC+	13,020		13,020	
Corporate bonds	BBB-/BB+	587,130		548,807	38,323
U.S. Government agencies	AAA	279,632		79,988	199,644
Total		2,192,980	\$ -	\$ 1,901,395	\$ 291,585
Other investments:					
Equities		6,330,613			
Mutual funds		3,339,131			
Total Investments		\$ 11,862,724			

*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, 2011, 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:

	General	Small Cities	Capital Projects	Nonmajor and Other Funds	Total
Receivables:					
Interest	\$ 235,317	\$	\$	\$	\$ 235,317
Taxes	522,504				522,504
Accounts	12,224		389,164	58,347	459,735
Housing loans		221,306			221,306
Gross receivables	770,045	221,306	389,164	58,347	1,438,862
Less allowance for uncollectibles:					
Taxes	(45,274)				(45,274)
Net Total Receivables	\$ 724,771	\$ 221,306	\$ 389,164	\$ 58,347	\$ 1,393,588

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	\$ 392,189	\$
Accrued interest on property taxes	235,317	
Small cities loans and grants	221,305	
Unearned grants		94,428
Advanced tax collections		<u>119,622</u>
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 848,811</u>	 <u>\$ 214,050</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 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	<u>7,696,856</u>	<u>3,085,005</u>	<u>-</u>	<u>(3,746,587)</u>	<u>7,035,274</u>
Total capital assets not being depreciated	<u>26,980,261</u>	<u>3,085,005</u>	<u>-</u>	<u>(3,746,587)</u>	<u>26,318,679</u>
Capital assets being depreciated:					
Buildings	16,974,409			20,176	16,994,585
Furniture and equipment	10,144,618			64,060	10,208,678
Infrastructure	<u>101,202,297</u>			<u>3,662,351</u>	<u>104,864,648</u>
Total capital assets being depreciated	<u>128,321,324</u>	<u>-</u>	<u>-</u>	<u>3,746,587</u>	<u>132,067,911</u>
Less accumulated depreciation for:					
Buildings	3,517,868	272,596			3,790,464
Furniture and equipment	5,315,352	686,404			6,001,756
Infrastructure	<u>56,952,855</u>	<u>2,263,518</u>			<u>59,216,373</u>
Total accumulated depreciation	<u>65,786,075</u>	<u>3,222,518</u>	<u>-</u>	<u>-</u>	<u>69,008,593</u>
Total capital assets being depreciated, net	<u>62,535,249</u>	<u>(3,222,518)</u>	<u>-</u>	<u>3,746,587</u>	<u>63,059,318</u>
Governmental Activities Capital Assets, Net	<u>\$ 89,515,510</u>	<u>\$ (137,513)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,377,997</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 336,128
Public safety	260,080
Public works	2,545,940
Community activities	<u>80,370</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,222,518</u>

**Capital Project Commitments**

The Town has active construction projects as of June 30, 2011. The projects include:

	<u>Appropriation</u>	<u>Expended</u>	<u>Encumbrances</u>	<u>Remaining Balance</u>
Capital	\$ 7,270,576	\$ 6,819,562	\$ 78,591	\$ 372,423
Reserve Accounts	20,317,863	16,299,026	132,431	3,886,406
Limited Reserve Accounts	18,910,745	18,190,211		720,534

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

At June 30, 2011, the interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 97,037
General Fund	Capital Projects	56,581
Small Cities	General Fund	1,327
Town Aid Road	Capital Projects	438,093
Capital Projects	Town Aid Road Fund	483,909
Capital Projects	General Fund	7,925
Nonmajor Governmental Funds	General Fund	13,910
Total		<u>\$ 1,098,782</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	\$	\$ 2,821,545	\$ 8,428	\$ 2,829,973
Nonmajor Governmental	32,973	125,000		157,973
Town Aid Road		358,909		358,909
Capital Projects	223,197	46,967		270,164
Total Transfers Out	<u>\$ 256,170</u>	<u>\$ 3,352,421</u>	<u>\$ 8,428</u>	<u>\$ 3,617,019</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, 2011 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	\$ 12,500,000	\$ 6,080,000	\$ 7,155,000	\$ 11,425,000	\$ 745,000
Deferred charge on refunding	-	(423,151)		(423,151)	
Total bonds payable and other	<u>12,500,000</u>	<u>5,656,849</u>	<u>7,155,000</u>	<u>11,001,849</u>	<u>745,000</u>
Capital leases	204,594		184,293	20,301	5,833
Compensated absences	<u>287,892</u>		<u>6,755</u>	<u>281,137</u>	<u>221,049</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 12,992,486</u>	<u>\$ 5,656,849</u>	<u>\$ 7,346,048</u>	<u>\$ 11,303,287</u>	<u>\$ 971,882</u>

A schedule of bond and notes outstanding at June 30, 2011 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, 2011</u>
Bonds payable:					
General purpose	2004	2024	2.95-4.3	\$ 5,580,000	\$ 3,525,000
General purpose	2009	2019	3.52-4.0	2,400,000	1,950,000
General purpose	2010	2023	3-4	6,080,000	<u>5,950,000</u>
Total					<u>\$ 11,425,000</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>
2012	\$ 745,000	\$ 443,631	\$ 1,188,631
2013	1,065,000	378,288	1,443,288
2014	1,060,000	344,538	1,404,538
2015	1,055,000	310,250	1,365,250
2016	1,025,000	276,731	1,301,731
2017-21	4,640,000	815,725	5,455,725
2022-24	<u>1,835,000</u>	<u>106,512</u>	<u>1,941,512</u>
Total	<u>\$ 11,425,000</u>	<u>\$ 2,675,675</u>	<u>\$ 14,100,675</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	\$ 2,500,000	\$ 2,400,000

## Defeasance of Debt

On July 26, 2010, the Town issued \$6,080,000 in General Obligation Refunding Bonds for governmental activities debt with an average interest rate of 2.44% to advance refund \$6,000,000 in 2002. The net proceeds of \$6,423,151 (after payment of \$104,482 in underwriting fees, insurance and other issuance costs) were used to purchase a portfolio of noncallable direct obligations of, or obligations guaranteed by, the United States of America. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds of \$6,000,000 are considered defeased and have been removed from the Town's financial statements.

The Town advance funded the 2002 bonds to reduce its total debt service payments over the next 12 years by \$349,909 and to obtain an economic gain (difference between the present values of the debt service payments on the old and the new debt) of \$294,981.

## Capital Lease

The Town entered into a capital lease to acquire a fingerprint scanner. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 7,200
2013	7,200
2014	7,200
2015	<u>1,200</u>
Total future minimum lease payments	22,800
Less amounts representing interest	<u>2,499</u>
Present Value of Future Minimum Lease Payments	<u>\$ 20,301</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, 2011, the outstanding bonded indebtedness of the District was \$17,210,000. These issues are eligible for partial reimbursement by the State of Connecticut. Total grants anticipated are \$2,051,000. The Town of Southbury's share will be approximately 69.95% 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	\$ 124,529	\$ 11,525	\$ 113,004
Schools	249,057	17,210	231,847
Sewers	207,548		207,548
Urban renewal	179,875		179,875
Pension deficit	166,038		166,038

\*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 (\$387,422).

**8. FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Restricted for:						
Grants	\$	\$ 62,095	\$ 189,401	\$	\$	\$ 251,496
Capital projects				6,223,192		6,223,192
Committed to:						
General government	8,208				234,623	242,831
Public safety					234,329	234,329
Public works					212	212
Community activities					911,841	911,841
Assigned to:						
General government	80,167					80,167
Public safety	32,241					32,241
Public works	17,917					17,917
Conservation of health	853					853
Community activities	645					645
Subsequent year's budget	630,000					630,000
Future purposes	4,225,000					4,225,000
Unassigned	1,295,039					1,295,039
Total Fund Balances	<u>\$ 6,290,070</u>	<u>\$ 62,095</u>	<u>\$ 189,401</u>	<u>\$ 6,223,192</u>	<u>\$ 1,381,005</u>	<u>\$ 14,145,763</u>

**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; 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.

**10. 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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	43
Terminated plan members entitled to benefits but not yet receiving them	28
Current plan members	<u>108</u>
Total	<u><u>179</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 12.13% of covered payroll. Covered payroll is \$5,236,678 or 86.3% 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	\$ 648,132
Interest on net pension obligation	(22,445)
Adjustment to annual required contribution	<u>22,761</u>
Annual pension cost	648,448
Contributions made	<u>648,132</u>
Decrease in net pension asset	316
Net pension asset at beginning of year	<u>(280,557)</u>
Net Pension Asset at End of Year	<u><u>\$ (280,241)</u></u>

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

Actuarial valuation date	July 1, 2010
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent
Remaining amortization period	17 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>
6/30/11	\$ 648,448	\$ 648,132	99.95%	\$ (280,241)
6/30/10	474,156	600,000	126.54	(280,557)
6/30/09	429,632	435,000	101.25	(154,713)

#### F. Pension Plan Required Supplementary Information

##### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued 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>
7/1/10	\$ 12,120,924	\$ 13,560,517	\$ 1,439,593	89.4	\$ 5,236,678	27.5%
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

##### Schedule of Employer Contributions

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
6/30/11	\$ 648,132	\$ 648,132	100.00%
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

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.

## 11. 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.

## 12. PRIOR PERIOD ADJUSTMENTS

During the year, the Town implemented GASB Statement No. 54. This required the Town to review its special revenue funds and determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result, various special revenue funds did not meet those requirements and are now reported as part of the General Fund.

The beginning fund balances for the following funds were restated:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Capital Projects Fund</u>
Balance June 30, 2010	\$ 5,776,078	\$ 2,397,154	\$ 5,159,945
Reclassified to General Fund	<u>15,971</u>	<u>(358,810)</u>	<u>342,839</u>
Restated Fund Balance, July 1, 2010	<u>\$ 5,792,049</u>	<u>\$ 2,038,344</u>	<u>\$ 5,502,784</u>

The Debt Management Fund and the Historical Buildings Fund are now reported in the General Fund. The Revaluation Fund is included as part of the Capital Projects Fund.

## 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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Property taxes	\$ 54,318,833	\$ 54,318,833	\$ 54,764,879	\$ 446,046
Prior year's taxes	264,930	264,930	236,460	(28,470)
Motor vehicle supplement	300,000	300,000	297,149	(2,851)
Interest and liens	192,347	192,347	208,562	16,215
Overpayments	100,000	100,000		(100,000)
Total property taxes	<u>55,176,110</u>	<u>55,176,110</u>	<u>55,507,050</u>	<u>330,940</u>
Intergovernmental revenues:				
State of Connecticut:				
Education Cost Sharing	2,422,233	2,422,233	2,076,665	(345,568)
Other	622,421	622,421	637,607	15,186
Telecommunication property tax	213,615	213,615	168,561	(45,054)
Total intergovernmental revenues	<u>3,258,269</u>	<u>3,258,269</u>	<u>2,882,833</u>	<u>(375,436)</u>
Licenses, permits and fees:				
Building and regulatory	265,100	265,100	162,155	(102,945)
Recreation	265,000	265,000	287,625	22,625
Town Clerk	448,124	448,124	427,663	(20,461)
Dog licenses and fees	8,150	8,150	9,074	924
Total licenses, permits and fees	<u>986,374</u>	<u>986,374</u>	<u>886,517</u>	<u>(99,857)</u>
Investment income	26,833	26,833	46,767	19,934
Other	417,203	417,203	543,175	125,972
Transferred in from other funds	25,000	25,000	256,170	231,170
Total	<u>\$ 59,889,789</u>	<u>\$ 59,889,789</u>	60,122,512	<u>\$ 232,723</u>
Budgetary revenues are different than GAAP revenues because:				
Cancellation of prior year encumbrances are recognized as budgetary revenue			(39,881)	
Proceeds from sale of refunding bonds			6,080,000	
Premium on refunding bonds			447,654	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			<u>108</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>\$ 66,610,393</u>	

## 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, 2011

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
General government:				
Board of Selectmen	\$ 285,051	\$ 286,576	\$ 259,245	\$ 27,331
Town Hall Service expense	134,000	134,000	120,258	13,742
Other expense	161,447	161,447	155,623	5,824
Social Services	35,526	36,315	35,332	983
Labor related expense	2,788,661	2,718,957	2,550,544	168,413
Computers	67,868	67,868	67,080	788
Probate Court	12,000	12,000	12,000	-
Elections	146,504	147,005	114,257	32,748
Board of Finance	35,250	35,250	35,250	-
Board of Assessment Appeals	1,500	1,500	606	894
Controller	220,367	225,685	225,511	174
Tax Collector	136,744	141,313	139,212	2,101
Assessor	160,479	163,754	157,409	6,345
Town Clerk	225,217	229,630	223,812	5,818
Building Inspector	148,344	151,722	148,890	2,832
Insurance and Bonds	520,000	520,000	484,691	35,309
Legal expense	135,000	135,000	114,580	20,420
Planning Commission	130,169	132,442	120,175	12,267
Inland Wetlands Commission	87,527	89,312	82,662	6,650
Zoning Commission	13,600	13,600	11,428	2,172
Zoning Board of Appeals	34,117	34,864	33,337	1,527
Economic Development Commission	15,050	15,050	7,047	8,003
Town properties - inside	243,119	245,614	239,566	6,048
Energy	368,494	406,966	401,059	5,907
Town properties - outside	398,159	413,499	403,574	9,925
Contingency	230,000	27,930		27,930
Refunds	100,000	100,000	95,562	4,438
Total	<u>6,834,193</u>	<u>6,647,299</u>	<u>6,238,708</u>	<u>408,589</u>
Public safety:				
Fire Department/hydrants	439,370	446,870	446,870	-
Communications	299,380	299,380	244,962	54,418
Police Protection	1,867,539	1,868,986	1,810,342	58,644
Civil Preparedness	4,360	4,360	2,260	2,100
Fire Marshal	90,407	91,743	88,087	3,656
Tree Warden	6,000	6,000	5,985	15
Canine Control	66,789	71,996	64,799	7,197
Ambulance Association	333,477	333,477	332,915	562
Total	<u>3,107,322</u>	<u>3,122,812</u>	<u>2,996,219</u>	<u>126,592</u>
Highway-public works:				
General maintenance	1,761,409	1,891,747	1,863,652	28,095
Solid waste disposal	874,492	877,014	841,309	35,705
Total	<u>2,635,901</u>	<u>2,768,761</u>	<u>2,704,961</u>	<u>63,800</u>

(Continued on next page)

## TOWN OF SOUTHURY, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Conservation of health:				
Conservation Commission	\$ 13,200	\$ 13,200	\$ 6,863	\$ 6,337
Department of Health	152,283	152,283	152,283	-
Visiting Nurses Association	1,800	1,800		1,800
Lake Zoar Authority	25,405	25,405	25,405	-
Lake Lillinonah Authority	22,550	22,550	22,550	-
Pomperaug Valley Water Authority	200	200		200
Water Pollution Authority	1,750	1,750		1,750
Commission of Services for Elderly	245,074	248,904	230,118	18,786
Total	<u>462,262</u>	<u>466,092</u>	<u>437,219</u>	<u>28,873</u>
Community activities:				
Committee expenses	6,300	8,650	4,982	3,668
Library	643,101	644,836	616,320	28,516
Recreation Commission	456,976	473,055	451,593	21,462
Other community activities	123,882	153,882	153,882	-
Total	<u>1,230,259</u>	<u>1,280,423</u>	<u>1,226,777</u>	<u>53,646</u>
Education - Region #15	<u>41,962,331</u>	<u>41,962,331</u>	<u>41,616,763</u>	<u>345,568</u>
Capital outlay	<u>455</u>	<u>455</u>	<u>455</u>	<u>-</u>
Debt service	<u>1,519,408</u>	<u>1,519,408</u>	<u>1,519,408</u>	<u>-</u>
Total expenditures	<u>57,752,131</u>	<u>57,767,581</u>	<u>56,740,510</u>	<u>1,027,068</u>
Transfers out:				
Other transfers	8,428	8,428	8,428	-
Historic Building Fund	17,685	17,685	17,685	-
Capital Reserve Fund	1,055,000	1,055,000	1,055,000	-
Capital Transfers Other	1,766,545	1,766,545	1,766,545	-
Total transfers out	<u>2,847,658</u>	<u>2,847,658</u>	<u>2,847,658</u>	<u>-</u>
Total Expenditures and Transfers	<u>\$ 60,599,789</u>	<u>\$ 60,615,239</u>	59,588,168	<u>\$ 1,027,068</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			(42,025)	
Nonbudgetary items and eliminations related to Debt Management and Historical Buildings funds			38,575	
Payment to refunded bond escrow agent			6,423,172	
Issuance costs on bond refunding			<u>104,482</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 66,112,372</u>	

## TOWN OF SOUTHBURY, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,813,320	\$ 6,139,042
Property taxes receivable, net	477,230	445,362
Other accounts receivable	247,541	263,517
Due from other funds	153,618	8,195
Other assets	<u>39,961</u>	<u>21,490</u>
Total Assets	<u>\$ 7,731,670</u>	<u>\$ 6,877,606</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 208,436	\$ 356,316
Due to other funds	461,317	75,879
Deferred revenues	<u>771,847</u>	<u>669,333</u>
Total liabilities	<u>1,441,600</u>	<u>1,101,528</u>
Fund balance:		
Committed	8,208	
Assigned	4,986,823	5,072,065
Unassigned	<u>1,295,039</u>	<u>704,013</u>
Total fund balance	<u>6,290,070</u>	<u>5,776,078</u>
Total Liabilities and Fund Balance	<u>\$ 7,731,670</u>	<u>\$ 6,877,606</u>

TOWN OF SOUTHBURY, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

Grand List	Due Date	Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2011	
			Additions	Deductions			Taxes	Interest	Fees	Total		
2009	2010	\$ 55,281,147	\$ 82,538	\$ 153,558	\$ 5,645	\$ 55,204,482	\$ 54,902,396	\$ 135,759	\$ 2,273	\$ 55,040,428	\$ 302,086	
2008	2009	269,749	24,513	24,008	9,348	260,906	179,234	39,062	1,608	219,904	81,672	
2007	2008	71,482	13,145	6,833	14,694	63,100	37,112	12,094	450	49,656	25,988	
2006	2007	22,291	41	2,152		20,180	3,695	2,447	192	6,334	16,485	
2005	2006	16,355	33	2,186		14,202	768	1,152	72	1,992	13,434	
2004	2005	13,662		1,452		12,210	3	4	48	55	12,207	
2003	2004	12,098		1,367		10,731	3	4	48	55	10,728	
2002	2003	11,302		1,276		10,026	2	31	24	57	10,024	
2001	2002	9,129		1,014		8,115	774	1,196	48	2,018	7,341	
2000	2001	8,582		1,010		7,572	283	103	48	434	7,289	
1999	2000	7,851		956		6,895	2	4	24	30	6,893	
1998	1999	8,493		932		7,561	2	5	30	37	7,559	
1997	1998	8,058		886		7,172				-	7,172	
1996	1997	7,157		365		6,792				-	6,792	
1995	1996	5,283		350		4,933	30			30	4,903	
1994	1995	2,376		334		2,042	110			110	1,932	
		<u>\$ 55,755,015</u>	<u>\$ 120,270</u>	<u>\$ 198,679</u>	<u>\$ 29,687</u>	<u>\$ 55,646,919</u>	55,124,414	191,861	4,865	55,321,140	<u>\$ 522,505</u>	
							Suspense collections	<u>12,679</u>	<u>8,827</u>	<u>3,009</u>	<u>24,515</u>	
							Total	<u>\$ 55,137,093</u>	<u>\$ 200,688</u>	<u>\$ 7,874</u>	<u>\$ 55,345,655</u>	

TOWN OF SOUTHBURY, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2011

	<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>Elderly Services and Program Fund</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 26,377	\$ 7,826	\$ 90,929	\$ -	\$ 3,458	\$ 1,144	\$ 83,377
Accounts receivable	58,347						
Due from other funds	<u>1,728</u>				<u>3,776</u>		<u>8,406</u>
Total Assets	<u>\$ 86,452</u>	<u>\$ 7,826</u>	<u>\$ 90,929</u>	<u>\$ -</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 91,783</u>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts and other payables	\$ -	\$ -	\$ 697	\$ -	\$ -	\$ -	\$ -
Due to other funds		<u>5,065</u>	<u>79,045</u>				
Total liabilities	<u>-</u>	<u>5,065</u>	<u>79,742</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Committed	86,452	2,761	11,187	-	7,234	1,144	91,783
Unassigned							
Total fund balances	<u>86,452</u>	<u>2,761</u>	<u>11,187</u>	<u>-</u>	<u>7,234</u>	<u>1,144</u>	<u>91,783</u>
Total Liabilities and Fund Balances	<u>\$ 86,452</u>	<u>\$ 7,826</u>	<u>\$ 90,929</u>	<u>\$ -</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 91,783</u>

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

**JUNE 30, 2011**

	<b>Special Revenue Funds</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>Town Clerk Record Preservation</b>	<b>Streetscape Reserve</b>	<b>Loss Reserve</b>	<b>Library Gift</b>	<b>Planning</b>	<b>Farm Document</b>	
<b>Assets</b>							
Cash and cash equivalents	\$ 43,431	\$ 9,362	\$ 143,972	\$ 808,871	\$ 109,373	\$ 78,300	\$ 1,406,420
Accounts receivable							58,347
Due from other funds							13,910
<b>Total Assets</b>	<b>\$ 43,431</b>	<b>\$ 9,362</b>	<b>\$ 143,972</b>	<b>\$ 808,871</b>	<b>\$ 109,373</b>	<b>\$ 78,300</b>	<b>\$ 1,478,677</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$ 697
Due to other funds	3,111	9,150				604	96,975
<b>Total liabilities</b>	<b>3,111</b>	<b>9,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>604</b>	<b>97,672</b>
<b>Fund Balances:</b>							
Committed	40,320	2,422	143,972	808,871	109,373	77,696	1,383,215
Unassigned		(2,210)					(2,210)
<b>Total fund balances</b>	<b>40,320</b>	<b>212</b>	<b>143,972</b>	<b>808,871</b>	<b>109,373</b>	<b>77,696</b>	<b>1,381,005</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,431</b>	<b>\$ 9,362</b>	<b>\$ 143,972</b>	<b>\$ 808,871</b>	<b>\$ 109,373</b>	<b>\$ 78,300</b>	<b>\$ 1,478,677</b>

## TOWN OF SOUTHBURY, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds						Elderly Services and Program Fund
	Private Duty	Police D.A.R.E.	Parks and Recreation Programs and Trips	Watermain	Three R Investments	Police Forfeitures	
Revenues:							
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$
Charges for services	219,456		97,264				
Income on investments							56
Other							14,824
Total revenues	<u>219,456</u>	<u>-</u>	<u>97,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,880</u>
Expenditures:							
Current:							
General government							13,148
Public safety	161,151						
Public works							
Community activities			119,298				4,980
Total expenditures	<u>161,151</u>	<u>-</u>	<u>119,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,128</u>
Excess (Deficiency) of Revenues over Expenditures	<u>58,305</u>	<u>-</u>	<u>(22,034)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,248)</u>
Other Financing Sources (Uses):							
Transfers in							8,428
Transfers out	(25,000)			(7,973)			
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>(7,973)</u>	<u>-</u>	<u>-</u>	<u>8,428</u>
Net Change in Fund Balances	33,305	-	(22,034)	(7,973)	-	-	5,180
Fund Balances, Beginning 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>86,603</u>
Fund Balances, End of Year	<u>\$ 86,452</u>	<u>\$ 2,761</u>	<u>\$ 11,187</u>	<u>\$ -</u>	<u>\$ 7,234</u>	<u>\$ 1,144</u>	<u>\$ 91,783</u>

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## TOWN OF SOUTHBURY, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Town Clerk Record Preservation	Streetscape Reserve	Loss Reserve	Library Gift	Planning	Farm Document	
Revenues:							
Intergovernmental revenues	\$ 3,000	\$	\$	\$ 37,169	\$	\$	\$ 40,169
Charges for services	8,280				3,375	12,420	340,795
Income on investments	114	3	382	4,576	148		5,279
Other			47,356	36,381			98,561
Total revenues	<u>11,394</u>	<u>3</u>	<u>47,738</u>	<u>78,126</u>	<u>3,523</u>	<u>12,420</u>	<u>484,804</u>
Expenditures:							
Current:							
General government	3,000					604	16,752
Public safety			53,681				214,832
Public works		2,422					2,422
Community activities				45,529			169,807
Total expenditures	<u>3,000</u>	<u>2,422</u>	<u>53,681</u>	<u>45,529</u>	<u>-</u>	<u>604</u>	<u>403,813</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,394</u>	<u>(2,419)</u>	<u>(5,943)</u>	<u>32,597</u>	<u>3,523</u>	<u>11,816</u>	<u>80,991</u>
Other Financing Sources (Uses):							
Transfers in							8,428
Transfers out			(125,000)				(157,973)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,545)</u>
Net Change in Fund Balances	8,394	(2,419)	(130,943)	32,597	3,523	11,816	(68,554)
Fund Balances, Beginning of Year	<u>31,926</u>	<u>2,631</u>	<u>274,915</u>	<u>776,274</u>	<u>105,850</u>	<u>65,880</u>	<u>1,449,559</u>
Fund Balances, End of Year	<u>\$ 40,320</u>	<u>\$ 212</u>	<u>\$ 143,972</u>	<u>\$ 808,871</u>	<u>\$ 109,373</u>	<u>\$ 77,696</u>	<u>\$ 1,381,005</u>

## TOWN OF SOUTHBURY, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2011

(In Thousands)

Total tax collections, including interest and lien fees					\$ <u>55,346</u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt limitation:					
2-1/4 times base	\$ 124,529	\$	\$	\$	\$
4-1/2 times base		249,057			
3-3/4 times base			207,548		
3-1/4 times base				179,875	
3 times base					166,038
	<u>124,529</u>	<u>249,057</u>	<u>207,548</u>	<u>179,875</u>	<u>166,038</u>
Total debt limitation					
Indebtedness:					
Bonds and notes payable	11,425				
Overlapping debt:					
Bonds payable and authorized - Regional District #15*		17,210			
Bonds authorized unissued	100				
	<u>11,525</u>	<u>17,210</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net indebtedness					
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>113,004</u>	\$ <u>231,847</u>	\$ <u>207,548</u>	\$ <u>179,875</u>	\$ <u>166,038</u>

Note (1): In no case shall total indebtedness exceed seven times annual receipts from taxation (\$387,422).

\* 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, 2011, the outstanding bonded indebtedness of the District was \$17,210. The State of Connecticut will be providing grants to offset the debt of approximately \$2,051. The Town of Southbury's share will be approximately 69.95% of the remainder. These are general obligations of Regional School District #15 and its member towns.