

TOWN OF SEYMOUR, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2012

TOWN OF SEYMOUR, CONNECTICUT

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Independent Auditors' Report

To the Board of Finance
Town of Seymour, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Seymour, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Seymour, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Seymour, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Seymour, Connecticut'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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Seymour, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund 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 January 24, 2013 on our consideration of the Town of Seymour, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Seymour, Connecticut's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 24, 2013

Town of Seymour, Connecticut
Management Discussion and Analysis
For the Year Ended June 30, 2012

Unaudited

The management's discussion and analysis of the Town of Seymour, Connecticut's (the Town) financial performance provides an overall review of the Town's financial activities for the year ended June 30, 2012. The intent of this discussion and analysis is to look at the Town's financial performance as a whole: readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Town's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- The total net assets of the Town increased \$14,192,693. Net assets of governmental activities increased \$13,823,428 or 34.15% over 2011 and net assets of business-type activities increased \$369,265 or 1.42% over 2011.
- General revenues accounted for \$38,850,225 of total governmental activities revenue. Program specific revenues accounted for \$33,827,574 or 47% of total governmental activities revenue.
- The Town had \$58,854,371 in expenses related to governmental activities: \$33,827,574 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$25,026,797 were offset by general revenues (mainly by property taxes, unrestricted grants and entitlements) of \$38,850,225.
- The general fund had revenues of \$54,222,888 in 2012. This represents an increase of \$4,163,993 from 2011 revenues. The expenditures of the General Fund, which totaled \$52,790,755 in 2012, increased \$3,494,303 from 2011.
- Net assets for the business-type activities, which are made up of the Sewer Enterprise Fund, increased in 2012 by \$369,265. This increase in net assets was due primarily to a decrease in liabilities and increase in revenues.
- In the General Fund, actual revenues came in \$811,723 higher than the final budget and actual expenditures were \$140,167 lower than the final budget. The revenues were higher than budget due to FEMA reimbursement of \$200,000, positive tax collection of \$300,000 and other unanticipated grants of \$250,000. Expenditures were below budget due to management's consistent budget monitoring and expenditure controls.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Town as a financial whole, and entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the Town as a whole, presenting both an aggregate view of the Town's finances and a longer-term view of those finances, fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Town's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the Town as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the Town to provide programs and activities, the view of the Town as a whole looks at all financial transactions and informs the user how the Town financially performed during 2012. The statement of net assets and the statement of activities answer these questions. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Town's property tax base, current property tax laws in Connecticut restricting revenue growth, facility conditions, required community programs and other.

In the statement of net assets and the statement of activities, the Town is divided into two distinct kinds of activities:

- 1) Governmental activities – Most of the Town's programs and services are reported here including public safety, education, street maintenance, capital improvements and general administration. These services are funded primarily by property taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- 2) Business-type activities – These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Town's Sewer enterprise operations are reported here.

The Town's statement of net assets and statement of activities can be found on pages 16-17 of this report.

Reporting the Town's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Fund financial reports provide detailed information about the Town's major funds. The Town uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Town's most significant funds. The analysis of the Town's major governmental and proprietary funds begins on page 18.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains a multitude of individual governmental funds. The Town has segregated these funds into major funds and nonmajor funds. The Town's major governmental funds are the General Fund, the Middle School Fund and the Chatfield LoPresti Fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Funds

The Town maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer operations. The Town's enterprise fund is considered a major fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds and pension trust funds are the Town's only fiduciary funds types. The basic fiduciary fund financial statements can be found on page 26-27 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28-49 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the Town’s net assets for 2012 and 2011.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 19,633,205	\$ 15,618,852	\$ 953,793	\$ 854,393	\$ 20,586,998	\$ 16,473,245
Capital assets	95,425,552	80,152,655	8,306,782	8,731,640	103,732,334	88,884,295
Total assets	<u>115,058,757</u>	<u>95,771,507</u>	<u>9,260,575</u>	<u>9,586,033</u>	<u>124,319,332</u>	<u>105,357,540</u>
Current liabilities	14,944,214	14,188,707	271,598	694,721	15,215,812	14,883,428
Noncurrent liabilities	45,810,775	41,102,460	271,596	543,196	46,082,371	41,645,656
Total liabilities	<u>60,754,989</u>	<u>55,291,167</u>	<u>543,194</u>	<u>1,237,917</u>	<u>61,298,183</u>	<u>56,529,084</u>
Invested in capital assets, net of related debt	52,434,673	38,478,505	7,763,588	7,493,723	60,198,261	45,972,228
Restricted	1,000	1,000			1,000	1,000
Unrestricted	<u>1,868,095</u>	<u>2,000,835</u>	<u>953,793</u>	<u>854,393</u>	<u>2,821,888</u>	<u>2,855,228</u>
Total Net Assets	<u>\$ 54,303,768</u>	<u>\$ 40,480,340</u>	<u>\$ 8,717,381</u>	<u>\$ 8,348,116</u>	<u>\$ 63,021,149</u>	<u>\$ 48,828,456</u>

Over time, net assets can serve as a useful indicator of a government’s financial position. At June 30, 2012, the Town assets exceeded liabilities by \$63,021,149. At year-end, net assets were \$54,303,768 and \$8,717,381 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the Town’s net assets. At year-end capital assets represented 83% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$52,434,673 and \$7,763,588 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the Town’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

As of June 30, 2012, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental business-type activities.

A portion of the Town’s net assets, \$1,000 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$1,868,095 may be used to meet the government’s ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for the fiscal year 2012 and 2011.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 1,824,230	\$ 2,307,046	\$ 1,631,837	\$ 1,299,865	\$ 3,456,067	\$ 3,606,911
Operating grants and contributions	31,885,437	14,547,813			31,885,437	14,547,813
Capital grants and contributions	117,907	481,261			117,907	481,261
General revenues:						
Property taxes	38,587,563	37,930,455			38,587,563	37,930,455
Grants and contributions not restricted to specific programs	955,620	818,451			955,620	818,451
Investment income	19,450	53,967	952	642	20,402	54,609
Miscellaneous revenue		50,000				50,000
Transfers in	(712,408)	(812,549)	712,408	812,549		
Total revenues	<u>72,677,799</u>	<u>55,376,444</u>	<u>2,345,197</u>	<u>2,113,056</u>	<u>75,022,996</u>	<u>57,489,500</u>
Expenses:						
General government	3,212,595	3,262,683			3,212,595	3,262,683
Public safety	7,149,115	6,884,401			7,149,115	6,884,401
Public works	4,837,758	3,953,978			4,837,758	3,953,978
Recreation and culture	2,428,925	2,406,095			2,428,925	2,406,095
Sanitation	1,254,771	1,232,394			1,254,771	1,232,394
Board of education	38,517,530	36,604,217			38,517,530	36,604,217
Interest on long-term debt	1,453,677	1,765,127			1,453,677	1,765,127
Water			1,975,932	2,019,950	1,975,932	2,019,950
Total expenses	<u>58,854,371</u>	<u>56,108,895</u>	<u>1,975,932</u>	<u>2,019,950</u>	<u>60,830,303</u>	<u>58,128,845</u>
Change in net assets	13,823,428	(732,451)	369,265	93,106	14,192,693	(639,345)
Net Assets - July 1	<u>40,480,340</u>	<u>41,212,791</u>	<u>8,348,116</u>	<u>8,255,010</u>	<u>48,828,456</u>	<u>49,467,801</u>
Net Assets - June 30	<u>\$ 54,303,768</u>	<u>\$ 40,480,340</u>	<u>\$ 8,717,381</u>	<u>\$ 8,348,116</u>	<u>\$ 63,021,149</u>	<u>\$ 48,828,456</u>

Governmental Activities

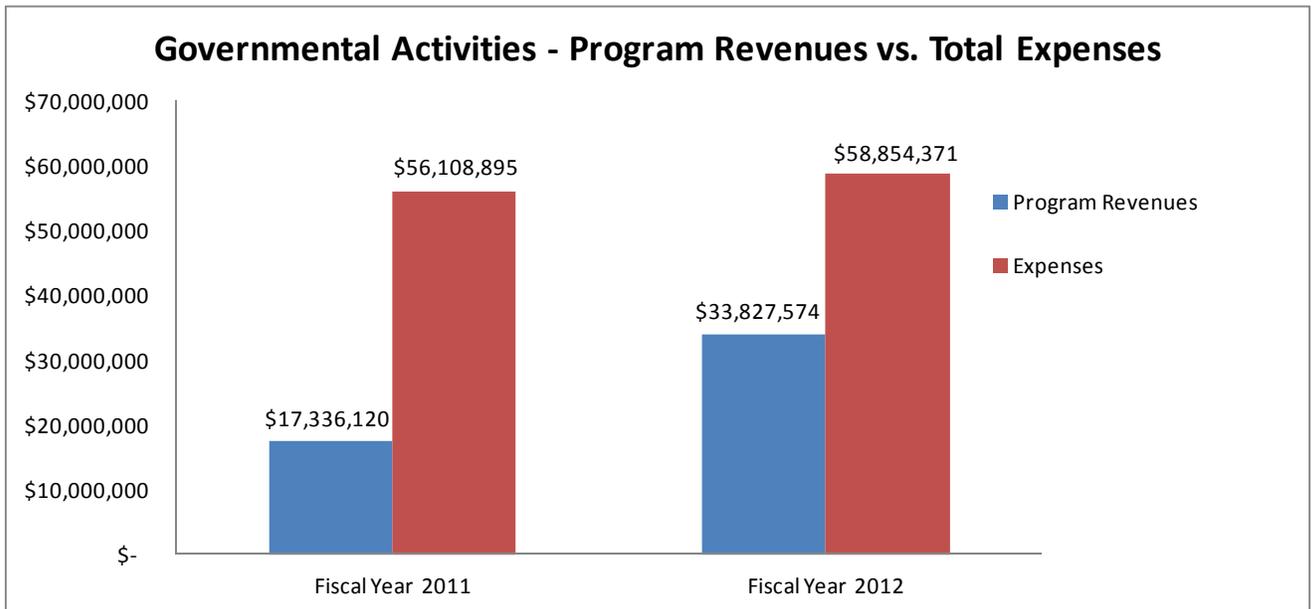
Governmental activities net assets increased \$13,823,428 in 2012. The increase was due primarily to the building of the Chatfield Lopresti School that opened September 2012. Total school appropriation is \$32,500,000.

Education accounted for \$38,517,530 of the total expenses of the Town. These expenses were partially funded by \$32,079,605 in state and federal grants.

The state and federal government contributed to the Town a total of \$31,885,437 in operating grants and contributions.

General revenues totaled \$38,850,225 and amount to 53% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$38,587,563. The other primary source of general revenues is grants and contributions not restricted to specific programs, making up \$955,620.

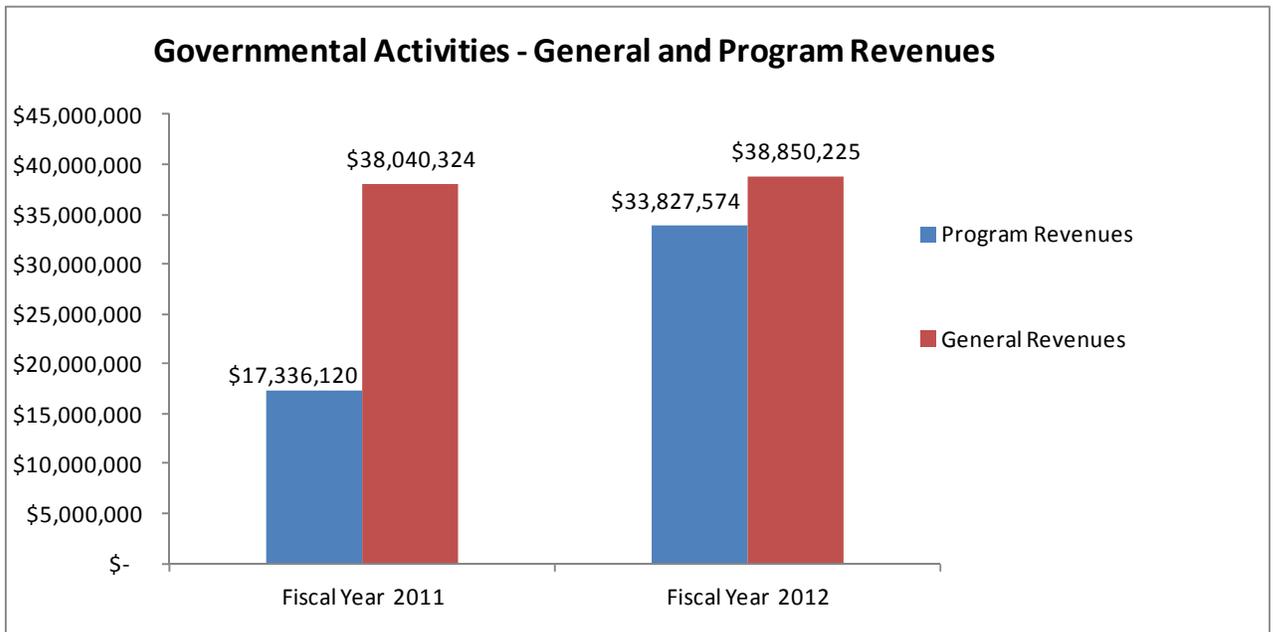
The statement of activities shows the cost of program services and charges for services and grants offsetting those services. The following table show, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements to support its governmental activities.



Governmental Activities

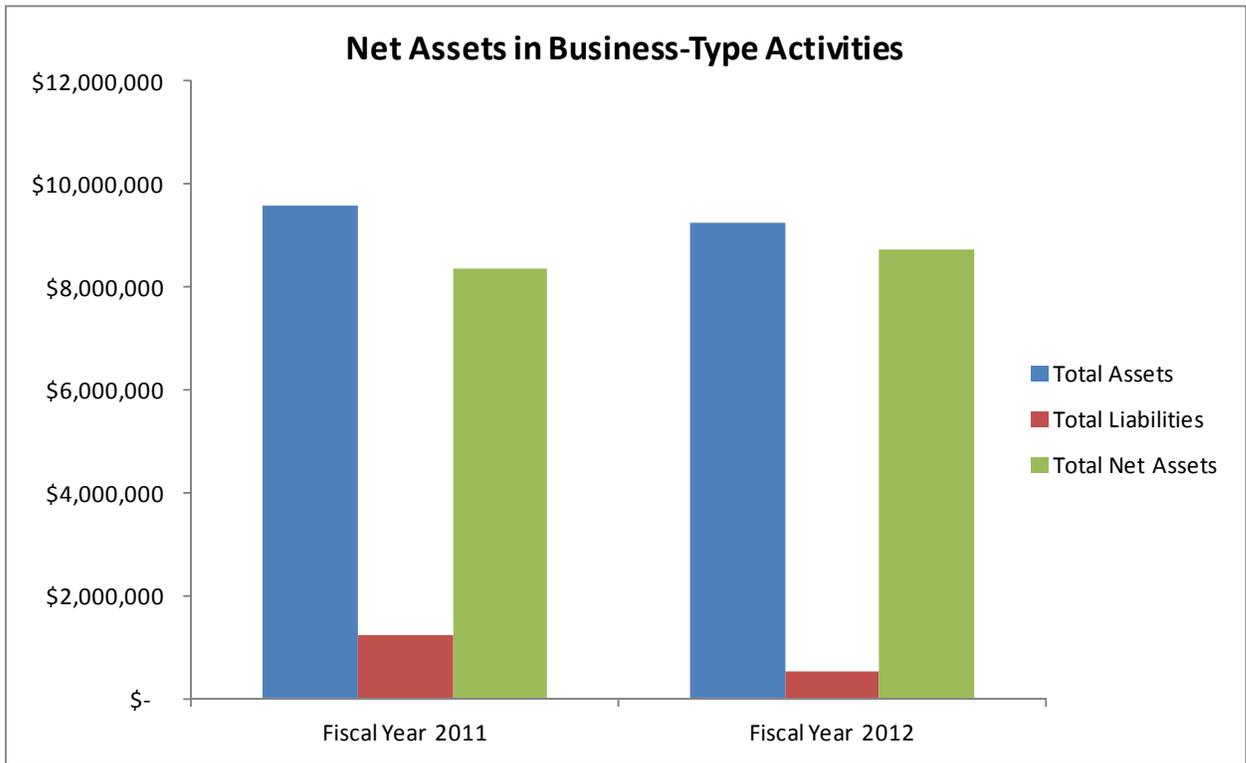
	2012	2011	2012	2011
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 3,212,595	\$ 3,262,683	\$ 2,200,314	\$ 2,482,447
Public safety	7,149,115	6,884,401	7,094,728	6,823,788
Public works	4,837,758	3,953,978	3,378,821	2,994,057
Recreation and culture	2,428,925	2,406,095	2,425,245	2,397,625
Sanitation	1,254,771	1,232,394	1,233,412	1,213,494
Education	38,517,530	36,604,217	7,240,600	21,096,237
Interest on long-term debt	<u>1,453,677</u>	<u>1,765,127</u>	<u>1,453,677</u>	<u>1,765,127</u>
Total Expenses	<u>\$ 58,854,371</u>	<u>\$ 56,108,895</u>	<u>\$ 25,026,797</u>	<u>\$ 38,772,775</u>

The dependence upon general revenues for governmental activities is apparent, with 53% of expenses supported through taxes and other general revenues.



Business-Type Activities

Business-Type activities include the Town's Sewer enterprise. This program had program revenues of \$1,631,837 general revenues of \$952 and expenses of \$1,975,932 for the fiscal year 2012. The graph below shows the business-type activities assets, liabilities and net assets at year-end 2012 and 2011.



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at year-end.

The Town's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$2,359,872 which is \$4,335,549 more than last year's total of \$(1,975,677). The schedule below indicates the fund balances and the total change in fund balances as of June 30, 2012 for all major and non-major governmental funds.

	Fund Balances June 30, 2012	Fund Balances June 30, 2011	Increase (Decrease)
General Fund	\$ 4,412,030	\$ 3,579,806	\$ 832,224
Middle School	(1,715,948)	(1,663,322)	(52,626)
Other Governmental Funds	<u>(336,210)</u>	<u>(3,892,161)</u>	<u>3,555,951</u>
Total	<u>\$ 2,359,872</u>	<u>\$ (1,975,677)</u>	<u>\$ 4,335,549</u>

General Fund

The table that follows assists in illustrating the revenues of the General Fund.

	2012 Amount	2011 Amount	Percentage Change
Revenues:			
Property taxes	\$ 38,214,375	\$ 36,683,224	4.17%
Interest and lien fees	257,818	226,867	13.64%
Intergovernmental	14,272,163	11,798,457	20.97%
Investment income	41,456	87,741	-52.75%
Permits, fees and other	1,404,214	1,168,374	20.19%
Other revenues	<u>32,862</u>	<u>94,234</u>	-65.13%
Total	<u>\$ 54,222,888</u>	<u>\$ 50,058,897</u>	8.32%

Tax revenue represents 70% of all General Fund revenue. Tax revenue increased by 4.17% over prior year. The increase in intergovernmental revenue is due to the additional grants and FEMA reimbursement. Other revenues decreased significantly, 65%, due to one-time sales of prior year real estate. Investment revenues continue to decrease due to lower interest rate earnings.

The table that follows assists in illustrating the expenditures of the General Fund.

	<u>2012</u> <u>Amount</u>	<u>2011</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Expenditures:			
General government	\$ 2,716,531	\$ 2,570,357	5.69%
Public safety	6,438,930	6,195,999	3.92%
Public works	2,876,926	2,779,918	3.49%
Sanitation	1,248,505	1,220,125	2.33%
Sundry	2,407,132	2,185,855	10.12%
Board of education	32,887,244	30,179,163	8.97%
Debt service	<u>4,215,487</u>	<u>4,165,035</u>	1.21%
Total	<u>\$ 52,790,755</u>	<u>\$ 49,296,452</u>	7.09%

All expenditures remained comparable to 2011 overall. The Public Safety Department increased due to contractual obligations, police over-time and the purchasing of additional vehicles. Other department increases were attributed to contractual agreements.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are inter-fund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only inter-fund activity, reported in the government-wide statements, are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas inter-fund amounts between various enterprise funds are reported in the proprietary funds statements.

Capital Assets and Debt Administration

Capital Assets

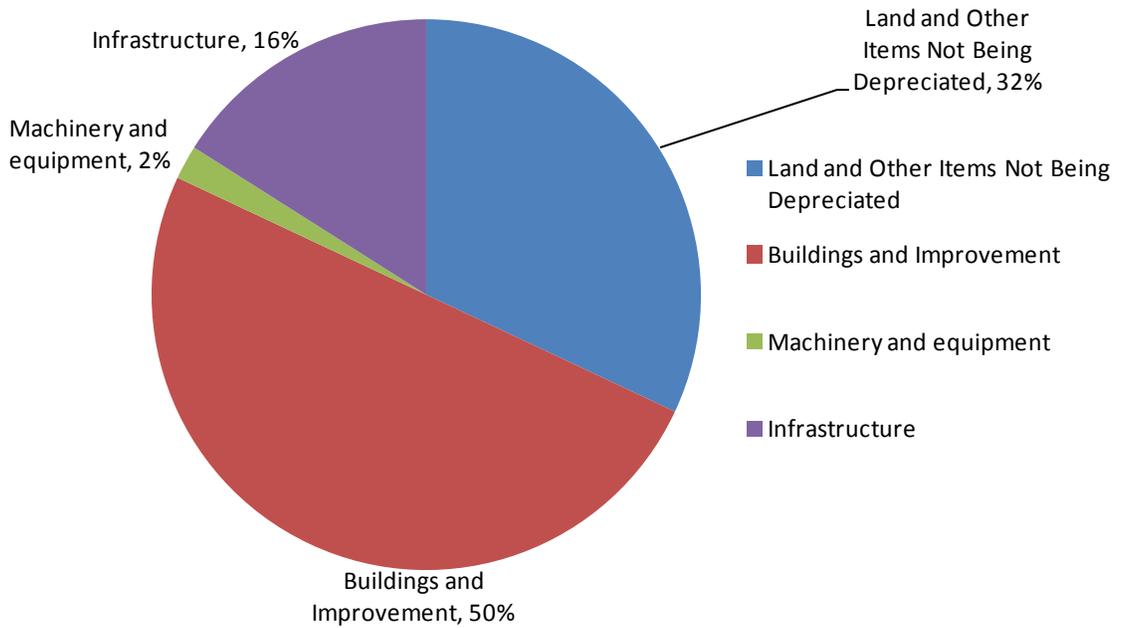
At the end of fiscal year 2012, the Town had \$95,425,552 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings, equipment, vehicles, infrastructure and construction in progress. The following table shows fiscal year 2012 balances compared to fiscal year 2011 balances.

Capital Assets at June 30, 2012 and 2011 (Net of Depreciation)

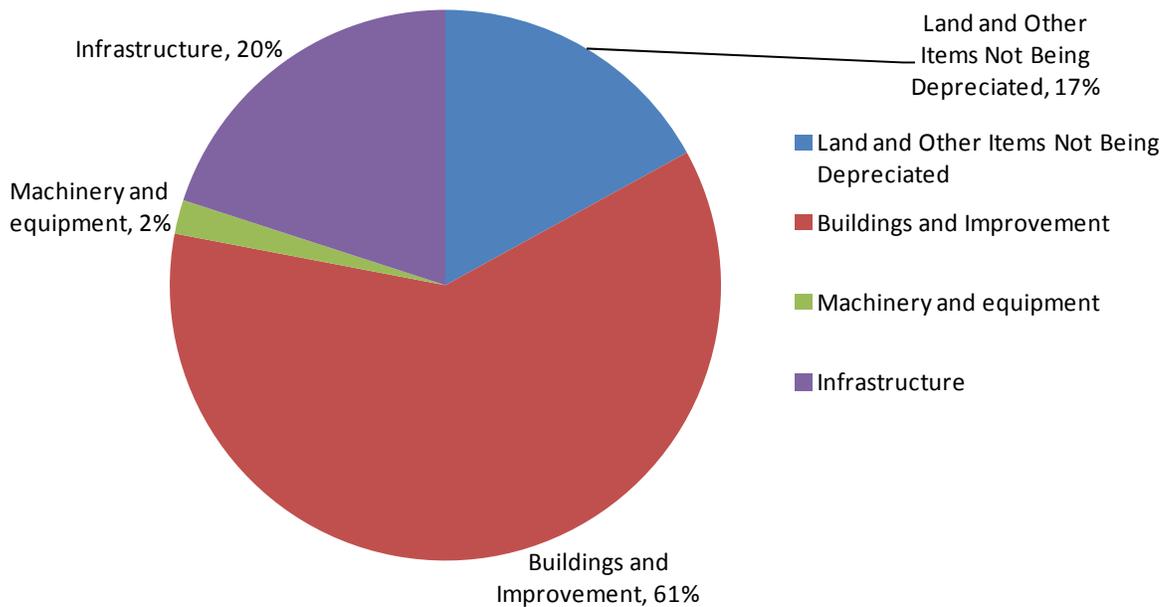
	Governmental Activities	
	2012	2011
Land and other items not being depreciated	\$ 30,472,855	\$ 13,590,167
Buildings and improvements	47,851,628	48,914,342
Machinery and equipment	1,972,533	1,766,076
Infrastructure	<u>15,128,536</u>	<u>15,882,070</u>
Total	<u>\$ 95,425,552</u>	<u>\$ 80,152,655</u>

The Town's largest capital asset category is buildings which includes all the Town's buildings. The net book value of the Town's infrastructure (cost less accumulated depreciation) represents approximately 16% of the Town's total governmental capital assets.

Capital Assets-Governmental Activities 2012



Capital Assets-Governmental Activities 2011



Debt Administration

The Town had the following long-term obligations outstanding at June 30, 2012 and 2011. General obligation debt has increased and will continue to increase due to the construction of the new Chatfield elementary school.

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Retirement liability	\$ 582,130	\$ 323,018
Bonds, capital leases and contracts	40,407,616	36,959,150
OPEB	5,581,918	4,081,871
Compensated absences	<u>3,215,957</u>	<u>2,909,706</u>
Total	\$ <u>49,787,621</u>	\$ <u>44,273,745</u>

Contacting the Town's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Director at 1 First Street, Seymour, Connecticut 06483.

TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash	\$ 10,859,952	\$ 480,961	\$ 11,340,913
Property taxes receivable, net	2,076,049		2,076,049
Intergovernmental receivable	1,290,301		1,290,301
Accounts and other receivables, net	5,181,392	524,105	5,705,497
Inventories	10,717		10,717
Internal balances	51,273	(51,273)	-
Deferred charges	163,521		163,521
Capital assets, nondepreciable	30,472,855		30,472,855
Capital assets, net of accumulated depreciation	<u>64,952,697</u>	<u>8,306,782</u>	<u>73,259,479</u>
 Total assets	 <u>115,058,757</u>	 <u>9,260,575</u>	 <u>124,319,332</u>
Liabilities:			
Accounts payable	2,433,099		2,433,099
Accrued liabilities	524,710		524,710
Accrued interest payable	626,998		626,998
Unearned revenue	667,561		667,561
Bond anticipation notes payable	6,715,000		6,715,000
Noncurrent liabilities, due within one year	3,976,846	271,598	4,248,444
Noncurrent liabilities, due in more than one year	<u>45,810,775</u>	<u>271,596</u>	<u>46,082,371</u>
 Total liabilities	 <u>60,754,989</u>	 <u>543,194</u>	 <u>61,298,183</u>
Net Assets:			
Invested in capital assets, net of related debt	52,434,673	7,763,588	60,198,261
Restricted	1,000		1,000
Unrestricted	<u>1,868,095</u>	<u>953,793</u>	<u>2,821,888</u>
 Total Net Assets	 <u>\$ 54,303,768</u>	 <u>\$ 8,717,381</u>	 <u>\$ 63,021,149</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 3,212,595	\$ 785,909	\$ 226,372	\$	\$ (2,200,314)	\$	\$ (2,200,314)
Public safety	7,149,115	36,695	17,692		(7,094,728)		(7,094,728)
Public works	4,837,758	316,164	1,024,866	117,907	(3,378,821)		(3,378,821)
Recreation and culture	2,428,925	3,680			(2,425,245)		(2,425,245)
Sanitation	1,254,771	21,359			(1,233,412)		(1,233,412)
Board of education	38,517,530	660,423	30,616,507		(7,240,600)		(7,240,600)
Interest on long-term debt	1,453,677				(1,453,677)		(1,453,677)
Total governmental activities	58,854,371	1,824,230	31,885,437	117,907	(25,026,797)	-	(25,026,797)
Business-Type Activities:							
Sewer Fund	1,975,932	1,631,837				(344,095)	(344,095)
Total Primary Government	\$ 60,830,303	\$ 3,456,067	\$ 31,885,437	\$ 117,907	(25,026,797)	(344,095)	(25,370,892)
General revenues:							
Property taxes, interest and lien fees					38,587,563		38,587,563
Grants and contributions not restricted to specific programs					955,620		955,620
Unrestricted investment earnings					19,450	952	20,402
Transfers					(712,408)	712,408	-
Total general revenues and transfers					38,850,225	713,360	39,563,585
Change in net assets					13,823,428	369,265	14,192,693
Net Assets at Beginning of Year					40,480,340	8,348,116	48,828,456
Net Assets at End of Year					\$ 54,303,768	\$ 8,717,381	\$ 63,021,149

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The accompanying notes are an integral part of the financial statements

TOWN OF SEYMOUR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Middle School</u>	<u>Chatfield LoPresti</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 6,009,151	\$ 424,427	\$ 3,707,310	\$ 719,064	\$ 10,859,952
Receivables, net:					
Property taxes	1,645,190				1,645,190
Intergovernmental	363,583			926,718	1,290,301
Accounts and other	4,809,687			201,876	5,011,563
Due from other funds	670,189		589,730	55,800	1,315,719
Inventories				10,717	10,717
Total Assets	<u>\$ 13,497,800</u>	<u>\$ 424,427</u>	<u>\$ 4,297,040</u>	<u>\$ 1,914,175</u>	<u>\$ 20,133,442</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,311,522	\$ 33,375	\$ 63,360	\$ 24,842	\$ 2,433,099
Due to other funds	80,784			1,183,662	1,264,446
Deferred revenue	6,168,754			667,561	6,836,315
Bond anticipation notes payable		2,107,000	4,000,000	608,000	6,715,000
Other liabilities	524,710				524,710
Total liabilities	<u>9,085,770</u>	<u>2,140,375</u>	<u>4,063,360</u>	<u>2,484,065</u>	<u>17,773,570</u>
Fund balances:					
Nonspendable				11,717	11,717
Restricted			233,680	378,376	612,056
Committed				379,890	379,890
Assigned	434,196				434,196
Unassigned	3,977,834	(1,715,948)		(1,339,873)	922,013
Total fund balances	<u>4,412,030</u>	<u>(1,715,948)</u>	<u>233,680</u>	<u>(569,890)</u>	<u>2,359,872</u>
Total Liabilities and Fund Balances	<u>\$ 13,497,800</u>	<u>\$ 424,427</u>	<u>\$ 4,297,040</u>	<u>\$ 1,914,175</u>	<u>\$ 20,133,442</u>

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TOWN OF SEYMOUR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2012

Reconciliation of 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 from the governmental fund balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit III)		\$ 2,359,872
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 136,685,764	
Less accumulated depreciation	<u>(41,260,212)</u>	
		95,425,552

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

Property tax and sewer assessment - interest and lien accrual		1,050,558
Property tax and sewer use assessments - accrual basis change		6,168,754
Allowance for doubtful accounts on interest and liens		(449,870)
Bond issue costs		163,521

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

Bonds and sewer notes payable		(39,345,000)
Compensated absences		(3,215,957)
Accrued interest payable		(626,998)
Early retirement incentives		(582,130)
Other post employment obligation		(5,581,918)
Deferred amounts in refunding		479,935
Bond premium		<u>(1,542,551)</u>

Net Assets of Governmental Activities (Exhibit I)		\$ <u>54,303,768</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Middle School</u>	<u>Chatfield LoPresti</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 38,214,375	\$	\$	\$	\$ 38,214,375
Interest and lien fees	257,818				257,818
Intergovernmental	14,272,163		14,901,429	3,784,313	32,957,905
Investment income	41,456				41,456
Permits, fees and other	1,404,214		7,850	1,002	1,413,066
Other revenues	<u>32,862</u>			<u>736,738</u>	<u>769,600</u>
Total revenues	<u>54,222,888</u>	<u>-</u>	<u>14,909,279</u>	<u>4,522,053</u>	<u>73,654,220</u>
Expenditures:					
Current:					
General government	2,716,531			266,483	2,983,014
Public safety	6,438,930			22,700	6,461,630
Public works	2,876,926			184,335	3,061,261
Sanitation	1,248,505				1,248,505
Sundry	2,407,132			170,788	2,577,920
Board of education	32,887,244			3,061,541	35,948,785
Debt service	4,215,487	5,268	52,177	1,520	4,274,452
Capital outlay		<u>47,358</u>	<u>16,943,341</u>	<u>1,336,450</u>	<u>18,327,149</u>
Total expenditures	<u>52,790,755</u>	<u>52,626</u>	<u>16,995,518</u>	<u>5,043,817</u>	<u>74,882,716</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,432,133</u>	<u>(52,626)</u>	<u>(2,086,239)</u>	<u>(521,764)</u>	<u>(1,228,496)</u>
Other Financing Sources (Uses):					
Bond issuance			5,995,000		5,995,000
Refunding bond issuance	3,215,000				3,215,000
Bond premiums	197,512		228,801		426,313
Payments to refunding bond escrow agent	(3,359,860)				(3,359,860)
Transfers in	59,847				59,847
Transfers out	<u>(712,408)</u>			<u>(59,847)</u>	<u>(772,255)</u>
Net other financing sources (uses)	<u>(599,909)</u>	<u>-</u>	<u>6,223,801</u>	<u>(59,847)</u>	<u>5,564,045</u>
Net Change in Fund Balances	832,224	(52,626)	4,137,562	(581,611)	4,335,549
Fund Balances at Beginning of Year	<u>3,579,806</u>	<u>(1,663,322)</u>	<u>(3,903,882)</u>	<u>11,721</u>	<u>(1,975,677)</u>
Fund Balances at End of Year	<u>\$ 4,412,030</u>	<u>\$ (1,715,948)</u>	<u>\$ 233,680</u>	<u>\$ (569,890)</u>	<u>\$ 2,359,872</u>

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**TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$	4,335,549
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay		17,652,139
Depreciation expense		(2,379,242)

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:

Decrease in property tax, sewer use assessment receivable - accrual basis change		(254,553)
Decrease in property tax interest and lien revenue		(27,215)
Decrease in property tax, sewer use interest and liens allowance for doubtful accounts		17,838

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, however, 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 deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond issuances		(5,995,000)
Refunding bond issuances		(3,215,000)
Payments to refunding bond escrow agent		3,359,860
Payments on bonds		2,510,140
Change in accrued interest		(42,008)
Deferred amount in refunding		74,860
Bond premiums		(426,313)
Bond issue costs		52,653
Amortization of bond premium, deferred amount in refunding, and bond issue costs		99,236
Capital lease payments		125,894

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 governmental funds:

Change in other post employment obligation		(1,500,047)
Compensated absences		(306,251)
Early retirement incentives		(259,112)

Change in Net Assets of Governmental Activities (Exhibit II)	\$	<u>13,823,428</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Property taxes	\$ 37,913,737	\$ 37,913,737	\$ 38,214,375	\$ 300,638
Interest and lien fees	280,000	280,000	257,818	(22,182)
Intergovernmental	10,919,506	10,919,506	11,281,170	361,664
Investment income	85,000	85,000	41,456	(43,544)
Permits, fees and other	1,186,776	1,186,776	1,404,214	217,438
Other	95,000	95,000	92,709	(2,291)
Total revenues	<u>50,480,019</u>	<u>50,480,019</u>	<u>51,291,742</u>	<u>811,723</u>
Expenditures:				
Current:				
General government	2,710,371	2,762,282	2,739,090	23,192
Public safety	6,592,666	6,601,370	6,582,070	19,300
Public works	2,819,875	2,858,419	2,830,985	27,434
Sanitation	1,269,916	1,244,916	1,239,440	5,476
Sundry	2,386,907	2,462,748	2,398,275	64,473
Education	29,794,803	29,794,803	29,794,511	292
Debt service	4,193,073	4,193,073	4,193,073	-
Total expenditures	<u>49,767,611</u>	<u>49,917,611</u>	<u>49,777,444</u>	<u>140,167</u>
Excess of Revenues over Expenditures	<u>712,408</u>	<u>562,408</u>	<u>1,514,298</u>	<u>951,890</u>
Other Financing Sources (Uses):				
Unassigned fund balance		150,000		(150,000)
Transfers out	(712,408)	(712,408)	(712,408)	-
Net other financing uses	<u>(712,408)</u>	<u>(562,408)</u>	<u>(712,408)</u>	<u>(150,000)</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	801,890	<u>\$ 801,890</u>
Fund Balance at Beginning of Year			<u>3,059,212</u>	
Fund Balance at End of Year			<u>\$ 3,861,102</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

		Business-Type Activities Enterprise Funds
		<u>Sewer Fund</u>
Assets:		
Current assets:		
Cash	\$	480,961
Accounts receivable, net		524,105
Total current assets		<u>1,005,066</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation:		
Plant and pumping station		<u>8,306,782</u>
Total assets		<u>9,311,848</u>
Liabilities:		
Current liabilities:		
Due to other funds		51,273
Bonds, notes and loans payable		271,598
Total current liabilities		<u>322,871</u>
Noncurrent liabilities:		
Bonds, notes and loans payable		<u>271,596</u>
Total liabilities		<u>594,467</u>
Net Assets:		
Invested in capital assets, net of related debt		7,763,588
Unrestricted		953,793
Total Net Assets	\$	<u><u>8,717,381</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities Enterprise Funds <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ <u>1,611,372</u>
Operating Expenses:	
Administration and operation	1,394,968
Depreciation	<u>563,278</u>
Total operating expenses	<u>1,958,246</u>
Operating Loss	<u>(346,874)</u>
Nonoperating Revenue (Expense):	
Miscellaneous revenue	20,465
Investment income	952
Interest expense	<u>(17,686)</u>
Total nonoperating revenue	<u>3,731</u>
Loss Before Transfers	(343,143)
Transfers In	<u>712,408</u>
Change in Net Assets	369,265
Net Assets at Beginning of Year	<u>8,348,116</u>
Net Assets at End of Year	\$ <u><u>8,717,381</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds Sewer Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,522,969
Payments to suppliers	(1,287,687)
Net cash provided by operating activities	<u>235,282</u>
Cash Flows from Noncapital Financing Activities:	
Transfers in	712,408
Miscellaneous revenue	20,465
Principal payments on bonds	(694,723)
Interest expense	(17,686)
Net cash provided by noncapital financing activities	<u>20,464</u>
Cash Flows from Noncapital Financing Activities:	
Purchase of capital assets	<u>(138,420)</u>
Cash Flows from Investing Activities:	
Investment income	<u>952</u>
Net Increase in Cash	118,278
Cash at Beginning of Year	<u>362,683</u>
Cash at End of Year	<u><u>\$ 480,961</u></u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities:	
Operating loss	\$ (346,874)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	563,278
Decrease in accounts receivable	(88,403)
Increase in due to other funds	<u>107,281</u>
Net Cash Provided by Operating Activities	<u><u>\$ 235,282</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash	\$ 7,266	\$ 150,522
Investments	1,343,769	
Total assets	<u>1,351,035</u>	<u>150,522</u>
Liabilities:		
Due to beneficiaries		<u>150,522</u>
Net Assets:		
Held in Trust for Other Purposes	<u>\$ 1,351,035</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Private Purpose Trust Funds</u>
Additions (Reductions):	
Investment loss	\$ (37,152)
Interest and dividends	9,290
Donations	3,438
Net reductions	<u>(24,424)</u>
Deductions:	
Education	60,449
General government	15,261
Total deductions	<u>75,710</u>
Change in Net Assets	(100,134)
Net Assets at Beginning of Year	<u>1,451,169</u>
Net Assets at End of Year	<u>\$ 1,351,035</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SEYMOUR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Seymour, Connecticut (the Town) was incorporated in 1850. It operates under a Town Meeting form of government. The Town has an executive seven-member Board of Selectmen. The Town provides a full range of services including public safety (police and fire), public works, health and social services, recreation and cultural services, sanitation, education and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No entities met the above criteria for inclusion in the financial statements.

B. Basis of Presentation

The financial statements of 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 of the Town's accounting policies are described below.

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's primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, have no measurement focus.

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.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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.

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 general government, except those required to be accounted for in another fund.

The *Middle School Fund* accounts for financial resources to be used for capital expenditures, improvements and/or equipment related to the Town's middle school.

The *Chatfield LoPresti Fund* accounts for financial resources to be used for capital expenditures, improvements and/or equipment related to this school.

The Town reports the following major proprietary fund:

The *Sewer Fund* accounts for the operations of the Town's sanitary sewer system.

Additionally, the Town reports the following fund types:

The *Private Purpose Trust Funds* are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

The *Agency Funds* account for monies from various self-funding school activity programs.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. 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 all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund is charges to customers for services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

C. Cash Equivalents

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents. The Town does not have any cash equivalents in the current year.

D. Investments

Investments are stated at fair value.

E. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise fund financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 with 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 lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. Property, plant and equipment, and infrastructure assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	25-50
Building improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20
Vehicles	8

H. Compensated Absences

Compensated absences of the Town consist of vacation and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and are not contingent on a specific event that is outside the control of the Town and the employee. Town employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates. Vacation and severance pay expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources, for example, as a result of employee resignations or retirements.

I. Long-Term Obligations

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

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plan. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities, accordingly, in the government-wide financial statements.

K. 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.

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 Selectman). The Board of Selectman, through passage of a resolution, can commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the passage of another resolution) to remove or revise the limitation.

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 the Board of Selectmen or department heads that have been given the authority to assign amounts by the Town Charter.

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.

The Town has a no minimum fund balance policy.

L. Property Taxes

Property taxes are assessed as of October 1, levied on the following July 1 and are due in two installments, July 1 and January 1. Supplemental motor vehicle taxes are due in full January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1.5% per month accrues on all overdue taxes. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of appraised market value. Liens are filed by the last day of the fiscal year.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years’ assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements. An allowance based on historical collection experience is provided for uncollectible taxes.

M. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town follows these procedures in establishing budgetary data reflected in the financial statements:

- All boards seeking appropriations file their budgetary requests with the Town Clerk, no later than February 1st of each year, who then forwards a copy to the Board of Finance. If requests are not filed, the Board of Finance may make its own best estimate of the needed appropriations.
- The Board of Finance files with the Town Clerk, no later than April 1st of each year, such appropriations as it recommends in the form of a proposed budget and proposed tax mill rate.
- If the budget is not approved by Town Meeting by June 15th, then revenues, debt service and legal obligations last submitted by the Board of Finance shall be considered as the adopted budget for the following fiscal year.
- The Town Meeting process continues on all other items until approved.
- The Board of Finance is responsible for management and monitoring of the budget.
- The Board of Education may transfer unexpended balances from one account to another within its total line appropriation. Other boards may transfer amounts between accounts in their budgets with Board of Finance approval, provided the total line appropriation is not exceeded.
- Boards seeking supplemental appropriations or transfers that exceed the total line appropriation established by the Board of Finance and approved by the Town Meeting action must make written requests to the Board of Selectmen for approval. The Board of Selectmen forwards such requests with its recommendations to the Board of Finance for action, provided that the current request, when considered by itself or when added to supplemental appropriations previously approved during the current fiscal year for the board, does not exceed \$50,000. The Board of Finance may make a supplementary appropriation to the requesting board of an amount not exceeding \$50,000 without the approval of a Town Meeting.
- When the Town maintains a Reserve Fund for capital and nonrecurring expenditures in accordance with its Charter and/or Connecticut General Statutes, payments into and appropriations from the Reserve Fund shall be made only upon recommendations of the Board of Selectmen, Board of Finance and Town Meeting action regardless of the amount involved.

- The Board of Finance shall pass onto a special Town Meeting for fiscal action supplemental appropriations exceeding \$50,000 and supplemental appropriations of less than \$50,000 if, when added to supplemental appropriations previously approved in the current fiscal year, exceed \$50,000.
- Encumbrances are recognized as a valid and proper charge against budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures of the current year.
- Unencumbered appropriations generally lapse at year-end.
- For budgetary purposes, the Town treats encumbrances as expenditures.
- Additional appropriations of \$150,000 were made during fiscal year ended June 30, 2012.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with GAAP. A reconciliation of revenues, expenditures and fund balance of the General Fund between the accounting treatment required by GAAP and budgetary requirements is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Fund Balance
Balance, budgetary basis	\$ 51,291,742	\$ 50,489,852	\$ 3,861,102
Encumbrances outstanding at June 30, 2011, liquidated during the year ended June 30, 2012		520,594	
Encumbrances outstanding at June 30, 2011, canceled during the year ended June 30, 2012		(86,494)	86,494
Encumbrances outstanding at June 30, 2012, charged to budgetary expenditures during the year ended June 30, 2012		(434,196)	434,196
Refunding bonds issued	3,215,000		3,215,000
Premium on refunding bond issuance	197,512		197,512
Debt service related to refunding		22,414	(22,414)
Payments to escrow agent		3,359,860	(3,359,860)
State teachers' retirement on-behalf payment	<u>2,990,993</u>	<u>2,990,993</u>	
Balance, GAAP Basis	<u>\$ 57,695,247</u>	<u>\$ 56,863,023</u>	<u>\$ 4,412,030</u>

B. Deficit Fund Equity

For the year ended June 30, 2012, the following funds had deficit balances:

Governmental Funds:	
Middle School	\$ 1,715,948
Dog Fund	166
Strand Theater	76,065
Capital Projects	569,028
High School Expansion	694,614

These amounts will be funded through bonds, contributions and future revenues.

3. DETAILED NOTES ON ALL FUNDS

A. Cash 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 the Statutes, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

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

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

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$10,836,570 of the Town's bank balance of \$11,886,922 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,702,913
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,133,657</u>
	<u>\$ 10,836,570</u>

Investments

As of June 30, 2012, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More than 10
Pooled fixed income mutual funds	N/A	\$ 440,012	\$	\$	\$
Equity mutual funds	N/A	771,320			
Money market	N/A	<u>132,437</u>			
Total		<u>\$ 1,343,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not Available

Investment Custodial Credit Risk - Custodial credit risk 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 does not have a policy for custodial credit risk. At June 30, 2012, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

Credit Risk - Investments - The Town has no investment policy that would limit its investment choices due to credit risk other than State statutes governing investments in obligations of any state or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk - The Town places no limit on the amount invested in any one issuer. No more than 5% of the Town's investments were invested in any one issuer in which credit risk was applicable.

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

B. Receivables

Receivables by type at year-end for the Town's government-wide financial statements, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,815,190	\$	\$	\$ 1,815,190
Accounts and other	4,809,687	201,876	584,105	5,595,668
Intergovernmental	363,583	926,718		1,290,301
Gross receivables	<u>6,988,460</u>	<u>1,128,594</u>	<u>584,105</u>	<u>8,701,159</u>
Less allowance for collection losses	<u>170,000</u>		<u>60,000</u>	<u>230,000</u>
Net Total Receivables	<u>\$ 6,818,460</u>	<u>\$ 1,128,594</u>	<u>\$ 524,105</u>	<u>\$ 8,471,159</u>

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 1,501,135	\$
Sewer assessments receivable	4,667,619	
Nonmajor Governmental Fund:		
Various education grants		<u>667,561</u>
	<u>\$ 6,168,754</u>	<u>\$ 667,561</u>

C. Fund Balance

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Middle School</u>	<u>Chatfield LoPresti</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Endowment	\$	\$	\$	\$ 1,000	\$ 1,000
Inventory				10,717	10,717
Restricted for:					
Grants				322,009	322,009
Bonds			233,680		233,680
User fees				56,367	56,367
Committed to:					
Public works				52,422	52,422
Public safety				53,547	53,547
Education				129,190	129,190
Library				144,731	144,731
Assigned to:					
General government	48,892				48,892
Public works	19,132				19,132
Public safety	199,407				199,407
Sundry	16,436				16,436
Sanitation	25,314				25,314
Education	125,015				125,015
Unassigned	<u>3,977,834</u>	<u>(1,715,948)</u>		<u>(1,339,873)</u>	<u>922,013</u>
 Total Fund Balances	 <u>\$ 4,412,030</u>	 <u>\$ (1,715,948)</u>	 <u>\$ 233,680</u>	 <u>\$ (569,890)</u>	 <u>\$ 2,359,872</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned category of the General Fund.

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,152,873	\$	\$	\$ 3,152,873
Construction in progress	<u>10,437,294</u>	<u>16,882,688</u>	<u>-</u>	<u>27,319,982</u>
Total capital assets not being depreciated	<u>13,590,167</u>	<u>16,882,688</u>	<u>-</u>	<u>30,472,855</u>
Capital assets being depreciated:				
Buildings and improvements	64,827,263	196,457		65,023,720
Machinery and equipment	3,462,995	373,356		3,836,351
Vehicles	4,650,928	199,638		4,850,566
Infrastructure	<u>32,502,272</u>	<u>-</u>	<u>-</u>	<u>32,502,272</u>
Total capital assets being depreciated	<u>105,443,458</u>	<u>769,451</u>	<u>-</u>	<u>106,212,909</u>
Less accumulated depreciation for:				
Buildings and improvements	15,912,921	1,259,171		17,172,092
Machinery and equipment	2,632,923	190,129		2,823,052
Vehicles	3,714,924	176,408		3,891,332
Infrastructure	<u>16,620,202</u>	<u>753,534</u>	<u>-</u>	<u>17,373,736</u>
Total accumulated depreciation	<u>38,880,970</u>	<u>2,379,242</u>	<u>-</u>	<u>41,260,212</u>
Total capital assets being depreciated, net	<u>66,562,488</u>	<u>(1,609,791)</u>	<u>-</u>	<u>64,952,697</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,152,655</u>	<u>\$ 15,272,897</u>	<u>\$ -</u>	<u>\$ 95,425,552</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 9,320,229	\$ 138,420	\$	\$ 9,458,649
Land improvements	222,630			222,630
Machinery and equipment	9,778,020			9,778,020
Licensed vehicles	<u>479,847</u>	<u>-</u>	<u>-</u>	<u>479,847</u>
Total capital assets being depreciated	<u>19,800,726</u>	<u>138,420</u>	<u>-</u>	<u>19,939,146</u>
Less accumulated depreciation for:				
Buildings and improvements	4,026,808	190,612		4,217,420
Land improvements	217,063	5,567		222,630
Machinery and equipment	6,545,191	335,846		6,881,037
Licensed vehicles	<u>280,024</u>	<u>31,253</u>	<u>-</u>	<u>311,277</u>
Total accumulated depreciation	<u>11,069,086</u>	<u>563,278</u>	<u>-</u>	<u>11,632,364</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,731,640</u>	<u>\$ (424,858)</u>	<u>\$ -</u>	<u>\$ 8,306,782</u>

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

Governmental Activities:	
General government	\$ 5,100
Public works	852,252
Public safety	347,595
Sundry	44,302
Education	<u>1,129,993</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,379,242</u>
Business-Type Activities	
Sewer Operating	<u>\$ 563,278</u>

Construction Commitments

The government has an active construction project as of June 30, 2012. The project includes renovations and additions at the Chatfield LoPresti School. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Chatfield LoPresti project	\$ <u>27,347,894</u>	\$ <u>5,152,106</u>

The commitments are being financed with bond anticipation notes and state and federal grants.

E. Interfund Receivables, Payables and Transfers

Interfund loans were generally used to transfer monies as a result of issuing bonds. The composition of interfund balances as of June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 618,916
	Sewer Enterprise Fund	51,273
		<u>670,189</u>
Chatfield LoPresti Fund	General Fund	24,984
	Nonmajor Funds	564,746
		<u>589,730</u>
Nonmajor Funds	General Fund	<u>55,800</u>
Total		<u>\$ 1,315,719</u>

All balances are expected to be repaid within a year.

Interfund transfers are generally used to supplement revenues of other funds. The transfers that occurred during the year were from the General Fund and to the Sewer Enterprise Fund, which totaled \$712,408, and the residual equity transfer of the Ambulance Fund to the General Fund, which totaled \$59,847.

F. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 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	\$ 36,005,000	\$ 9,210,000	\$ 5,870,000	\$ 39,345,000	\$ 2,990,000
Premiums	1,277,521	426,313	161,283	1,542,551	
Less: Deferred amount in refunding	(449,265)	(74,860)	(44,190)	(479,935)	
Total bonds payable	<u>36,833,256</u>	<u>9,561,453</u>	<u>5,987,093</u>	<u>40,407,616</u>	<u>2,990,000</u>
Capital leases	125,894		125,894	-	
Compensated absences	2,909,706	453,194	146,943	3,215,957	640,142
OPEB	4,081,871	1,500,047		5,581,918	
Retirement obligations	<u>323,018</u>	<u>508,555</u>	<u>249,443</u>	<u>582,130</u>	<u>346,704</u>
Total Governmental Activities	<u>\$ 44,273,745</u>	<u>\$ 12,023,249</u>	<u>\$ 6,509,373</u>	<u>\$ 49,787,621</u>	<u>\$ 3,976,846</u>

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

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2012</u>
Refunding Bonds issued 2004B	2004	2019	3.0%-5.0%	\$ 9,915,000	\$ 45,000-1,150,000	\$ 9,055,000
Refunding Bonds issued 2010B	2010	2025	2.0%-5.0%	12,035,000	110,000-945,000	12,035,000
Refunding Bonds issued 2011A	2011	2017	2.4%-4.45%	3,215,000	500,000-720,000	3,215,000
School Bonds issued 2011	2011	2033	2.0%-4.0%	5,995,000	220,000-325,000	5,995,000
Public and School Improvement	2007	2032	4.0%-4.375%	3,660,000	195,000-335,000	3,045,000
School Bonds issued 2010	2010	2026	2.0%-4.0%	6,000,000	300,000	<u>6,000,000</u>
Total Outstanding						<u>\$ 39,345,000</u>

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

	<u>Governmental Activities</u>		<u>Sewer Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,990,000	\$ 1,447,320	\$ 271,598	\$ 8,376
2014	3,350,000	1,340,480	271,596	2,941
2015	3,585,000	1,225,010		
2016	3,610,000	1,103,370		
2017	3,630,000	974,982		
2018-2022	12,350,000	3,156,312		
2023-2027	6,455,000	1,258,856		
2028-2032	3,050,000	386,938		
2033	325,000	6,906		
Total	<u>\$ 39,345,000</u>	<u>\$ 10,900,174</u>	<u>\$ 543,194</u>	<u>\$ 11,317</u>

Statutory Debt Limitation

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 86,361,145	\$ 5,778,443	\$ 80,582,702
Schools	172,722,290	53,459,379	119,262,911
Sewers	143,935,241	5,165,099	138,770,142
Urban renewal	124,743,876	-	124,743,876
Pension deficit	115,148,193	-	115,148,193

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$268,679,117. All long-term debt obligations are retired through General Fund appropriations. The indebtedness reflected above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

General Obligation Bonds - Advance Refunding

On August 11, 2011, the Town issued \$3,215,000 of general obligation refunding bonds with interest rates ranging from 2.5% to 4% to currently refund the outstanding principal amounts of \$3,285,000 General Obligation Bonds, Series 2001A.

The net proceeds of \$3,390,099 (including a premium of \$197,513 and issuance costs of \$52,653 including underwriter's fees) will reduce total debt service payments over the next 5 years by approximately \$280,818 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$260,614. As a result, the refunded bonds are considered defeased, and all future interest and principal on the defeased bonds will be paid from the proceeds of the refunding issue which were placed into an irrevocable escrow account until all the defeased bonds have been called. There were no funds in escrow balance at June 30, 2012 as the defeased bonds were called on September 12, 2011.

Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Bond anticipation note transactions for the year ended June 30, 2012 were as follows:

Outstanding July 1, 2011	\$	4,715,000
New borrowings		6,715,000
Repayments		<u>(4,715,000)</u>
Outstanding June 30, 2012	\$	<u><u>6,715,000</u></u>

The bond anticipation notes bearing a net interest cost of 2.00% were issued on August 2, 2011 and mature on August 9, 2012.

Authorized but Unissued Bonds

The total of authorized but unissued bonds at June 30, 2012 is \$18,342,921. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of fire trucks, public works equipment and data processing equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

		<u>Governmental Activities</u>
Asset:		
Equipment	\$	361,778
Less: Accumulated depreciation		<u>361,778</u>
Total	\$	<u><u>-</u></u>

Early Retirement Incentive Plan

The Board of Education offers an early retirement incentive plan at least once within a three-year contract period for certified staff (teachers and administrators). The range of compensation is from \$2,700 to \$14,025 per year, per person, for 5 years and is offered to certified staff who have been employed by the Board of Education for at least 12 years.

At June 30, 2012, 32 individuals are receiving benefits under this plan through 2017. A liability of \$582,130 is accrued in the government-wide statement of net assets.

4. EMPLOYEE RETIREMENT PLANS

A. Municipal Employees' Retirement System

Plan Description

The Town participates in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial report as a pension trust fund. MERS issues a financial report that may be obtained by writing to the State of Connecticut, Office of the State Comptroller, Municipal Employees' Retirement Fund, 55 Elm Street, Hartford, CT 06106.

Contributions Required and Contributions Made

Each participating municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. The current rate is 11.56% of covered payroll. The Statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending on the unit's date of participation and other factors. The Town contributions for the years ended June 30, 2012, 2011 and 2010 were \$793,857, \$650,626 and \$463,926, respectively.

B. Teachers' Retirement

Teachers participate in a contributory defined benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service, teachers were fully vested in their own contributions. After ten years of service, teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-1831 and 10-1832. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2012 was \$2,990,993 and is recognized in the governmental funds GAAP-basis statement of revenues, expenditures and changes in fund balance. For the year ended June 30, 2012, teachers of the Town of Seymour contributed \$1,055,883 to the plan, and covered payroll for the year was \$14,563,903.

Effective July 1, 1989, 1% of the mandatory 7% contribution is placed into a fund from which retirees' health insurance premiums will be paid. This 1% contribution is no longer credited to the member's individual account and does not vest.

5. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town administers a medical benefit plan (MBP). The MBP is a single-employer defined benefit healthcare plan. The MPB provides medical benefits to eligible retirees and their spouses. All employees of the Town are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

At July 1, 2009, plan membership consisted of the following:

	Medical Benefit Plan
Retired members	107
Spouses of retired members	45
Active plan members	264
Total Participants	416

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. The Town contributes 100% of premiums for the following groups:

- Board of Education Custodians (retirees and spouse), post age 65, for Medicare supplement only.
- Board of Education Secretaries (retiree), pre age 65, who retire from Seymour Public Schools with at least 30 years of service.
- Board of Education Secretaries (retiree and spouse), post age 65, who retire from Seymour Public Schools with at least 30 years of service, Medicare supplement only.
- Police (retiree and spouse) pre and post age 65.
- Town Administrators (retiree), pre age 65, if retirement with at least 10 years of service.
- Town Administrators (retiree and spouse), post age 65.
- Town Hall (retiree), pre age 65, if retirement at age 55 with at least 10 years of service.
- Town Hall (retiree and spouse), post age 65.
- Public Works (retiree and spouse), pre age 65, hired prior to July 1, 1994.
- Public Works (retiree and spouse), post age 65.
- Life insurance for Town Administrators, Police, Public Works and Town Hall.

Retired plan members and beneficiaries currently receiving benefits that are not fully paid by the Town are required to contribute specified amounts (based on averages) monthly towards the cost of health insurance premiums as follows:

Town Employees

Town retirees (pre 65) receiving medical coverage under the plan contribute \$714/month for employee and \$836/month for the spouse. Retirees (post 65) receiving medical coverage under the plan contribute \$380/month for each the employee and the spouse. Retirees receiving dental coverage under the plan contribute \$34/month for employee and \$54/month for the spouse.

Board of Education Employees

Board of Education retirees (pre 65) receiving medical coverage under the plan contribute \$674/month for employee and \$771/month for the spouse. Retirees (post 65) receiving medical coverage under the plan contribute \$139/month for each the employee and the spouse. Retirees receiving dental coverage under the plan contribute \$30/month for employee and \$54/month for the spouse.

For the year ended June 30, 2012, plan members contributed \$349,583 for their share of premium payments. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$1,357,000 were made in accordance with actuarially determined requirements. Of this amount, \$773,000 represents premium payments, \$584,000 represents implicit rate subsidy and \$-0- was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

The Town’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town’s net OPEB obligation:

	Medical Benefit Plan
Annual required contribution (ARC)	\$ 2,851,000
Interest on net OPEB obligation	163,275
Adjustment to annual required contribution	(157,228)
Annual OPEB Cost	2,857,047
Contributions made	1,357,000
Increase in net OPEB obligation	1,500,047
Net OPEB obligation - beginning of year	4,081,871
Net OPEB Obligation - End of Year	\$ 5,581,918

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation three year trend information is presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 2,520,330	\$ 1,171,000	46.46%	\$ 2,639,330
6/30/2011	2,691,541	1,249,000	46.40%	4,081,871
6/30/2012	2,857,047	1,357,000	47.50%	5,581,918

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

	<u>Medical Benefit Plan</u>
Actuarial valuation date	7/1/2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar Closed
Remaining amortization period	28 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare inflation rate:	
Initial	6.50%
Ultimate	4.40%

Funding Status and Funding Progress

<u>Schedule of Funding Progress</u>						
<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
7/1/2007	\$ -	\$ 39,949,000	\$ 39,949,000	0%	N/A	N/A
7/1/2009	-	38,401,000	38,401,000	0%	N/A	N/A

Schedule of Employer Contributions

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
6/30/2010	\$ 2,515,000	\$ 1,171,000	46.56%
6/30/2011	2,684,000	1,249,000	46.54%
6/30/2012	2,851,000	1,357,000	47.60%

6. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2012.

The Town maintains stop loss insurance on workers' compensation claims. The Town's maximum exposure for the year ended June 30, 2012 was \$450,000 in the aggregate and per incident. The Town estimates a liability for workers' compensation claims payable and for claims incurred but not reported. As of June 30, 2012, this amount was \$580,708.

B. Commitments

The Town's Water Pollution Control Authority (WPCA) has contracted with an outside firm to operate its water treatment plant. The contract, which expires June 30, 2014, calls for an annual operating cost plus adjustments for the consumer price index and new dwellings added to the system. At June 30, 2012, the base contract commitment is approximately \$1,143,324 per year.

C. Contingent Liabilities

There are various suits and claims pending against the Town. The Town is vigorously opposing all claims. In the opinion of Town management, in consultation with the Town Attorney, none of the lawsuits, individually or in the aggregate, are believed to be likely to result in judgment or judgments that could materially affect the Town's financial position.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town may be subject to rebate penalties to the federal government relating to various bond and note issues. The Town expects such amounts, if any, to be immaterial.

D. Subsequent Events

On November 15, 2012, the Town issued the following:

- \$1,300,000 general obligation bond anticipation notes with an interest rate of 1.5%, maturing on May 1, 2013.
- \$6,220,000 general obligation bond anticipation notes with an interest rate of 1.5%, maturing on August 1, 2013.

**TOWN OF SEYMOUR, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Property taxes	\$ 37,913,737	\$ 37,913,737	\$ 38,214,375	\$ 300,638
Interest and lien fees	280,000	280,000	257,818	(22,182)
Intergovernmental:				
Education:				
Education transportation	115,652	115,652	114,276	(1,376)
Education cost sharing	9,836,508	9,836,508	9,903,937	67,429
Total Education	<u>9,952,160</u>	<u>9,952,160</u>	<u>10,018,213</u>	<u>66,053</u>
Other:				
State Provided Highway	149,243	149,243	148,936	(307)
Property Tax Loss	23,180	23,180	125,695	102,515
FEMA Revenue			194,168	194,168
Pilot Program - Ray House			44,599	44,599
Enterprise Zone Program	51,000	51,000	35,119	(15,881)
Elderly Tax Refund Freeze			500	500
Mashantucket Pequot Fund	68,778	68,778	75,077	6,299
Boat Tax	3,238	3,238		(3,238)
HEART Program	160,000	160,000	132,024	(27,976)
State Distribution of a Telephone Tax	77,000	77,000	39,585	(37,415)
Local Capital Projects	117,907	117,907	117,907	-
Veterans Exemption	18,000	18,000	18,310	310
Disabled Exemption	2,000	2,000	2,318	318
Manufacturers Exemption	297,000	297,000	328,719	31,719
Total Other	<u>967,346</u>	<u>967,346</u>	<u>1,262,957</u>	<u>295,611</u>
Total Intergovernmental	<u>10,919,506</u>	<u>10,919,506</u>	<u>11,281,170</u>	<u>361,664</u>

(Continued on next page)

**TOWN OF SEYMOUR, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Permits, Fees and Other:				
Parking Stickers	\$ 3,500	\$ 3,500	\$ 2,920	\$ (580)
Valley Health District Rent	17,496	17,496	21,359	3,863
Pistol Permits	3,400	3,400	8,360	4,960
Parking Fines	5,000	5,000	4,210	(790)
Ordinance Fines	1,000	1,000	792	(208)
Judicial Fines			4,727	4,727
Police Reports	1,800	1,800	1,318	(482)
Building Inspector	110,000	110,000	133,795	23,795
Miscellaneous	82,630	82,630	201,656	119,026
Real Estate Conveyance Tax	110,000	110,000	94,948	(15,052)
Dog Licenses	300	300	878	578
Dog Warden Receipts	1,500	1,500	5,530	4,030
Seymour Recreation Department	78,000	78,000	66,163	(11,837)
Inland Wetlands	150	150	10,260	10,110
Commercial Transfer Station	50,000	50,000	27,160	(22,840)
Residential Transfer Station	15,000	15,000	23,003	8,003
Town Clerk	110,000	110,000	144,740	34,740
Zoning Board of Appeals	1,000	1,000	1,225	225
Fire Marshal Permits	3,000	3,000	2,964	(36)
Planning and Zoning	8,000	8,000	10,935	2,935
Sewer Assessments	375,000	375,000	387,373	12,373
Oxford Sewer Payments	75,000	75,000	75,000	-
Water Assessments	135,000	135,000	174,898	39,898
Total Permits, Fees and Other	<u>1,186,776</u>	<u>1,186,776</u>	<u>1,404,214</u>	<u>217,438</u>
Interest and Dividends:				
Interest General Fund	25,000	25,000	10,598	(14,402)
Water Assessment Interest	60,000	60,000	30,858	(29,142)
Total Interest and Dividends	<u>85,000</u>	<u>85,000</u>	<u>41,456</u>	<u>(43,544)</u>
Other:				
Sale of Surplus Property			10	10
Police Administration Fees	35,000	35,000	32,852	(2,148)
Transfer From Capital Project Funds	60,000	60,000	59,847	(153)
Total Other	<u>95,000</u>	<u>95,000</u>	<u>92,709</u>	<u>(2,291)</u>
Total revenues	<u>50,480,019</u>	<u>50,480,019</u>	<u>51,291,742</u>	<u>811,723</u>
Other Financing Sources:				
Undesignated Fund Balance		<u>150,000</u>		<u>(150,000)</u>
Total Revenues and Other Financing Sources	<u>\$ 50,480,019</u>	<u>\$ 50,630,019</u>	<u>\$ 51,291,742</u>	<u>\$ 661,723</u>

**TOWN OF SEYMOUR, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Government:				
Selectmen's Office	\$ 273,764	\$ 296,769	\$ 296,645	\$ 124
Probate Court	12,000	12,000	12,000	-
Registrar of Voters	78,803	78,803	72,522	6,281
Board of Finance	42,681	44,681	44,781	(100)
Assessors Office	400,660	387,658	385,868	1,790
Town Treasurer	5,598	5,598	3,008	2,590
Town Counsel	200,000	200,000	198,008	1,992
Town Clerk	282,086	285,034	281,156	3,878
Tax Collector	212,977	216,201	214,716	1,485
Town Buildings and Computers	478,561	515,671	514,901	770
Planning and Zoning	23,069	23,069	22,304	765
Board of Zoning Appeals	861	1,321	1,081	240
Economic Development Commission	63,690	63,690	62,109	1,581
Printing and Legal Ads	16,000	16,000	15,098	902
Town Meetings and Public Hearings	4,200	4,200	3,727	473
Finance Department	452,053	448,219	447,819	400
Office of Compliance	74,601	74,601	74,585	16
Senior Citizens Tax Freeze	50,000	50,000	50,000	-
Town Planner	38,767	38,767	38,762	5
Total General Government	<u>2,710,371</u>	<u>2,762,282</u>	<u>2,739,090</u>	<u>23,192</u>
Public Safety:				
Fire Department	376,273	376,273	372,245	4,028
Police Department	5,350,035	5,357,455	5,348,788	8,667
Dog Warden	39,486	40,726	39,067	1,659
Communications Commission	169,484	169,484	168,792	692
Fire Marshal	527,515	527,559	527,026	533
Ambulance	129,873	129,873	126,152	3,721
Total Public Safety	<u>6,592,666</u>	<u>6,601,370</u>	<u>6,582,070</u>	<u>19,300</u>
Public Works:				
Highway Wages/Maintenance	2,290,268	2,334,712	2,328,785	5,927
Street Lighting	170,000	170,000	150,285	19,715
Town Engineer	73,300	73,300	73,287	13
Highway Materials	167,907	165,407	164,166	1,241
Parks	118,400	115,000	114,462	538
Total Public Works	<u>2,819,875</u>	<u>2,858,419</u>	<u>2,830,985</u>	<u>27,434</u>

(Continued on next page)

**TOWN OF SEYMOUR, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Sanitation:				
Collection of Refuse	\$ 1,047,860	\$ 1,017,860	\$ 1,016,894	\$ 966
Sanitation	133,602	138,602	134,092	4,510
Valley Health Department	88,454	88,454	88,454	-
Total Sanitation	<u>1,269,916</u>	<u>1,244,916</u>	<u>1,239,440</u>	<u>5,476</u>
Sundry:				
Library	527,679	527,679	524,993	2,686
Recreation Commission	17,250	17,250	17,250	-
Town Health Contributions	12,008	12,008	12,008	-
Town Contributions	13,775	15,775	15,550	225
Town Miscellaneous	77,585	146,126	138,076	8,050
Recreation Programs	221,009	221,054	210,262	10,792
Culture and Arts Commission	41,700	41,700	39,952	1,748
Valley Regional Planning	10,700	10,700	9,900	800
Services to the Elderly	179,063	179,063	144,406	34,657
Town Insurance Program	1,242,054	1,247,309	1,246,069	1,240
Inland Wetlands	31,064	31,064	26,789	4,275
Lake Authority	13,020	13,020	13,020	-
Total Sundry	<u>2,386,907</u>	<u>2,462,748</u>	<u>2,398,275</u>	<u>64,473</u>
Debt Service	<u>4,193,073</u>	<u>4,193,073</u>	<u>4,193,073</u>	<u>-</u>
Education	<u>29,794,803</u>	<u>29,794,803</u>	<u>29,794,511</u>	<u>292</u>
Transfers Out	<u>712,408</u>	<u>712,408</u>	<u>712,408</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 50,480,019</u>	<u>\$ 50,630,019</u>	<u>\$ 50,489,852</u>	<u>\$ 140,167</u>

**TOWN OF SEYMOUR, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2012**

Grand List Year	Uncollected Taxes July 1, 2011	Current Year	Lawful Corrections		Transfers to Suspense	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2012
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
1996	\$ 31,000	\$	\$	\$	\$	\$ 31,000	\$	\$	\$	\$ 31,000
1997	20,924					20,924				20,924
1998	10,771					10,771				10,771
1999	17,127					17,127				17,127
2000	37,625					37,625	152	278	430	37,473
2001	29,015		243	121		29,137	233	185	418	28,904
2002	30,242					30,242	401	554	955	29,841
2003	32,436			386		32,050	(386)	(60)	(446)	32,436
2004	50,098			263		49,835	6,154	7,311	13,465	43,681
2005	72,010		74	9,966		62,118	16,219	11,718	27,937	45,899
2006	86,600		160	249		86,511	24,507	16,127	40,634	62,004
2007	166,945		503	237		167,211	73,779	34,731	108,510	93,432
2008	409,730		249	1,005		408,974	155,179	62,839	218,018	253,795
2009	682,818		21,479	4,028		700,269	372,711	84,357	457,068	327,558
Total Prior Years	1,677,341	-	22,708	16,255	-	1,683,794	648,949	218,040	866,989	1,034,845
2010		38,263,266	43,519	93,195		38,213,590	37,381,321	133,921	37,515,242	832,269
Sub total	1,677,341	38,263,266	66,227	109,450	-	39,897,384	38,030,270	351,961	38,382,231	1,867,114
Less: Angram	51,924					51,924				51,924
Total	\$ 1,625,417	\$ 38,263,266	\$ 66,227	\$ 109,450	\$ -	\$ 39,845,460	\$ 38,030,270	\$ 351,961	\$ 38,382,231	\$ 1,815,190

**TOWN OF SEYMOUR, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

Special Revenue Funds

	<u>LOCIP</u>	<u>Open Space</u>	<u>EDC Grants</u>	<u>Skate Park</u>	<u>HUD Cities Grant Fund</u>	<u>Dog Fund</u>	<u>Library Fund</u>	<u>Federal Grants Receivable ARRA</u>
ASSETS								
Cash	\$ 106,806	\$ 44,820	\$ 20,351	\$	\$ 123,794	\$ 59	\$ 144,731	\$
Receivables:								
Accounts and other			195,429					
Due from other governments	3,588							44,458
Due from other funds			483	10,000				
Inventory								
Total Assets	<u>\$ 110,394</u>	<u>\$ 44,820</u>	<u>\$ 216,263</u>	<u>\$ 10,000</u>	<u>\$ 123,794</u>	<u>\$ 59</u>	<u>\$ 144,731</u>	<u>\$ 44,458</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds	51,507		143,578	2,398		225		44,458
Bond anticipation notes								
Deferred revenue								
Total liabilities	<u>51,507</u>	<u>-</u>	<u>143,578</u>	<u>2,398</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>44,458</u>
Fund Balances:								
Nonspendable								
Restricted	58,887		72,685		123,794			
Committed		44,820		7,602			144,731	
Unassigned						(166)		
Total fund balances	<u>58,887</u>	<u>44,820</u>	<u>72,685</u>	<u>7,602</u>	<u>123,794</u>	<u>(166)</u>	<u>144,731</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 110,394</u>	<u>\$ 44,820</u>	<u>\$ 216,263</u>	<u>\$ 10,000</u>	<u>\$ 123,794</u>	<u>\$ 59</u>	<u>\$ 144,731</u>	<u>\$ 44,458</u>

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**TOWN OF SEYMOUR, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2012**

	<u>Special Revenue Funds</u>							
	<u>Education Grants Fund</u>	<u>School Lunch Fund</u>	<u>Police Seizure Fund</u>	<u>Grants and Donations Fund</u>	<u>Strand Theater Fund</u>	<u>Ambulance</u>	<u>Community Policing Fund</u>	<u>Small Cities Fund</u>
ASSETS								
Cash	\$ 20,034	\$ 78,897	\$ 20,842	\$ 68,737	\$ 35,445	\$	\$ 53,547	\$ 1
Receivables:								
Accounts and other		6,447						
Due from other governments	819,615	59,057						
Due from other funds				64,862				45,800
Inventory		10,717						
Total Assets	<u>\$ 839,649</u>	<u>\$ 155,118</u>	<u>\$ 20,842</u>	<u>\$ 133,599</u>	<u>\$ 35,445</u>	<u>\$ -</u>	<u>\$ 53,547</u>	<u>\$ 45,801</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables/due to State	\$	\$ 15,211	\$	\$	\$	\$	\$	\$
Due to other funds	172,088			77,232	111,510			
Bond anticipation notes								
Deferred revenue	667,561							
Total liabilities	<u>839,649</u>	<u>15,211</u>	<u>-</u>	<u>77,232</u>	<u>111,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable		10,717						
Restricted			20,842	56,367				45,801
Committed		129,190					53,547	
Unassigned					(76,065)			
Total fund balances	<u>-</u>	<u>139,907</u>	<u>20,842</u>	<u>56,367</u>	<u>(76,065)</u>	<u>-</u>	<u>53,547</u>	<u>45,801</u>
Total Liabilities and Fund Balances	<u>\$ 839,649</u>	<u>\$ 155,118</u>	<u>\$ 20,842</u>	<u>\$ 133,599</u>	<u>\$ 35,445</u>	<u>\$ -</u>	<u>\$ 53,547</u>	<u>\$ 45,801</u>

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**TOWN OF SEYMOUR, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2012**

	<u>Capital Projects</u>		<u>Permanent Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Capital Projects</u>	<u>High School Expansion</u>	<u>Charles Pine Fund</u>	<u>Eliminations</u>	
ASSETS					
Cash	\$	\$	\$ 1,000	\$	\$ 719,064
Receivables:					
Accounts and other					201,876
Due from other governments					926,718
Due from other funds				(65,345)	55,800
Inventory					10,717
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (65,345)</u>	<u>\$ 1,914,175</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables/due to State	\$	\$ 9,631	\$	\$	\$ 24,842
Due to other funds	569,028	76,983		(65,345)	1,183,662
Bond anticipation notes		608,000			608,000
Deferred revenue					667,561
Total liabilities	<u>569,028</u>	<u>694,614</u>	<u>-</u>	<u>(65,345)</u>	<u>2,484,065</u>
Fund Balances:					
Nonspendable			1,000		11,717
Restricted					378,376
Committed					379,890
Unassigned	(569,028)	(694,614)			(1,339,873)
Total fund balances	<u>(569,028)</u>	<u>(694,614)</u>	<u>1,000</u>	<u>-</u>	<u>(569,890)</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ (65,345)</u>	<u>\$ 1,914,175</u>

**TOWN OF SEYMOUR, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

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	<u>Special Revenue Funds</u>							
	<u>LOCIP</u>	<u>Open Space</u>	<u>EDC Grants</u>	<u>Skate Park</u>	<u>HUD Cities Grant Fund</u>	<u>Dog Fund</u>	<u>Library Fund</u>	<u>Federal Grants Receivable ARRA</u>
Revenues:								
Intergovernmental	\$	\$ 5,361	\$ 240,432	\$	\$	\$ 1,325	\$ 116,524	\$ 756,423
Investment income								
Other			30					
Total revenues	-	5,361	240,462	-	-	1,325	116,524	756,423
Expenditures:								
Current:								
General government					83			
Public safety						4,023		
Public works	65,459		118,876					
Sundry							106,264	
Education								
Debt service								
Capital outlay				2,398				756,423
Total expenditures	65,459	-	118,876	2,398	83	4,023	106,264	756,423
Excess (Deficiency) of Revenues over Expenditures	(65,459)	5,361	121,586	(2,398)	(83)	(2,698)	10,260	-
Other Financing Uses:								
Transfers out								
Net Change in Fund Balances	(65,459)	5,361	121,586	(2,398)	(83)	(2,698)	10,260	-
Fund Balances at Beginning of Year	124,346	39,459	(48,901)	10,000	123,877	2,532	134,471	-
Fund Balances at End of Year	\$ 58,887	\$ 44,820	\$ 72,685	\$ 7,602	\$ 123,794	\$ (166)	\$ 144,731	\$ -

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**TOWN OF SEYMOUR, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

Special Revenue Funds

	Education Grants Fund	School Lunch Fund	Police Seizure Fund	Grants and Donations Fund	Strand Theater Fund	Ambulance	Community Policing Fund	Small Cities Fund
Revenues:								
Intergovernmental	\$ 2,096,901	\$ 368,540	\$ 888	\$ 118,761	\$ 2,878	\$ -	\$ 15,479	\$ 60,801
Investment income		61	818				123	
Other		660,423	2,525	36,356	37,404			
Total revenues	<u>2,096,901</u>	<u>1,029,024</u>	<u>4,231</u>	<u>155,117</u>	<u>40,282</u>	<u>-</u>	<u>15,602</u>	<u>60,801</u>
Expenditures:								
Current:								
General government				251,400				15,000
Public safety			2,525				16,152	
Public works								
Sundry					64,524			
Education	2,046,262	1,015,279						
Debt service								
Capital outlay								
Total expenditures	<u>2,046,262</u>	<u>1,015,279</u>	<u>2,525</u>	<u>251,400</u>	<u>64,524</u>	<u>-</u>	<u>16,152</u>	<u>15,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>50,639</u>	<u>13,745</u>	<u>1,706</u>	<u>(96,283)</u>	<u>(24,242)</u>	<u>-</u>	<u>(550)</u>	<u>45,801</u>
Other Financing Uses:								
Transfers out						(59,847)		
Net Change in Fund Balances	50,639	13,745	1,706	(96,283)	(24,242)	(59,847)	(550)	45,801
Fund Balances at Beginning of Year	(50,639)	126,162	19,136	152,650	(51,823)	59,847	54,097	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 139,907</u>	<u>\$ 20,842</u>	<u>\$ 56,367</u>	<u>\$ (76,065)</u>	<u>\$ -</u>	<u>\$ 53,547</u>	<u>\$ 45,801</u>

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**TOWN OF SEYMOUR, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012**

	Capital Projects		Permanent Fund	Total Nonmajor Governmental Funds
	Capital Projects	High School Expansion	Charles Pine Fund	
Revenues:				
Intergovernmental	\$	\$	\$	\$ 3,784,313
Investment income				1,002
Other				736,738
Total revenues	-	-	-	4,522,053
Expenditures:				
Current:				
General government				266,483
Public safety				22,700
Public works				184,335
Sundry				170,788
Education				3,061,541
Debt service		1,520		1,520
Capital outlay	563,964	13,665		1,336,450
Total expenditures	563,964	15,185	-	5,043,817
Excess (Deficiency) of Revenues over Expenditures	(563,964)	(15,185)	-	(521,764)
Other Financing Uses:				
Transfers out				(59,847)
Net Change in Fund Balances	(563,964)	(15,185)	-	(581,611)
Fund Balances at Beginning of Year	(5,064)	(679,429)	1,000	11,721
Fund Balances at End of Year	\$ (569,028)	\$ (694,614)	\$ 1,000	\$ (569,890)

TOWN OF SEYMOUR, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2012

	Private Purpose Trust Funds				Total
	Harold K. Beach Fund	Charles B. Wooster Fund	Richard R. Pearson Memorial Fund	Library Special Book Fund	
Assets:					
Cash	\$ 5,552	\$	\$ 940	\$ 774	\$ 7,266
Investments	<u>5,552</u>	<u>1,343,769</u>	<u>940</u>	<u>774</u>	<u>1,343,769</u>
Total assets	<u>5,552</u>	<u>1,343,769</u>	<u>940</u>	<u>774</u>	<u>1,351,035</u>
Net Assets Held in Trust	<u>\$ 5,552</u>	<u>\$ 1,343,769</u>	<u>\$ 940</u>	<u>\$ 774</u>	<u>\$ 1,351,035</u>

**TOWN OF SEYMOUR, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET ASSETS -
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Private Purpose Trust Funds</u>				<u>Total</u>
	<u>Harold K. Beach Fund</u>	<u>Charles B. Wooster Fund</u>	<u>Richard R. Pearson Memorial Fund</u>	<u>Library Special Book Fund</u>	
Additions (Reductions):					
Investment loss	\$	\$ (37,152)	\$	\$	\$ (37,152)
Interest and dividends	3	9,287			9,290
Donations			3,438		3,438
Net additions (reductions)	<u>3</u>	<u>(27,865)</u>	<u>3,438</u>	<u>-</u>	<u>(24,424)</u>
Deductions:					
Education		60,449			60,449
General government		12,394	2,802	65	15,261
Total deductions	<u>-</u>	<u>72,843</u>	<u>2,802</u>	<u>65</u>	<u>75,710</u>
Change in Net Assets	3	(100,708)	636	(65)	(100,134)
Net Assets Held in Trust - Beginning of Year	<u>5,549</u>	<u>1,444,477</u>	<u>304</u>	<u>839</u>	<u>1,451,169</u>
Net Assets Held in Trust - End of Year	<u>\$ 5,552</u>	<u>\$ 1,343,769</u>	<u>\$ 940</u>	<u>\$ 774</u>	<u>\$ 1,351,035</u>

**TOWN OF SEYMOUR, CONNECTICUT
STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2012</u>
Student Activities Fund				
Assets:				
Cash	\$ <u>158,679</u>	\$ <u>435,651</u>	\$ <u>443,808</u>	\$ <u>150,522</u>
Total assets	\$ <u><u>158,679</u></u>	\$ <u><u>435,651</u></u>	\$ <u><u>443,808</u></u>	\$ <u><u>150,522</u></u>
Liabilities:				
Due to others	\$ <u>158,679</u>	\$ <u>435,651</u>	\$ <u>443,808</u>	\$ <u>150,522</u>
Total liabilities	\$ <u><u>158,679</u></u>	\$ <u><u>435,651</u></u>	\$ <u><u>443,808</u></u>	\$ <u><u>150,522</u></u>

TOWN OF SEYMOUR, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2012

Total Tax Collections (Including Interest and Lien Fees) for the Year Ended June 30, 2012	\$ 38,382,231
Reimbursement for Revenue Loss: Tax relief for elderly	<u>500</u>
Base for Debt Limitation Computation	<u>\$ 38,382,731</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	\$ 86,361,145	\$	\$	\$	\$
4 1/2 times base		172,722,290			
3 3/4 times base			143,935,241		
3 1/4 times base				124,743,876	
3 times base					<u>115,148,193</u>
Total debt limitation	<u>86,361,145</u>	<u>172,722,290</u>	<u>143,935,241</u>	<u>124,743,876</u>	<u>115,148,193</u>
Indebtedness:					
Bond anticipation notes		6,715,000			
Bonds authorized but unissued	259,589	17,931,354	151,978		
Town bonds payable	<u>5,518,854</u>	<u>28,813,025</u>	<u>5,013,121</u>		
Net Indebtedness (1) (2)	<u>5,778,443</u>	<u>53,459,379</u>	<u>5,165,099</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Indebtedness	<u>\$ 80,582,702</u>	<u>\$ 119,262,911</u>	<u>\$ 138,770,142</u>	<u>\$ 124,743,876</u>	<u>\$ 115,148,193</u>

(1) The total of the above net indebtedness amounts to: \$ 64,402,921

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 268,679,117

(2) There is no overlapping debt.