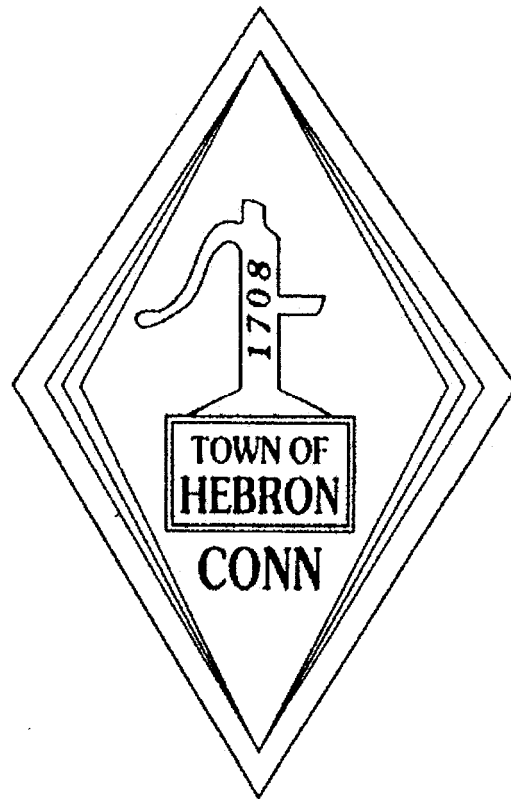


TOWN OF HEBRON, CONNECTICUT

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2009



# TOWN OF HEBRON, CONNECTICUT

## Comprehensive Annual Financial Report

For

The Fiscal Year Ended  
June 30, 2009

*Prepared By:*

THE FINANCE DEPARTMENT



TOWN OF HEBRON, CONNECTICUT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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INTRODUCTORY SECTION



TOWN OF HEBRON, CONNECTICUT

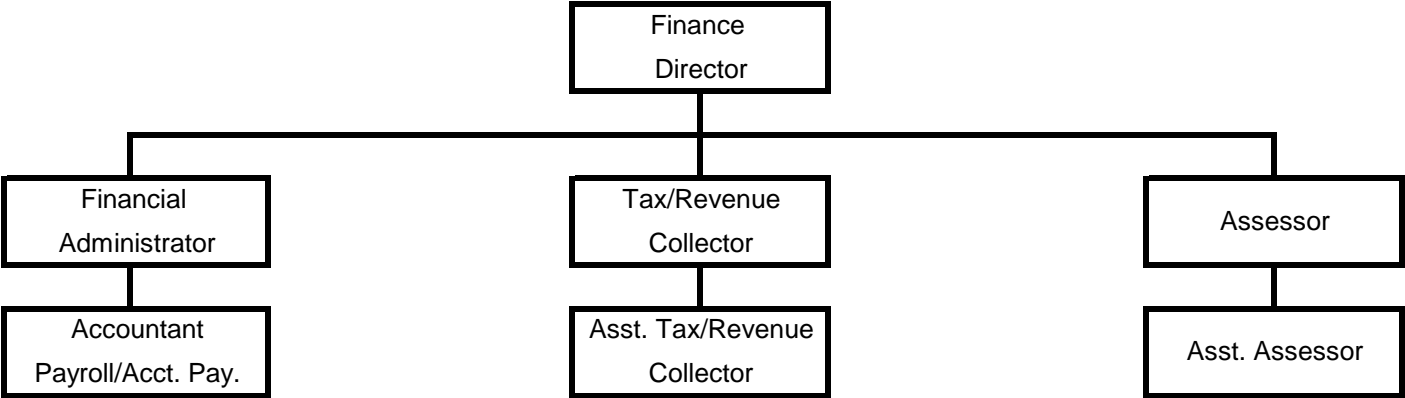
PRINCIPAL TOWN OFFICIALS

As of June 30, 2009

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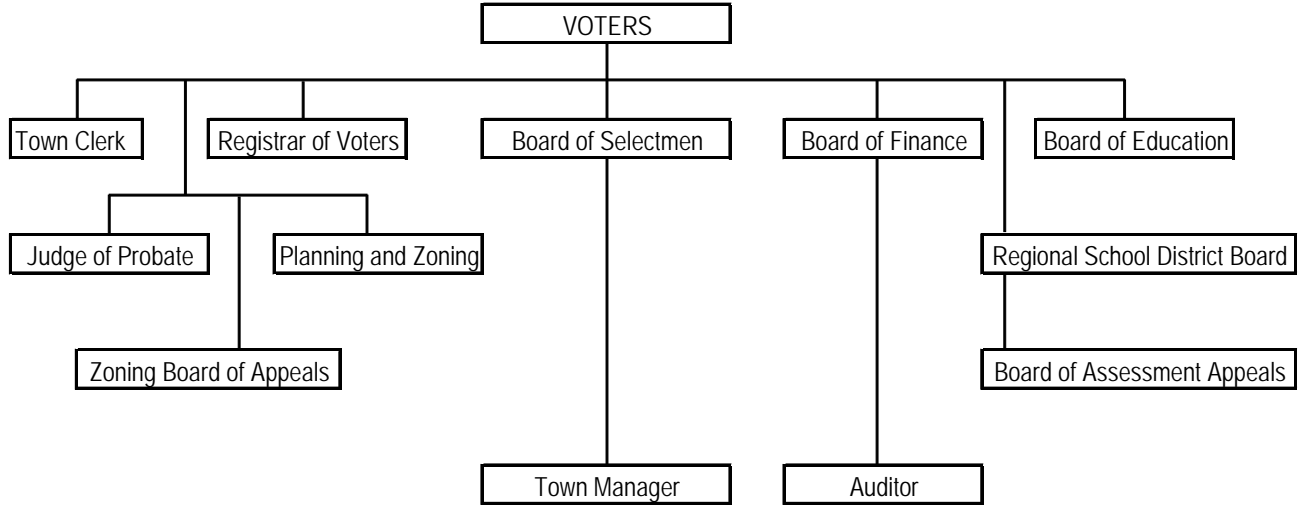
<i>Chairman of the Board of Selectmen</i> .....	Jeffrey Watt
<i>Interim Town Manager</i> .....	Andy Tierney
<i>Assessor</i> .....	Robert Musson
<i>Building Inspector</i> .....	Joseph Summers
<i>Resident Trooper</i> .....	Kelly Kraynak
<i>Town Clerk</i> .....	Carla Pomproicz
<i>Town Planner</i> .....	Michael O'Leary
<i>Interim Finance Director</i> .....	Elaine Griffin
<i>Legal Counsel</i> .....	Don Holtman, Esq.
<i>Emergency Management</i> .....	Randy Blais
<i>Engineer</i> .....	Nathan Jacobson & Assoc.
<i>Fire Chief</i> .....	Paul Burton
<i>Fire Marshal</i> .....	Randy Blais
<i>Health Director</i> .....	Thad King
<i>Public Works Director</i> .....	Andy Tierney
<i>Recreation Director</i> .....	Richard Calarco
<i>Senior Affairs Director</i> .....	Sharon Garrard
<i>Superintendent of Schools</i> .....	Eleanor Cruz
<i>Tax Collector</i> .....	Adrian MaClean
<i>AHM Youth and Family Services</i> .....	Joel Rosenberg
<i>Zoning Enforcement Officer</i> .....	Joseph Summers

**Town of Hebron  
Finance Department**



# Town of Hebron, Connecticut

## For the Period Ending June 30, 2009



Town Agencies
Finance
Revenue Collector
Assessor
Fire Administration
Ambulance
Police
Emergency Management
Fire Marshal
Building
Planning
Wetlands
Town Clerk
Canine Control
Library
Senior Services
Recreation
Public Works
Town Attorney

Boards/Commissions
Housing Authority
Parks and Recreation
Conservation Commission
Water Pollution Control Authority
Inlands Wetlands
Commission on Aging
Open Space/Land Acquisition
CIP Committee
Economic Development Comm.
Historic Properties Comm.
Chatham Health District
Park Development Comm.

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## *Town of Hebron*

**TOWN OFFICE BUILDING  
15 GILEAD STREET  
HEBRON, CONNECTICUT 06248  
TELEPHONE: (860) 228-5971  
FAX: (860) 228-4859  
[www.hebronct.com](http://www.hebronct.com)**

JEFFREY WATT  
CHAIRMAN

MARK STUART  
VICE CHAIRMAN

GAYLE MULLIGAN  
SELECTMAN

BRIAN D. O'CONNELL  
SELECTMAN

WILLIAM B. MOORCROFT  
SELECTMAN

December 21, 2009

To the Board of Finance, Town Manager and Honorable  
Members of the Hebron Board of Selectmen  
Town of Hebron, Connecticut

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Hebron, Connecticut's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

### **Profile of Government**

Hebron covers an area of 36.9 miles and is 20 miles southeast of Hartford. Its location is within the suburban fringe of the Hartford metropolitan area. Hebron is bounded on the east by Columbia, the southeast by Lebanon, the south by Colchester, the west by Marlborough and Glastonbury, the north by Bolton, and the northeast by Andover. The Town is traversed by Connecticut Routes 66 and 85. Included in Hebron town limits are Amston (formerly Turnerville), once a thriving mill area, and Gilead, which grew up around the Congregational Church founded there in 1748.

Hebron is considered to be a semi-rural community. The Town's business community is located primarily along Route 66 near the intersection with Route 85. There is also a neighborhood business center located in the southern part of Town near Amston Lake.

The Town of Hebron adopted a charter in 1988, effective as of November 21, 1989. The Charter was amended on November 5, 1996 and again on November 4, 2003. The Charter retains a Town meeting form of government, with an elected five-member Board of Selectmen serving overlapping four-year terms and a six-member Board of Finance serving overlapping four-year terms. A Town Manager, appointed by the Board of Selectmen, acts as the chief executive and chief administrative officer of the Town, and is responsible to the Board of Selectmen for the administration of all departments and agencies with elected heads or members. The Town Manager has the authority to appoint various officers, including a Finance Director who, among other duties, acts as the Town Treasurer and the agent of all Town funds.

The Board of Education is the policy-making body for grades kindergarten through six. Grades seven through twelve are governed by Regional School District Number 8, composed of the Towns of Hebron, Andover and Marlborough. A member town may withdraw from the District, but such withdrawal does not affect the obligation of the member town to District bondholders.

The Town provides a full range of services including public safety, street maintenance, sanitation, health and human services, public parks and recreation, library, education, culture, public improvement, planning, zoning, sewer and general administrative services.

### **Regional School District Number 8**

Regional School District No. 8 was organized in 1957 under provisions of the Connecticut General Statutes, Section 10-45, after approval by the member towns of Hebron, Andover and Marlborough. Regional Hebron Andover Marlborough (RHAM) Middle School in Hebron accommodates grades 7 and 8, and Regional Hebron Andover Marlborough (RHAM) High School in Hebron serves grades 9-12. Each member town maintains and funds its own school district, which provides elementary education grades K-6.

### **Local Economy**

The Town aggressively pursues economic and physical stabilization and revitalization. After many years of steady population growth, Hebron has recently seen a 21% increase in population from 1990 to 2000 (Source: Federal Census). Consequently the Town is involved with several projects which will improve both the tax base and quality of life in Hebron.

### ***Major Initiatives:***

**Acquisition of Two Pieces of Public Works Equipment** – The Hebron Public Works Department, in keeping with the capital replacement program established, acquired these two trucks as part of the capital improvement replacement program. The trucks ordered are designed to have the Town be on a replacement program. Once again this year, we purchased a large tri-axle dump truck and a mason dump/plow truck.

**Acquisition of EMS Ambulance of Fire Department Equipment** – The Hebron Fire Department, in keeping with the capital improvement program established, acquired this medical vehicle as part of the capital improvement replacement program.



**Development of the East Street Parcels.** This project consists of two parcels slated for use as a recreational facility. The Town has approved a Bond Authorization for \$4,494,000 for recreational development which will maximize the number of recreational fields in the community and enhance the amount of open space for the community. The Town bonded \$4.3 million on July 9, 2008 for this project. The Town started construction on the fields in June 2008, and the buildings in October 2008, with the project almost complete. It is anticipated that some use will begin in 2010 upon completion of the facilities.

*Relevant Financial Policies:*

**Budgetary Control**

The Town maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Selectmen and Board of Finance. Activities of the general fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital projects funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The Town also maintains an encumbrance accounting system as one method of maintaining budgetary control. Unencumbered amounts lapse at year end. Encumbered amounts at year end are reported as reservations of fund balance.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

**Pension and Postemployment Benefits**

The Town administers a single employer public employee retirement system (PERS). In addition, Board of Education teachers are fully covered by the noncontributory State Teachers' Retirement System. The Town of Hebron PERS completed the year with net assets available at fair value of \$1,466,023.

Substantially all Town employees and Board of Education non-certified employees are eligible to participate in a defined contribution money accumulation pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. To be eligible to participate in the plan, the employee must be at least twenty-one years of age and complete one year of service. The Plan does not allow for employee contributions. The Town contributes five percent of compensation for Board of Education non-certified employees and seven percent for all Town employees. Plan assets are invested and administered by ING Life Insurance and Annuity Company. At June 30, 2009, there were approximately 80 participants in the plan. The Town contributes seven percent of compensation for two Town employees to ICMA and fifteen percent for the Town Manager to ICMA. Plan assets are invested and administered by ICMA. At June 30, 2009, there were three participants in the plan. Employer contributions become fully vested upon completion of six years of service.

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2007. In the current year, the Town adopted GASB No. 45, "Accounts and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions."

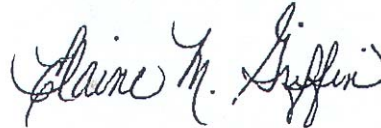
*Awards and Acknowledgments:*

The Government Finance Officers Association of United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hebron, Connecticut for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the fifth year that Hebron has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire Finance Department staff and members of other departments who assisted in its compilation. I would like to express my appreciation to all members of the Town who assisted in its preparation. The combined support of you, the Town Manager, Board of Selectmen and the Board of Finance, who remain committed to fiscal integrity and financial leadership, is also appreciated.

Respectfully submitted,

A handwritten signature in cursive script that reads "Elaine M. Griffin". The signature is written in black ink and is positioned above the printed name and title.

Elaine M. Griffin  
Interim Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Hebron  
Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. T.", positioned above the title "President".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

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**FINANCIAL SECTION**



# McGladrey & Pullen

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Finance  
Town of Hebron, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut (the "Town") as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut as of June 30, 2009, and the respective changes in financial position thereof and the budgetary information for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9 to the basic financial statements, the Town adopted GASB Statement No. 45 as of July 1, 2008.

In accordance with "Government Auditing Standards," we have also issued our report dated December 21, 2009 on our consideration of the Town of Hebron, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, the budgetary detail, combining and individual nonmajor fund statements, capital assets schedule, other schedule, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary detail, combining and individual nonmajor fund statements, capital asset schedule and other schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
December 21, 2009



**Town of Hebron, Connecticut**  
**Management's Discussion and Analysis**  
**June 30, 2009**

As management of the Town of Hebron, Connecticut (the "Town") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

**Financial Highlights**

1. On a government-wide basis, the assets of the Town exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$53,843,590.
2. On a government-wide basis, during the year, the Town's net assets increased by \$176,756. Governmental activities expenses were \$34,141,646, while revenues were \$34,318,402.
3. At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$7,007,464, an increase of \$568,675 from the prior fiscal year. Of the total fund balance as of June 30, 2009, \$6,737,473 represents the combined unreserved fund balance in the general fund, special revenue funds, capital projects funds and permanent fund.
4. At the end of the current fiscal year, the total fund balance for the general fund alone was \$3,398,554, a decrease of \$455,647 from the prior fiscal year. Unreserved General Fund fund balance at year-end represents 9.8% of total general fund expenditures and transfers out.
5. The Town's debt increased by approximately \$3.1 million during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information as well as the basic financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not, the Town, as a whole is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

The governmental activities of the Town of Hebron include education, general government services, public safety, public works, planning & development, human services and community services. Property taxes, charges for services and state and federal grants finance most of these activities. The Town currently has no business type activities.

The government-wide financial statements (statement of net assets and statement of activities) can be found on pages 11-12 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control and accountability 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. The Town has three kinds of funds:

**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 expendable resources, as well as on balances of expendable 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 governmental funds is narrower than that of the 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, 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 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Management Fund, Sewer Assessment Fund and Capital Projects Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation as Other Governmental Funds. Non-major governmental funds for the Town include the Hebron Park Fund, the Miscellaneous Grants Fund, the WPCA Sewer

Operation Fund, the Small Cities Grant Fund, the Marion Celio Angel Fund, the Land Acquisition Fund, Douglas Library Fund, the Recreation Fund, the Historic Records Preservation Fund, the EMS Fund, the Tri-Centennial Commission Fund and the Cafeteria Fund. These are all considered special revenue funds. Permanent Funds consist of the Cemetery Trust Fund. Individual fund data for each of these non-major governmental funds is provided in the combining balance sheets and in the combining statement of revenues, expenditures and changes in fund balances (deficits).

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures, encumbrances and transfers out on a budgetary basis can be found on page 16.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) can be found on pages 13-14 of this report.

**Proprietary funds.** The Town maintains no proprietary funds.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to provide services to the Town's constituency. The Town has a pension trust fund and agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 17-18 of this report.

### **Notes to the 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. The notes to the financial statements can be found on pages 19-44 of this report.

The notes to this report also contain certain information concerning the Town's progress in funding its obligation to provide pension benefits, and other post employment benefits to its employees.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the Town's assets exceeded its liabilities by \$53,843,590 at June 30, 2009.

### TOWN OF HEBRON, CONNECTICUT

#### Net Assets (\$000's)

	June 30, 2009	June 30, 2008
	Primary	Primary
	Government	Government
	Governmental	Governmental
	Activities	Activities
Current and other assets	\$ 9,034	\$ 8,301
Capital assets	57,531	54,341
<b>Total Assets</b>	<u>66,565</u>	<u>62,642</u>
Current liabilities	2,300	1,616
Long-term liabilities	10,421	7,359
<b>Total Liabilities</b>	<u>12,721</u>	<u>8,975</u>
Investment in capital assets, net of related debt	46,089	46,007
Restricted	11	11
Unrestricted	7,744	7,649
<b>Total Net Assets</b>	<u>\$ 53,844</u>	<u>\$ 53,667</u>

Total net assets for Governmental Activities at fiscal year-end were \$53.8 million. Of the Town's total net assets at June 30, 2009, \$7.7 million or 14.4% is unrestricted. This compares with last year's total unrestricted net assets of \$7.6 million or 14.3% unrestricted.

The largest portion of the Town's net assets, 86%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), net of depreciation and any outstanding debt related to these assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net assets of \$7,743,736 may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF HEBRON, CONNECTICUT  
 Changes in Net Assets (\$000's)  
 For the Years Ended June 30, 2009 and 2008

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
	Primary Government	Primary Government
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
<b>Revenues:</b>		
Program Revenues:		
Charge for services	\$ 1,729	\$ 2,456
Operating grants and contributions	7,021	6,753
Capital grants and contributions	644	750
General Revenues:		
Property taxes	23,632	22,310
Grants not restricted to specific programs	1,116	1,051
Unrestricted investment earnings	177	354
<b>Total revenues</b>	<u>34,319</u>	<u>33,674</u>
<b>Expenses:</b>		
General government	3,207	2,961
Education	25,088	24,006
Public safety	1,297	1,096
Health and welfare	1,328	1,355
Public works	2,089	1,886
Sewer and other	604	355
Interest on long-term debt	529	360
<b>Total expenses</b>	<u>34,142</u>	<u>32,019</u>
Extraordinary item:		
State teachers on-behalf revenue	-	3,400,000
State teachers on-behalf payments	-	(3,400,000)
	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	177	1,655
<b>Net Assets, beginning</b>	<u>53,667</u>	<u>52,012</u>
<b>Net Assets, ending</b>	<u>\$ 53,844</u>	<u>\$ 53,667</u>

**Governmental Activities**

For Governmental Activities, more than 68.8% of the revenues were derived from property taxes, followed by 25.6% from other intergovernmental revenues.

Major revenue factors included:

1. Property tax revenues recorded during fiscal year 2009 reflect an increase in the mill rate for the current levy.

2. Intergovernmental revenues were better than anticipated due to a Community Development Block grant.

For Governmental Activities, 73.4% of the Town's expenses relate to education, 3.8% relates to public safety, 9.4% to general government, 6.1% to public works, 3.9% to health and human services, 1.5% to interest on long-term debt, and those are the major percentages.

Major expense factors include:

1. Education operating expenses increased by 4.2% from \$24 million to \$25 million. This increase was due to an increase in general operating cost.

### **Financial Analysis of the Fund Financial Statements**

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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's general fund reported combined an ending fund balance of approximately \$3.4 million, a decrease of \$455,647 as reported on June 30, 2008; \$3,166,328 of this total amount constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed: \$232,226 for encumbrances.

As stated earlier, the fund balance of the Town's general fund decreased by \$455,647 during the current fiscal year. The key factor in this decrease is as follows:

1. Lower than anticipated charges for services.

As of the end of the current fiscal year, the Debt Management Fund increased by \$395,453, due to a transfer in from the General Fund.

The Sewer Assessment Fund decreased its fund balance by \$225,984, ending with a fund deficit of \$49,479 as of June 30, 2009. This decrease was caused by transfers out of \$480,000 to the General Fund.

The Capital Projects Fund had an increase in fund balance of \$681,781 as a bonding exceeded capital outlay in the current year.

### **General Fund Budgetary Highlights**

During the year, actual revenues and other financing sources on a budgetary basis were approximately \$33.0 million, which exceeded budgetary estimates by \$267,010. Actual tax revenues exceeded budget by \$151,624, which in part represents more aggressive pursuit of delinquent taxes. Actual fees, permits and licenses were \$179,570 under budget due to less activity than expected in building fees, conveyance tax, engineering fees, and other fees. Interest income was \$88,149 under budget due to lower than expected interest rates.

Actual expenditures on a budgetary basis and other financing uses totaled \$33.6 million, which was more than actual revenues and other financing sources on a budgetary basis by \$570,037.

### Capital Assets and Debt Administration

**Capital assets.** The Town's investment in capital assets for its governmental activities as of June 30, 2009, amount to \$57,530,719 net of accumulated depreciation. This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, and infrastructure.

#### TOWN OF HEBRON, CONNECTICUT

##### Capital Assets (Gross)

As of June 30, 2009 and 2008

	June 30, 2009	June 30, 2008
Land	\$ 8,711,916	\$ 8,711,916
Construction in progress	4,998,240	2,320,927
Buildings and improvements	34,037,361	33,577,718
Furniture and equipment	8,539,117	7,515,116
Infrastructure	34,190,269	33,784,269
<b>Total</b>	<b>\$ 90,476,903</b>	<b>\$ 85,909,946</b>

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

1. Construction in progress, principally infrastructure of approximately \$3.3 million.

Long-term debt. At the end of the current fiscal year, the Town had total bonds and notes outstanding of \$11,750,151 100% of this debt is backed by the full faith and credit of the Town. The Town's total debt increased by \$3,097,902 during fiscal 2009.

The last bond rating was for the General Obligation Bond Issue of 2008 for the Park Development Project, totaling \$4,300,000. The Bonds were rated AA by Standard & Poor's and this was an upgrade requiring a material event notice to the repositories.

The overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$163,267,069.

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

The Town has not been immune from the effects of the national economic downturn. As of June 2009, the unemployment rate for the Hebron Labor Market Area was 6.7%. Connecticut's overall unemployment rate stands at 6.8%, compared with 6.4% for the same time last year. The State of Connecticut continues to reduce funding to the Town and other municipalities. This, coupled with unfunded educational mandates and increased employee benefit costs, creates a challenge for Hebron. The Town, however, is poised to overcome such challenges with its commitments to economic development, cost reduction, debt reduction and a comprehensive re-zoning plan.

## **Requests for Information**

The financial report is designed to provide a general overview of the Town's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Hebron, Finance Director, 15 Gilead Street, Hebron, Connecticut 06248.



**Basic Financial Statements**



TOWN OF HEBRON, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2009

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	<u>Governmental Type Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 6,744,864
Receivables, net of allowance for collection losses:	
Property taxes, net	837,158
Assessments and user fees	917,682
Intergovernmental and other	531,652
Inventories	2,589
Capital assets, non-depreciable	13,710,156
Capital assets, net of accumulated depreciation	43,820,563
<b>Total assets</b>	<u>66,564,664</u>
<b>Liabilities</b>	
Accounts payable and accruals	672,009
Unearned revenue	105,528
Noncurrent liabilities:	
Due in less than one year	1,522,318
Due in more than one year	10,421,219
<b>Total liabilities</b>	<u>12,721,074</u>
<b>Net Assets</b>	
Investment in capital assets, net of related debt	46,088,678
Restricted:	
Nonexpendable - permanent trust	11,176
Unrestricted	7,743,736
<b>Total net assets</b>	<u>\$ 53,843,590</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Primary Government Total
<b>Primary government:</b>					
Governmental activities:					
General government	\$ (3,206,614)	\$ 399,100	\$ -	\$ 443,146	\$ (2,364,368)
Public safety	(1,297,154)	156,190	28,842	9,531	(1,102,591)
Civic and human service	(1,328,244)	606,802	45,317	-	(676,125)
Planning and land use	(188,966)	55,523	-	-	(133,443)
Public works	(2,088,890)	406,485	-	190,677	(1,491,728)
Sewer fees	(414,558)	4,912	-	-	(409,646)
Education	(25,088,292)	99,890	6,946,829	-	(18,041,573)
Interest on long-term debt	(528,928)	-	-	-	(528,928)
<b>Total governmental activities</b>	<b>\$ (34,141,646)</b>	<b>\$ 1,728,902</b>	<b>\$ 7,020,988</b>	<b>\$ 643,354</b>	<b>(24,748,402)</b>
General revenues:					
Property taxes					23,631,881
Grants and contributions not restricted to specific programs					1,116,089
Unrestricted investment earnings					177,188
<b>Total general revenues</b>					<b>24,925,158</b>
Change in net assets					176,756
Net assets - beginning					53,666,834
<b>Net assets - ending</b>					<b>\$ 53,843,590</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	Major Funds				Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects		
<b>Assets</b>						
Cash and cash equivalents	\$ 2,374,677	\$ 1,815,959	\$ 2,979	\$ 1,125,744	\$ 1,425,505	\$ 6,744,864
Receivables (net of allowances for collection losses):						
Property taxes	837,158	-	-	-	-	837,158
Assessments and user fees	-	-	893,436	-	24,246	917,682
Intergovernmental and other	531,652	-	-	-	-	531,652
Due from other funds	360,564	-	-	-	107,545	468,109
Inventories	-	-	-	-	2,589	2,589
<b>Total assets</b>	<b>\$ 4,104,051</b>	<b>\$ 1,815,959</b>	<b>\$ 896,415</b>	<b>\$ 1,125,744</b>	<b>\$ 1,559,885</b>	<b>\$ 9,502,054</b>
<b>Liabilities</b>						
Accounts payable and accruals	\$ 82,135	\$ -	\$ 129,607	\$ 345,970	\$ 31,137	\$ 588,849
Due to other funds	107,545	-	-	256,872	103,692	468,109
Deferred revenues	515,817	-	816,287	-	-	1,332,104
Unearned revenues	-	-	-	-	105,528	105,528
<b>Total liabilities</b>	<b>705,497</b>	<b>-</b>	<b>945,894</b>	<b>602,842</b>	<b>240,357</b>	<b>2,494,590</b>
<b>Fund balances (deficits)</b>						
Reserved for:						
Encumbrances	232,226	-	-	-	23,999	256,225
Inventories	-	-	-	-	2,589	2,589
Permanent fund	-	-	-	-	11,176	11,176
Unreserved:						
Designated for specific projects	-	-	-	854,737	-	854,737
Unreserved/undesignated:						
General Fund	3,166,328	-	-	-	-	3,166,328
Special revenue funds	-	1,815,959	(49,479)	-	1,281,764	3,048,244
Capital projects funds	-	-	-	(331,835)	-	(331,835)
<b>Total fund balances (deficits)</b>	<b>3,398,554</b>	<b>1,815,959</b>	<b>(49,479)</b>	<b>522,902</b>	<b>1,319,528</b>	<b>7,007,464</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 4,104,051</b>	<b>\$ 1,815,959</b>	<b>\$ 896,415</b>	<b>\$ 1,125,744</b>	<b>\$ 1,559,885</b>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	57,530,719
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded or deferred in the funds.	1,332,104
Accrued interest payable	(83,160)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(11,943,537)

Net assets of governmental activities

\$ 53,843,590

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) -  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Major Funds				Other	Total
	General Fund	Debt Management	Sewer Assessment	Capital Projects	Nonmajor Governmental Funds	Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 23,457,532	\$ -	\$ -	\$ -	\$ -	\$ 23,457,532
Intergovernmental	8,233,521	-	-	443,146	69,015	8,745,682
Charges for services	466,833	-	237,871	-	1,179,205	1,883,909
Income from investments	111,851	10,453	16,145	20,559	18,180	177,188
Other revenues	203,643	-	-	20,712	4,822	229,177
<b>Total revenues</b>	<b>32,473,380</b>	<b>10,453</b>	<b>254,016</b>	<b>484,417</b>	<b>1,271,222</b>	<b>34,493,488</b>
<b>EXPENDITURES</b>						
Current:						
General government	2,397,642	-	-	-	-	2,397,642
Public safety	750,671	-	-	-	25,616	776,287
Civic and Human Service	608,187	-	-	-	554,410	1,162,597
Planning and land use	98,782	-	-	-	45,326	144,108
Public Works	1,080,910	-	-	-	-	1,080,910
Sewer fees	8,423	-	-	-	361,277	369,700
Insurance and benefits	973,733	-	-	-	-	973,733
Education	24,770,356	-	-	-	261,521	25,031,877
Debt service:						
Principal	1,220,489	-	-	-	-	1,220,489
Interest	390,048	-	-	-	-	390,048
Capital outlay	-	-	-	4,677,422	-	4,677,422
<b>Total expenditures</b>	<b>32,299,241</b>	<b>-</b>	<b>-</b>	<b>4,677,422</b>	<b>1,248,150</b>	<b>38,224,813</b>
<b>Revenues over (under) expenditures</b>	<b>174,139</b>	<b>10,453</b>	<b>254,016</b>	<b>(4,193,005)</b>	<b>23,072</b>	<b>(3,731,325)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,490,000	1,085,000	-	834,786	200,000	3,609,786
Transfers out	(2,119,786)	(700,000)	(480,000)	(260,000)	(50,000)	(3,609,786)
Issuance of debt	-	-	-	4,300,000	-	4,300,000
<b>Total other financing sources (uses)</b>	<b>(629,786)</b>	<b>385,000</b>	<b>(480,000)</b>	<b>4,874,786</b>	<b>150,000</b>	<b>4,300,000</b>
<b>Net change in fund balances</b>	<b>(455,647)</b>	<b>395,453</b>	<b>(225,984)</b>	<b>681,781</b>	<b>173,072</b>	<b>568,675</b>
<b>FUND BALANCES (DEFICITS), beginning</b>	<b>3,854,201</b>	<b>1,420,506</b>	<b>176,505</b>	<b>(158,879)</b>	<b>1,146,456</b>	<b>6,438,789</b>
<b>FUND BALANCES (DEFICITS), ending</b>	<b>\$ 3,398,554</b>	<b>\$ 1,815,959</b>	<b>\$ (49,479)</b>	<b>\$ 522,902</b>	<b>\$ 1,319,528</b>	<b>\$ 7,007,464</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 568,675
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.	3,189,554
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until they become measurable and available.	(175,086)
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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,108,192)
Some expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds until they are paid.	<u>(298,195)</u>
Change in net assets of governmental activities	<u><u>\$ 176,756</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended June 30, 2009

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes, interest and lien fees	\$ 23,305,908	\$ 23,305,908	\$ 23,457,532	\$ 151,624
Intergovernmental	7,247,536	7,247,536	7,300,521	52,985
Charges for services	646,403	646,403	466,833	(179,570)
Income from investments	200,000	200,000	111,851	(88,149)
Other	133,523	133,523	203,643	70,120
<b>Total revenues</b>	<b>31,533,370</b>	<b>31,533,370</b>	<b>31,540,380</b>	<b>7,010</b>
<b>EXPENDITURES</b>				
General government	2,465,104	2,542,048	2,425,381	116,667
Public Safety	827,934	855,131	808,632	46,499
Civic and Human Service	641,803	645,242	611,276	33,966
Planning and Land Use	124,239	124,239	102,644	21,595
Public Works	1,018,238	1,096,891	1,052,666	44,225
Sewer fees	8,640	8,640	8,423	217
Insurance and benefits	1,028,435	973,879	972,733	1,146
Education	23,888,452	23,888,452	23,888,338	114
Debt service	1,725,739	1,615,212	1,610,538	4,674
<b>Total expenditures</b>	<b>31,728,584</b>	<b>31,749,734</b>	<b>31,480,631</b>	<b>269,103</b>
<b>Revenues over (under) expenditures</b>	<b>(195,214)</b>	<b>(216,364)</b>	<b>59,749</b>	<b>276,113</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,230,000	1,230,000	1,490,000	260,000
Transfers out	(1,034,786)	(2,119,786)	(2,119,786)	-
<b>Total other financing sources (uses)</b>	<b>195,214</b>	<b>(889,786)</b>	<b>(629,786)</b>	<b>260,000</b>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ (1,106,150)</b>	<b>\$ (570,037)</b>	<b>\$ 536,113</b>

The notes to the financial statements are an integral part of this statement.



TOWN OF HEBRON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2009

	Pension Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 77,326
Investments:		
Mutual funds	1,466,023	-
Total assets	1,466,023	77,326
<b>LIABILITIES</b>		
Amounts held for others	-	77,326
Total liabilities	-	77,326
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>		
	\$ 1,466,023	\$ -

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - PENSION TRUST

For the Year Ended June 30, 2009

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	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 181,115
<b>Total contributions</b>	<u>181,115</u>
Investment Income (Loss)	
Interest and dividends	15,528
Net depreciation in fair value of investments	<u>(304,060)</u>
<b>Net investment income (loss)</b>	<u>(288,532)</u>
<b>DEDUCTIONS</b>	
Benefits	<u>122,470</u>
<b>Change in net assets</b>	(229,887)
<b>NET ASSETS HELD IN TRUST</b>	
Beginning of year	<u>1,695,910</u>
End of year	<u>\$ 1,466,023</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

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**Note 1. Summary of Significant Accounting Policies**

**Reporting entity**

The Town of Hebron, Connecticut (the "Town"), was incorporated in 1708. The Town operates under a Charter which became effective in November 1988 and was most recently amended in November 2003. The form of government includes an elected Board of Selectmen consisting of five members, an elected six member Board of Finance, and an elected seven member local Board of Education.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the local Board of Education, is the responsibility of the Town Manager, who is appointed by the Board of Selectmen.

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

The Town provides the following services: police, fire, community health and social services, solid waste removal, cultural and recreation services, education, streets and highways, planning and zoning, public improvements and general administrative services.

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. The criteria provided in Government Accounting Standards Board Statement Codification 2100 have been considered and there are no agencies or entities which should be presented with the Town.

**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 primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

## TOWN OF HEBRON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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

#### **Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements, except for Agency Funds which 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 for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally 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 (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town, or specifically identified.

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 *Debt Management Fund* is used to account for the accumulation of reserves to stabilize the effect on the mill rate of future debt service requirements.

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

The *Sewer Assessment Fund* is used to account for the activities related to sewer assessment and collection.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Additionally, the Town reports the following fund types:

The *Pension Trust Fund* is used to account for the accumulation of resources to be used for retirement benefits.

*Agency Funds* account for monies held as a custodian for outside groups and agencies, and are used for senior activities, performance bonds and student activities. Agency funds have no measurement focus; however, they do follow the accrual basis of accounting.

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.

### **Pension plan accounting**

#### *Pension Trust Fund:*

The Pension Trust Fund is reported on the accrual basis of accounting. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings. Stand-alone statements are not issued.

#### *Governmental Funds:*

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

#### *Funding Policy:*

The Town contributes five percent (5%) of compensation for Board of Education non-certified employees and seven percent (7%) for all Town employees.

#### *Net other post-employment benefit obligations*

In fiscal year 2009, the Town implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions." This pronouncement required the Town to calculate and record a net other post-employment benefit obligation (NOPEBO) at June 30, 2009. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008. The Town makes annual contributions based upon committee decisions using the actuarial valuation.

### **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 disclosure of contingent assets and liabilities at the date of

## TOWN OF HEBRON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

#### **Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute either expenditures or liabilities.

#### **Property taxes**

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate tax greater than \$250 is due in two installments on July 1 and the following January 1. Liens are filed on delinquent real estate taxes within one year.

#### **Cash equivalents**

The Town considers all certificates of deposit and highly liquid short-term investment funds with original maturities of three months or less, when purchased, to be cash equivalents.

#### **Allowances for doubtful accounts**

Accounts and notes receivable for the primary government are reported net of allowance for doubtful accounts of approximately \$80,000. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based upon collection history and an analysis of the creditor's ability to pay.

#### **Investments**

Investments are stated at fair value, based on quoted market prices. All of the Town's investments are recorded in the Pension Trust Fund. Fixed income funds are reported at fair value based on the unit prices quoted by the fund representing the fair value of the underlying investment. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The fair value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Inventories**

Inventories are stated at lower of cost on FIFO method or market. Governmental fund type inventory consists of expendable foods and supplies and is recorded as an expenditure when consumed.

**Capital assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for furniture, equipment and buildings, and \$50,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	25-50
Building improvements	25-50
System infrastructure	20-50
Furniture and equipment	5-25

Capital assets are reported as expenditures (capital outlay) and no depreciation expense is reported in the governmental fund financial statements.

**Compensated absences**

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net assets. The vesting method using historical data was used to calculate the liability. Compensated absences are generally liquidated by the general fund.

### Long-term obligations

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

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. Debt principal payments are reported as expenditures.

In the government-wide financial statements, net assets are classified in the following categories:

***Invested in Capital Assets, Net of Related Debt*** - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

***Restricted Net Assets*** - This category represents the net assets of the Town, which are restricted by external parties (creditors, grantors, contributors or laws and regulations).

***Unrestricted Net Assets*** - This category represents the net assets of the Town, which are not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in three separate categories as follows:

***Reserved fund balance*** – indicates that portion of fund equity that is not available for appropriation or which has been legally segregated for specific purposes.

***Unreserved/Designated fund balance*** – indicates that portion of fund equity for which the Town has made tentative plans.

***Unreserved/undesignated fund balance*** – indicates that portion of fund equity which is available for appropriation and expenditure in future periods, or if a deficit, for which future funding will be required.



TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds payable	\$ (9,835,000)
Deferred charge on refunding	309,208
Clean Water Fund notes payable	(1,915,151)
Capital leases payable	(1,098)
Compensated absences	(254,496)
OPEB obligations	(247,000)
	<hr/>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	\$ (11,943,537)

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 4,566,957
Depreciation expense	(1,377,403)
	<hr/>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	\$ 3,189,554

Another element of that reconciliation states that “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-

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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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 this difference are as follows:

Principal repayments:	
General obligation debt and Clean Water Fund notes	\$ 1,202,098
Capital leases	20,631
Deferred charge on refunding	(30,921)
Issuance of bonds	<u>(4,300,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (3,108,192)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources." The details of the difference are as follows:

Accrued interest	\$ (29,484)
Compensated absences	(21,711)
OPEB obligations	<u>(247,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (298,195)</u>

**Note 3. Budgets and Budgetary Accounting**

**General Fund**

At least one hundred fifty (150) days before the end of the fiscal year, the head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Town Manager a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.

The Town Manager, with the assistance of the Financial Administrator, reviews the budget estimates with the heads of all Town supported departments, offices and agencies. No later than one hundred twenty (120) days prior to the end of the fiscal year, the Town Manager presents to the Board of Selectmen a proposed budget. In preparing the proposed budget, the Town Manager may add to, delete from or eliminate requests made by the various departments, offices and agencies, except that he may only

## TOWN OF HEBRON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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comment and make recommendations on the budget requests of elected officials and the local Board of Education. The Town Manager includes in the budget the estimated budget request of Regional School District #8.

The Board of Selectmen reviews the budget estimates and make further revisions, except that the Board may only make recommendations in the budgets prepared by other elected officers, elected Town agencies and the local Board of Education. The Board of Selectmen submits its budget recommendations to the Board of Finance no later than ninety (90) days before the end of the fiscal year.

The Board of Finance holds at least one public hearing on the budget as presented. The Board of Finance may review the budget requests with the head of each department, board, agency and commission including the local Board of Education. The Board of Finance then prepares a budget to be presented to the annual Town budget meeting.

The Town Charter provides the manner which is to be utilized by Town Meeting in acting upon the budget. The Board of Finance may make supplemental appropriations during the year provided that such appropriations do not cumulatively exceed one-half of one percent (.005) of the current year budget, excluding the amount appropriated to the Regional School District. All subsequent supplemental appropriations are subject to Town Meeting approval. The Board of Finance is authorized to approve transfers from one department, office or agency to another only within the last three (3) months of the fiscal year.

The Charter also provides for the making of emergency appropriations which do not require Town Meeting approval. There were no emergency appropriations made during the year.

Unexpended appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period.

The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a 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 in the current year. There were \$232,226 of encumbrances as of June 30, 2009 in the General Fund.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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A reconciliation of General Fund revenues as presented in accordance with GAAP and revenues presented on the budgetary basis is as follows:

Revenue and transfers in - budgetary basis	\$ 33,030,380
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	<u>933,000</u>
Revenues and transfers in - GAAP basis	<u>\$ 33,963,380</u>

A reconciliation of expenditures and transfers out of the General Fund, as reported, and expenditures and transfers out on the budgetary basis is as follows:

Expenditures and transfers-out, budgetary basis	\$ 33,600,417
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	933,000
Changes in reserves for encumbrances and liquidation of encumbrances	<u>(114,390)</u>
Expenditures and transfers-out, GAAP basis	<u>\$ 34,419,027</u>

### Special Revenue Funds

The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements for the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

### Capital Projects Funds

Legal authorization for expenditures of the capital projects funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut General Statutes. Capital appropriations do not lapse until completion of the applicable projects.

**Note 4. Cash, Cash Equivalents and Investments**

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town follows State statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The Town and the Pension Trust Fund do not have a custodial credit risk policy for investments. The Town and the Pension Trust Fund do not have a policy for investments of related credit risk for debt securities, however, it is their practice to follow State statutes. 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 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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries.

Interest rate risk: The Town does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, including its Pension Trust Fund. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town, including its Pension Trust Fund, does not have a formal policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an out side party. As of June 30, 2009, approximately \$1,641,000 of the Town's bank balance of \$2,492,000 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Cash and investments of the Town consist of the following at June 30, 2009:

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 2,419,829
State of Connecticut Short-Term Investment fund	4,194,585
MBIA- Class Account	207,776
<b>Total cash and cash equivalents</b>	<u>6,822,190</u>
<b>Investments</b>	
Pension Trust Funds:	
Mutual Funds	1,466,023
<b>Total investments</b>	<u>1,466,023</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 8,288,213</u>

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

<b>Statement of Net Assets</b>	
Cash and cash equivalents	\$ <u>6,744,864</u>
<b>Fiduciary Funds:</b>	
Cash and cash equivalents	77,326
Investments	1,466,023
	<u>1,543,349</u>
<b>Total cash, cash equivalents and investments</b>	<u>\$ 8,288,213</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

	Fair Value	Investment Maturities (in Years) <hr/> Less Than 1 Year
Pooled Income Fund	\$ 4,402,361	\$ 4,402,361

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt-type investment.

	Standard and Poor's	Fitch Ratings
State Short-Term Investment Fund (STIF)	AAAm	-
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	-	AAA

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Note 5. Unearned Revenue/Deferred Revenue**

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

	Deferred Revenues	Unearned Revenue
	<u>                    </u>	<u>                    </u>
<b>General Fund:</b>		
Delinquent property taxes receivable	\$ 515,817	\$ -
<b>Major Funds:</b>		
Sewer assessments not yet due	816,287	-
<b>Nonmajor Funds:</b>		
Grants and other revenues	-	105,528
<b>Total</b>	<u>\$ 1,332,104</u>	<u>\$ 105,528</u>

**Note 6. Interfund Receivables, Payables and Transfers**

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
	<u>                    </u>	<u>                    </u>
General Fund	\$ 360,564	\$ 107,545
Other Nonmajor Funds	107,545	103,692
Capital Project Fund	-	256,872
<b>Totals</b>	<u>\$ 468,109</u>	<u>\$ 468,109</u>



TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Balances resulted principally from the funding of capital and other expenditures by the general fund; in addition, the balances resulted from short-term advances from the General Fund to various other funds.

Interfund transfers during the year ended June 30, 2009 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 1,490,000	\$ 2,119,786
Capital Projects Fund	834,786	260,000
Sewer Assessment Fund	-	480,000
Debt Management Fund	1,085,000	700,000
Non-Major and Other Funds	200,000	50,000
<b>Totals</b>	<b>\$ 3,609,786</b>	<b>\$ 3,609,786</b>

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

Transfers into the general fund are primarily to make principal and interest payments on general obligation and clean water debt.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

**Note 7. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,711,916	\$ -	\$ -	\$ 8,711,916
Construction in progress	2,320,927	3,335,443	658,130	4,998,240
Total capital assets not being depreciated	<u>11,032,843</u>	<u>3,335,443</u>	<u>658,130</u>	<u>13,710,156</u>
Capital assets, being depreciated:				
Buildings and improvements	33,577,718	459,643	-	34,037,361
Furniture and equipment	7,515,116	1,024,001	-	8,539,117
Infrastructure	33,784,269	406,000	-	34,190,269
Total capital assets being depreciated	<u>74,877,103</u>	<u>1,889,644</u>	<u>-</u>	<u>76,766,747</u>
Less accumulated depreciation for:				
Buildings and improvements	13,190,388	286,244	-	13,476,632
Furniture and equipment	3,636,936	407,341	-	4,044,277
Infrastructure	14,741,457	683,818	-	15,425,275
Total accumulated depreciation	<u>31,568,781</u>	<u>1,377,403</u>	<u>-</u>	<u>32,946,184</u>
Total capital assets, being depreciated, net	<u>43,308,322</u>	<u>512,241</u>	<u>-</u>	<u>43,820,563</u>
Governmental activities capital assets, net	<u>\$ 54,341,165</u>	<u>\$ 3,847,684</u>	<u>\$ 658,130</u>	<u>\$ 57,530,719</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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

General government	\$	17,412
Public safety		162,004
Public works		805,575
Parks and recreation		4,982
Library		63,321
Health and welfare		6,173
Education		317,936
Total depreciation expense	\$	<u>1,377,403</u>

**Note 8. Long-Term Obligations**

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and notes payable:					
General obligation bonds	\$ 6,125,000	\$ 4,300,000	\$ (590,000)	\$ 9,835,000	\$ 590,000
Clean water fund notes	2,527,249	-	(612,098)	1,915,151	904,341
Deferred charge on refunding	(340,129)	-	30,921	(309,208)	(30,921)
<b>Total bonds and     notes payable</b>	<u>8,312,120</u>	<u>4,300,000</u>	<u>(1,171,177)</u>	<u>11,440,943</u>	<u>1,463,420</u>
<b>Other Long-Term Liabilities:</b>					
Capital leases	21,729	-	(20,631)	1,098	1,098
Compensated absences	232,785	39,526	(17,815)	254,496	17,800
OPEB obligations	-	294,000	(47,000)	247,000	40,000
<b>Total other long-term     liabilities</b>	<u>254,514</u>	<u>333,526</u>	<u>(85,446)</u>	<u>502,594</u>	<u>58,898</u>
<b>Governmental activity long-term liabilities</b>	<u>\$ 8,566,634</u>	<u>\$ 4,633,526</u>	<u>\$ (1,256,623)</u>	<u>\$ 11,943,537</u>	<u>\$ 1,522,318</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
 June 30, 2009

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As of June 30, 2009, the outstanding long-term indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
<b>General Obligation Bonds:</b>	
\$1,535,000 General Obligation bond, issued October 1997, interest payable at rates from 4.3% to 5.0%, due in principal amounts ranging from \$100,000 to \$105,000 annually through 2012.	\$ 400,000
\$1,800,000 General Obligation bond, issued July 15, 2004, interest payable at rates from 3.875% to 4.5%, due in principal amounts of \$90,000 annually through July 2024.	1,440,000
\$4,300,000 General Obligation bond, issued July 2008, interest payable at rates from 3.2% to 4.0%, due in principal amounts ranging from \$290,000 to \$285,000 annually through 2023.	4,300,000
<b>School Bonds:</b>	
\$5,720,000 School bond, issued October 21, 2004, interest payable at rates from 2.0% to 4.0%, due in principal amounts ranging from \$100,000 to \$415,000 annually through 2019.	3,695,000
<b>Clean Water Fund Notes:</b>	
\$7,511,895 Clean Water Fund note, issued August 1992, interest payable at 2%, due in principal amounts ranging from \$390,195 to \$448,212 through 2012.	1,318,438
\$1,895,060 Clean Water Fund note, issued May 1994, interest payable at 2%, due in principal amounts ranging from \$107,885 to \$123,926 through 2012.	364,541
\$1,133,393 Clean Water Fund note, issued November 1995, interest payable at 2%, due in principal amounts ranging from \$67,405 to \$78,951 through 2012.	<u>232,172</u>
Total general obligation bonds and notes payable	<u><u>\$ 11,750,151</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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The annual debt service requirements of general obligation bonds and notes payable are as follows:

	Principal	Interest	Total
2010	\$ 1,494,341	\$ 396,141	\$ 1,890,482
2011	1,504,721	351,049	1,855,770
2012	1,511,088	309,174	1,820,263
2013	855,000	264,448	1,119,448
2014	755,000	235,308	990,308
2015	745,000	208,883	953,883
2016	740,000	182,414	922,414
2017	735,000	156,120	891,120
2018	725,000	129,139	854,139
2019	720,000	101,681	821,681
2020	375,000	73,103	448,103
2021	375,000	57,900	432,900
2022	375,000	42,619	417,619
2023	375,000	27,225	402,225
2024	375,000	11,775	386,775
2025	90,000	2,025	92,025
	<u>\$ 11,750,151</u>	<u>\$ 2,549,001</u>	<u>\$ 14,299,152</u>

**Prior Year's Debt Defeasance**

In prior years, the Town defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the basic financial statements. At June 30, 2009, the Town's portion of bonds outstanding that are considered defeased is approximately \$3.1 million.

**Bonds authorized but unissued**

Total authorized but unissued debt at June 30, 2009 relating to capital projects is as follows:

General Purpose	\$ 500,000
Schools	8,550,940
	<u>\$ 9,050,940</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Legal debt limit**

The Town's indebtedness (including authorized but not unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as established by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 52,478,781	\$ 6,640,000	\$ 45,838,781
Schools	104,957,402	3,695,000	101,262,402
Sewers	87,464,501	1,915,151	85,549,350
Urban renewal	75,802,568	-	75,802,568
Pension deficit	69,971,601	-	69,971,601

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$163,267,069. All long-term debt obligations are retired through General Fund appropriations.

**Overlapping Debt**

Hebron is a member of Regional School District #8 (the "District") which provides education for grades seven through twelve for the Towns of Hebron, Andover and Marlborough. As of June 30, 2009, the Town of Hebron's share will be approximately 52.97% of the remainder, or approximately \$14,800,000 of the Regional School District #8's outstanding bonds. These are general obligations of Regional School District #8 and its member towns.

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases range from 4.2% to 5.0%. The capital leases are for various computer equipment and vehicles. The leases are payable in monthly installments through 2010. Original cost and accumulated depreciation at June 30, 2009 of capital assets under such lease agreements are as follows:

Machinery and equipment	\$ 176,905
Accumulated depreciation	(176,905)
Net book value	\$ -

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>	
2010	\$ 1,209
Less amount representing interest	111
	<u>\$ 1,098</u>

**Note 9. Employee Retirement Systems**

Substantially, all Town employees and Board of Education non-certified employees are eligible to participate in a defined contribution money accumulation pension plan administered by the Town. The Plan is authorized under the Town Charter and can be amended by a vote of the Selectman. This plan is reported as a Pension Trust Fund in this report. All investments are invested and administered by the ING Life Insurance and Annuity Company and are reported at contract value. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings.

To be eligible to participate in the Plan, the employee must be at least twenty-one years of age and complete one year of service. The Plan does not allow for employee contributions. The Town contributes five percent (5%) of compensation for Board of Education non-certified employees and seven percent (7%) for all Town employees.

Employer contributions become fully vested upon completion of six years of service. Employer contributions to the Plan were \$181,115 (net of forfeitures). The Plan does not issue stand-alone financial statements.

**Connecticut State Teachers' Retirement System**

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$933,000 for the year ended June 30, 2009.

**Post-retirement Benefits**

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2007. The post-retirement plan does not issue stand-alone financial reports.

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of post-employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method. For fiscal year 2009, the Town contributions were \$47,000 on a pay as you go basis.

Membership in the plan consisted of the following at July 1, 2007, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	14
Active plan members	136
Total	<u>150</u>



TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 294,000	\$ 47,000	16%	\$ 247,000

OPEB Obligation

Annual required contribution	\$ 294,000
Interest on net pension obligation	-
Annual OPEB cost	<u>294,000</u>
Contributions made	<u>47,000</u>
Increase in net OPEB liability	<u>247,000</u>
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 247,000</u></u>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The actuarial accrued liability as of July 1, 2007 is estimated to be \$2,657,000.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	(000's)		Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
			Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)		
July 1, 2007	\$ -	\$ 2,657,000	\$ 2,657,000	0%	\$ 9,812,000	27%

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

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2007
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Payments
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Interest rate	4.5%
Inflation rate	N/A
Salary Increases	N/A
Medical and prescription drug trend rate	10% graded down 1.0% per year to 5.0% in 2012 and beyond

**Note 10. Fund Deficits**

The following funds had fund deficits as of June 30, 2009:

Miscellaneous Grants Fund	\$ 2,269
Historical Records Preservation	\$ 3,373
Sewer Assessment	\$ 49,479

The deficits are expected to be eliminated through transfers from the Town's general fund and from other revenue sources or future bonding.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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**Note 11. Contingencies and Commitments**

**Lawsuits**

The Town is currently involved in several litigation matters. In the opinion of the Town's management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

**Inter-municipal Agreements and Commitments**

*Inter-municipal Agreement for Septic Waste Disposal*

The Town is party to an inter-municipal agreement for septic waste disposal. The Town of East Hampton has agreed to accept septic from Hebron and four other towns. East Hampton borrowed \$837,000 from the State of Connecticut Clean Water Fund to finance improvements to its plant to accommodate septic from the other towns. Each town is committed to paying a portion of the cost of improvements over a twenty-year period. Additionally, operating costs and a utilization fee will also be charged and the agreement may be terminated by either party with notice. The actual amount paid this year for the Town's portion of the improvements was \$19,500.

*Inter-municipal Agreement for an Equalization Tank and Sewerage Study*

The Town is party to an inter-municipal agreement with the Town of Colchester to install an equalization tank at the Prospect Hill Station and to conduct a sewerage study. The total cost of the equalization tank net of State grants received was \$372,709 and the cost of the sewerage study net of State grants received is \$11,044. The annual payment is based on the cost divided by twenty years times a percentage of Colchester's annual flow. The total revenue received for the year ended June 30, 2009 is \$20,050.

**Regional District #8**

The Towns of Hebron, Marlborough and Andover have approved an appropriation of \$70,585,000 for Regional School District #8 construction. The project will be eligible for approximately \$35,147,000 in State grants. The balance will be bonded and each town will pay its proportionate share of debt to the Regional School District each year. The Regional School District has debt outstanding of approximately \$27,930,000 on this project. Hebron's share will be approximately 52.97% of the outstanding debt, or approximately \$14,800,000.

**Note 12. Risk Management**

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors or omissions, injury to employees, natural disasters, employee health, and owners and contractors protective liability.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued  
June 30, 2009

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The Town purchases commercial insurance for all risks of loss including blanket and umbrella policies. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

**Note 13. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following standards may have on the financial statements:

- ◆ GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ◆ GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ◆ GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The implementation of this statement will result in changes to the classification of fund balances in the Town's governmental funds.
- ◆ GASB Statement Number 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments. The implementation of this statement will not result in any change to the financial statements.

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**Supplemental and Combining Nonmajor  
Fund Statements and Schedules**



General Fund



## General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -  
 BUDGETARY BASIS - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>PROPERTY TAXES</b>				
Taxes, Interest and Lien Fees	\$ 23,305,908	\$ 23,305,908	\$ 23,457,532	\$ 151,624
<b>LICENSES, FEES AND CHARGES</b>				
ZBA	1,000	1,000	1,186	186
Wetland Fees	8,000	8,000	2,679	(5,321)
Building	130,000	130,000	74,784	(55,216)
Town Clerk Fees	16,000	16,000	14,346	(1,654)
Recording Fees	70,000	70,000	47,798	(22,202)
Sportsmen's Licenses	1,200	1,200	650	(550)
Conveyance Tax	130,000	130,000	58,853	(71,147)
Marriage Licenses	250	250	-	(250)
Planning and Zoning Fees	20,000	20,000	16,357	(3,643)
Compactor/Recycling	70,000	70,000	59,776	(10,224)
Dog Fund	7,000	7,000	6,600	(400)
Animal Population Control Fund	800	800	2,506	1,706
Library	29,500	29,500	33,061	3,561
Classified Land	5,000	5,000	-	(5,000)
Engineering Fees	20,000	20,000	-	(20,000)
Blasting Permits	1,500	1,500	30	(1,470)
Xerox	3,500	3,500	2,311	(1,189)
Soil and Water Conservation Fund	600	600	1,048	448
Farmland Preservation	-	-	648	648
Records Preservation	-	-	56	56
Education Fee Assessment	1,000	1,000	161	(839)
PA CIP Funding	6,000	6,000	5,454	(546)
Ambulance Service	120,000	120,000	138,529	18,529
State Registrar Reimbursement	5,053	5,053	-	(5,053)
<b>Total licenses, fees and charges</b>	<b>646,403</b>	<b>646,403</b>	<b>466,833</b>	<b>(179,570)</b>
<b>INTERGOVERNMENTAL REVENUES</b>				
State of Connecticut:				
Education Equalization Grant	6,872,931	6,872,931	6,867,858	(5,073)
Educational Transportation	83,664	83,664	78,971	(4,693)
Telecommunications Pers.	43,834	43,834	38,155	(5,679)
PILOT - State Property	16,418	16,418	16,474	56
Manufacturers PILOT Grant	1,000	1,000	2,558	1,558
Totally Disabled Grant	900	900	680	(220)
Tax Relief - Additional Veterans Grant	2,100	2,100	2,071	(29)
Boat Registrations	3,280	3,280	3,280	-
Civil Preparedness	5,000	5,000	3,148	(1,852)
Miscellaneous State Grants	5,000	5,000	1,410	(3,590)
Town Aid Road Fund	119,856	119,856	120,032	176
Mashantucket Pequot Grant	55,167	55,167	53,446	(1,721)
Property Tax Relief Grant	29,300	29,300	32,512	3,212
Special Education Excess Cost	9,086	9,086	-	(9,086)
CRRA	-	-	9,281	9,281
Local Capital Improvement	-	-	70,645	70,645
<b>Total intergovernmental revenues</b>	<b>7,247,536</b>	<b>7,247,536</b>	<b>7,300,521</b>	<b>52,985</b>

(Continued)

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -  
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>INVESTMENT INCOME</b>				
Interest on investments	200,000	200,000	111,851	(88,149)
<b>OTHER REVENUES</b>				
Constable Fees	10,200	10,200	6,830	(3,370)
Area Aging Grant	6,000	6,000	18,050	12,050
Housing Authority	4,000	4,000	4,124	124
Elderly Van	8,500	8,500	-	(8,500)
Fire/police fees	3,000	3,000	5,130	2,130
Fire Marshal Spec. Duty Reimb.	2,973	2,973	-	(2,973)
Hebron Harvest Fair	26,000	26,000	27,329	1,329
Elderly Demand Respond	22,000	22,000	22,013	13
Miscellaneous	8,000	8,000	677	(7,323)
Hartford Foundation Grant	6,000	6,000	-	(6,000)
Colchester Intermun. Agr.	20,050	20,050	19,600	(450)
Parks and Recreation Reimbursement	16,800	16,800	-	(16,800)
RHAM	-	-	99,890	99,890
<b>Total other revenues</b>	<b>133,523</b>	<b>133,523</b>	<b>203,643</b>	<b>70,120</b>
<b>Total revenues</b>	<b>31,533,370</b>	<b>31,533,370</b>	<b>31,540,380</b>	<b>7,010</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
Sewer Assessment	480,000	480,000	480,000	-
WPCA Reimbursement	10,000	10,000	10,000	-
Hebron Park	40,000	40,000	40,000	-
Debt Management	700,000	700,000	700,000	-
Capital Projects	-	-	260,000	260,000
<b>Total other financing sources</b>	<b>1,230,000</b>	<b>1,230,000</b>	<b>1,490,000</b>	<b>260,000</b>
<b>Total</b>	<b>\$ 32,763,370</b>	<b>\$ 32,763,370</b>	<b>\$ 33,030,380</b>	<b>\$ 267,010</b>

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGETARY BASIS - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Payroll:				
Clerical	\$ 348,664	\$ 348,664	\$ 348,661	\$ 3
Administration	613,374	613,374	611,314	2,060
Health and Welfare	90,404	90,404	78,958	11,446
Public Safety	85,864	89,245	89,245	-
Library	129,327	129,327	129,306	21
Recreation	121,412	121,412	106,713	14,699
Public Works	585,110	585,110	577,350	7,760
Elected Officials	49,509	52,048	52,048	-
Contractual Commitments	20,860	14,940	5,760	9,180
<b>Total payroll</b>	<b>2,044,524</b>	<b>2,044,524</b>	<b>1,999,355</b>	<b>45,169</b>
Selectmen's Office	44,725	44,725	41,349	3,376
Central Services	39,600	39,600	37,530	2,070
Legal	27,900	96,274	95,808	466
Central Computer Services	41,600	41,600	26,532	15,068
Town Buildings	59,310	59,310	44,144	15,166
Boards and Commissions	900	900	575	325
Board of Finance	36,700	36,700	36,435	265
Financial Administrator	11,425	11,425	9,163	2,262
Tax Collector	20,140	28,710	25,566	3,144
Assessor	43,947	43,947	39,657	4,290
Board of Tax Review	450	450	-	450
Town Clerk's Office	35,600	35,600	27,015	8,585
Registrar of Voters	58,283	58,283	42,252	16,031
<b>Total</b>	<b>420,580</b>	<b>497,524</b>	<b>426,026</b>	<b>71,498</b>
<b>Total general government</b>	<b>2,465,104</b>	<b>2,542,048</b>	<b>2,425,381</b>	<b>116,667</b>
<b>PUBLIC SAFETY</b>				
Police Administration	310,445	310,445	293,900	16,545
Fire Administration	336,448	336,448	321,861	14,587
Fire Marshal	43,870	43,870	41,588	2,282
Burning Official	1,932	1,932	1,932	-
Emergency Management	9,935	9,935	9,345	590
Animal Control	31,093	31,093	28,000	3,093
Ambulance Service	94,211	121,408	112,006	9,402
<b>Total public safety</b>	<b>827,934</b>	<b>855,131</b>	<b>808,632</b>	<b>46,499</b>

(Continued)

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>CIVIC AND HUMAN SERVICE</b>				
Community Agency Donations	112,841	133,991	133,991	-
Regional Health District Assessment	74,000	74,000	73,904	96
Library	222,955	222,955	217,079	5,876
Van - Disabled	77,103	59,392	50,444	8,948
Senior Center	67,389	67,389	54,155	13,234
Probate Court	1,650	1,650	730	920
St. Peter's Lease	800	800	800	-
Recreation Commission	2,350	2,350	1,734	616
Recreation Programs	79,365	79,365	76,148	3,217
Tricentennial	3,350	3,350	2,291	1,059
<b>Total civic and human service</b>	<b>641,803</b>	<b>645,242</b>	<b>611,276</b>	<b>33,966</b>
<b>PLANNING AND LAND USE</b>				
Economic Development	4,600	4,600	3,640	960
Planning and Development	119,639	119,639	99,004	20,635
<b>Total planning and land use</b>	<b>124,239</b>	<b>124,239</b>	<b>102,644</b>	<b>21,595</b>
<b>PUBLIC WORKS</b>				
Highways and Grounds Administration	250,011	278,534	273,117	5,417
Town Yard and Garage	42,165	42,165	37,817	4,348
Street Services	489,735	539,865	511,466	28,399
Solid Waste, Recycling, Bulky	236,327	236,327	230,266	6,061
<b>Total public works</b>	<b>1,018,238</b>	<b>1,096,891</b>	<b>1,052,666</b>	<b>44,225</b>
<b>SEWER FEES</b>				
Town Property User Fee	8,640	8,640	8,423	217
<b>Total Town sewer fees</b>	<b>8,640</b>	<b>8,640</b>	<b>8,423</b>	<b>217</b>
<b>INSURANCE AND BENEFITS</b>				
Insurance	155,642	166,946	165,946	1,000
Employee Benefits	872,793	806,933	806,787	146
<b>Total insurance and benefits</b>	<b>1,028,435</b>	<b>973,879</b>	<b>972,733</b>	<b>1,146</b>
<b>Total Town</b>	<b>6,114,393</b>	<b>6,246,070</b>	<b>5,981,755</b>	<b>264,315</b>

(Continued)

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -  
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued  
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>DEBT SERVICE</b>				
Town	444,033	333,506	333,406	100
School	594,988	594,988	594,988	-
Sewers	686,718	686,718	682,144	4,574
<b>Total debt service</b>	<b>1,725,739</b>	<b>1,615,212</b>	<b>1,610,538</b>	<b>4,674</b>
<b>EDUCATION</b>				
RHAM Assessment	12,397,818	12,397,818	12,397,818	-
HES Education	11,490,634	11,490,634	11,490,520	114
<b>Total education</b>	<b>23,888,452</b>	<b>23,888,452</b>	<b>23,888,338</b>	<b>114</b>
<b>TRANSFERS TO OTHER FUNDS</b>				
Land Acquisition Fund	200,000	200,000	200,000	-
Capital Improvement Fund	794,786	794,786	794,786	-
Contribution to Capital Non-Recurring Fund	40,000	40,000	40,000	-
Debt Management Fund	-	1,085,000	1,085,000	-
<b>Total transfers to other funds</b>	<b>1,034,786</b>	<b>2,119,786</b>	<b>2,119,786</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 32,763,370</b>	<b>\$ 33,869,520</b>	<b>\$ 33,600,417</b>	<b>\$ 269,103</b>

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Nonmajor Governmental Funds



## *Nonmajor Governmental Funds*

### *Special Revenue Funds*

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Hebron Park Fund** - is used to account for revenue from the cell tower antenna.

**Miscellaneous Grants Fund** - is used to account for grants relating to various activities.

**WPCA Sewer Operations Fund** - is used to account for the operations of the WPCA.

**Small Cities Grant Fund** - is used to account for U.S. Housing and Urban Development grants relating to the Community Development Block Grants.

**Marian Celio Angel Fund** - is used to account for donations for seniors who have a hardship and need help.

**Land Acquisition Fund** - is used to account for funds to purchase open space.

**Douglass Library Fund** - is used to account for small donations made to benefit the Library.

**Recreation Fund** - is used to account for program revenues and expenditures.

**Historic Records Preservation Fund** - is used to account for funds related to fees collected by the Town Clerk for historic records preservation.

**Cafeteria Fund** - is used to account for the operations of the school lunch program.

**EMS Fund** - is used to account for the operations of the ambulance services.

**Tri-Centennial Commission Fund** - is used to account for a Townwide celebration for the 300<sup>th</sup> anniversary of Hebron's establishment in 1708.

### *Permanent Funds*

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

**Cemetery Fund** - is used to account for funds donated for the upkeep of various cemeteries in Town.

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TOWN OF HEBRON, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Special Revenue				
	Hebron Park	Miscellaneous Grants	WPCA Sewer Operation	Small Cities Grant	Marian Celio Angel
<b>ASSETS</b>					
Cash and cash equivalents	\$ 30,680	\$ 78	\$ 154,529	\$ 21,987	\$ 13,373
Receivables:					
Assessments and user fees	-	-	24,246	-	-
Inventories	-	-	-	-	-
Due from others	-	-	88,542	-	-
<b>Total assets</b>	<b>\$ 30,680</b>	<b>\$ 78</b>	<b>\$ 267,317</b>	<b>\$ 21,987</b>	<b>\$ 13,373</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 807	\$ -	\$ 18,838	\$ -	\$ -
Unearned revenue	-	-	12,677	21,987	-
Due to others	3,960	2,347	-	-	-
<b>Total liabilities</b>	<b>4,767</b>	<b>2,347</b>	<b>31,515</b>	<b>21,987</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for:					
Encumbrances	-	-	23,999	-	-
Inventories	-	-	-	-	-
Permanent fund	-	-	-	-	-
Unreserved	25,913	(2,269)	211,803	-	13,373
<b>Total fund balances (deficits)</b>	<b>25,913</b>	<b>(2,269)</b>	<b>235,802</b>	<b>-</b>	<b>13,373</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 30,680</b>	<b>\$ 78</b>	<b>\$ 267,317</b>	<b>\$ 21,987</b>	<b>\$ 13,373</b>

Special Revenue							Permanent Fund	
Land Acquisition	Douglass Library	Recreation	Historic Records Preservation	Cafeteria Fund	EMS Fund	Tri-Centennial Commision Fund	Cemetery Fund	Totals
\$ 815,778	\$ 21,677	\$ 162,415	\$ -	\$ 50,113	\$ 138,274	\$ 5,425	\$ 11,176	\$ 1,425,505
-	-	-	-	-	-	-	-	24,246
-	-	-	-	2,589	-	-	-	2,589
-	-	14,036	4,967	-	-	-	-	107,545
<u>\$ 815,778</u>	<u>\$ 21,677</u>	<u>\$ 176,451</u>	<u>\$ 4,967</u>	<u>\$ 52,702</u>	<u>\$ 138,274</u>	<u>\$ 5,425</u>	<u>\$ 11,176</u>	<u>\$ 1,559,885</u>
\$ -	\$ 276	\$ 2,876	\$ 8,340	\$ -	\$ -	\$ -	\$ -	\$ 31,137
-	-	70,864	-	-	-	-	-	105,528
5,927	-	-	-	-	90,993	465	-	103,692
<u>5,927</u>	<u>276</u>	<u>73,740</u>	<u>8,340</u>	<u>-</u>	<u>90,993</u>	<u>465</u>	<u>-</u>	<u>240,357</u>
-	-	-	-	-	-	-	-	23,999
-	-	-	-	2,589	-	-	-	2,589
-	-	-	-	-	-	-	11,176	11,176
809,851	21,401	102,711	(3,373)	50,113	47,281	4,960	-	1,281,764
<u>809,851</u>	<u>21,401</u>	<u>102,711</u>	<u>(3,373)</u>	<u>52,702</u>	<u>47,281</u>	<u>4,960</u>	<u>11,176</u>	<u>1,319,528</u>
<u>\$ 815,778</u>	<u>\$ 21,677</u>	<u>\$ 176,451</u>	<u>\$ 4,967</u>	<u>\$ 52,702</u>	<u>\$ 138,274</u>	<u>\$ 5,425</u>	<u>\$ 11,176</u>	<u>\$ 1,559,885</u>

TOWN OF HEBRON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES (DEFICITS)  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Special Revenue				
	Hebron Park	Miscellaneous Grants	WPCA Sewer Operating	Small Cities Grant	Marian Celio Angel
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 43,399	\$ -	\$ 25,616	\$ -
Investment income	-	-	6,297	-	-
Charges for services	65,954	-	325,535	-	-
Other income	-	-	-	-	-
<b>Total revenues</b>	<b>65,954</b>	<b>43,399</b>	<b>331,832</b>	<b>25,616</b>	<b>-</b>
<b>EXPENDITURES</b>					
Public safety	-	-	-	25,616	-
Civic and Human Service	14,660	43,321	-	-	-
Planning and land use	-	-	-	-	-
Sewer fees	-	-	361,277	-	-
Education	-	-	-	-	-
<b>Total expenditures</b>	<b>14,660</b>	<b>43,321</b>	<b>361,277</b>	<b>25,616</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>51,294</b>	<b>78</b>	<b>(29,445)</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(40,000)	-	(10,000)	-	-
<b>Total other financing sources (uses)</b>	<b>(40,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) in revenues over expenditures and other financing sources (uses)</b>	<b>11,294</b>	<b>78</b>	<b>(39,445)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS), beginning of year</b>	<b>14,619</b>	<b>(2,347)</b>	<b>275,247</b>	<b>-</b>	<b>13,373</b>
<b>FUND BALANCES (DEFICITS), end of year</b>	<b>\$ 25,913</b>	<b>\$ (2,269)</b>	<b>\$ 235,802</b>	<b>\$ -</b>	<b>\$ 13,373</b>

Special Revenue							Permanent Fund	
Land Acquisition	Douglass Library	Recreation	Historic Records Preservation	Cafeteria Fund	EMS Fund	Tri-Centennial Commission Fund	Cemetery Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,015
11,567	-	-	-	-	-	-	316	18,180
-	857	480,793	35,301	268,265	-	2,500	-	1,179,205
-	1,996	-	-	-	-	2,826	-	4,822
11,567	2,853	480,793	35,301	268,265	-	5,326	316	1,271,222
-	-	-	-	-	-	-	-	25,616
-	-	472,378	-	-	-	24,051	-	554,410
-	-	-	45,326	-	-	-	-	45,326
-	-	-	-	-	-	-	-	361,277
-	1,455	-	-	260,066	-	-	-	261,521
-	1,455	472,378	45,326	260,066	-	24,051	-	1,248,150
11,567	1,398	8,415	(10,025)	8,199	-	(18,725)	316	23,072
200,000	-	-	-	-	-	-	-	200,000
-	-	-	-	-	-	-	-	(50,000)
200,000	-	-	-	-	-	-	-	150,000
211,567	1,398	8,415	(10,025)	8,199	-	(18,725)	316	173,072
598,284	20,003	94,296	6,652	44,503	47,281	23,685	10,860	1,146,456
\$ 809,851	\$ 21,401	\$ 102,711	\$ (3,373)	\$ 52,702	\$ 47,281	\$ 4,960	\$ 11,176	\$ 1,319,528

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Agency Funds



## Agency Funds

- i. **Agency Funds** - utilize the accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities) and are used to account for senior activities; performance bonds and student activities. The Town's Agency Funds are listed below:

Senior Center

Performance Bond

Studies Activities

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<b>SCHOOL ACTIVITY FUND</b>				
Assets:				
Cash and cash equivalents	\$ 26,317	\$ 131,420	\$ 136,855	\$ 20,882
Liabilities:				
Amounts held for others	\$ 26,317	\$ 131,420	\$ 136,855	\$ 20,882
<b>PERFORMANCE BOND</b>				
Assets:				
Cash and cash equivalents	\$ 44,327	\$ 1,167	\$ 5,346	\$ 40,148
Liabilities:				
Amounts held for others	\$ 44,327	\$ 1,167	\$ 5,346	\$ 40,148
<b>SENIOR CENTER</b>				
Assets:				
Cash and cash equivalents	\$ 21,459	\$ 4,025	\$ 9,188	\$ 16,296
Liabilities:				
Due to others	\$ 21,459	\$ 4,025	\$ 9,188	\$ 16,296
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and cash equivalents	\$ 92,103	\$ 136,612	\$ 151,389	\$ 77,326
Liabilities:				
Amounts held for others	\$ 92,103	\$ 136,612	\$ 151,389	\$ 77,326

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Capital Assets Schedules



TOWN OF HEBRON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY CATEGORY - HISTORICAL COST

June 30, 2009

---

Governmental funds capital assets:

Land	\$ 8,711,916
Construction in progress	4,998,240
Buildings and improvements	34,037,361
Furniture and equipment	8,539,117
Infrastructure	34,190,269
<b>Total</b>	<b>\$ 90,476,903</b>

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Other Schedule





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TOWN OF HEBRON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2009

Grand List Year	Balance Uncollected July 1, 2008	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected
			Additions	Deletions		
1993	\$ 5,316	\$ -	\$ -	\$ -	\$ -	\$ 5,316
1994	1,487	-	-	-	-	1,487
1995	6,715	-	-	-	-	6,715
1996	6,819	-	-	-	-	6,819
1997	6,819	-	-	-	-	6,819
1998	6,957	-	-	-	-	6,957
1999	10,221	-	-	-	-	10,221
2000	13,757	-	-	-	-	13,757
2001	16,600	-	-	-	-	16,600
2002	19,509	-	-	-	-	19,509
2003	14,621	-	-	-	-	14,621
2004	27,191	-	-	-	-	27,191
2005	74,664	-	-	247	708	73,709
2006	291,122	-	296	54,209	2,796	234,413
2007	-	23,418,756	49,616	110,992	194	23,357,186
	<u>\$ 501,798</u>	<u>\$ 23,418,756</u>	<u>\$ 49,912</u>	<u>\$ 165,448</u>	<u>\$ 3,698</u>	<u>23,801,320</u>

Collections				Balance Uncollected	Refund Balance	Taxes Receivable
Taxes	Interest	Liens and Fees	Total	June 30, 2008	June 30, 2009	June 30, 2009
\$ -	\$ -	\$ -	\$ -	\$ 5,316	\$ -	\$ 5,316
-	-	-	-	1,487	-	1,487
-	-	-	-	6,715	-	6,715
-	-	-	-	6,819	-	6,819
-	-	-	-	6,819	-	6,819
-	-	-	-	6,957	-	6,957
-	-	-	-	10,221	-	10,221
3,235	3,979	48	7,262	10,522	-	10,522
3,997	4,197	48	8,242	12,603	-	12,603
4,380	3,811	48	8,239	15,129	-	15,129
4,544	3,136	48	7,728	10,077	-	10,077
12,362	5,385	130	17,877	14,829	28	14,857
35,080	14,948	447	50,475	38,629	-	38,629
99,740	33,862	2,247	135,849	134,673	2,042	136,715
22,991,894	59,064	7,944	23,058,902	365,292	5,219	370,511
<u>\$ 23,155,232</u>	<u>\$ 128,382</u>	<u>\$ 10,960</u>	<u>\$ 23,294,574</u>	<u>\$ 646,088</u>	<u>\$ 7,289</u>	<u>\$ 653,377</u>

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Statistical Section

## ***Statistical Section***

This part of the Town of Hebron, Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Contents**

#### ***Financial Trends***

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 65

#### ***Revenue Capacity***

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax. 74

#### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 78

#### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 81

#### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 82-85

TOWN OF HEBRON, CONNECTICUT

Net Assets By Component  
 Last Seven Fiscal Years  
*(accrual basis of accounting)*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 17,299,050	\$ 20,003,688	\$ 22,707,909	\$ 25,359,165	\$ 44,095,965	\$ 46,007,316	\$ 46,088,678
Restricted	3,826	3,826	10,451	10,160	10,432	10,860	11,176
Unrestricted	10,607,073	10,227,718	9,106,078	7,659,232	7,905,728	7,648,658	7,743,736
<b>Total governmental activities, net assets</b>	<b>\$ 27,909,949</b>	<b>\$ 30,235,232</b>	<b>\$ 31,824,438</b>	<b>\$ 33,028,557</b>	<b>\$ 52,012,125</b>	<b>\$ 53,666,834</b>	<b>\$ 53,843,590</b>

\* Phased in infrastructure provision of GASB No. 34.

GASB Statement No. 34 implemented in Fiscal Year 2003.

Source: Town CAFR



TOWN OF HEBRON, CONNECTICUT

Changes In Net Assets  
Last Seven Fiscal Years  
(accrual basis of accounting)

Expenses:	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
General government	\$ 2,212,572	\$ 2,259,507	\$ 3,204,086	\$ 3,034,214	\$ 3,387,354	\$ 3,634,827	\$ 3,206,614
Public safety	848,411	1,194,861	595,449	1,106,363	1,025,330	430,714	1,297,154
Public works	1,983,301	983,186	1,195,059	1,182,723	1,415,397	2,052,382	2,088,890
Civic and human service	951,237	909,621	947,381	1,088,213	1,306,503	1,188,062	1,328,244
Planning and land use	199,523	195,955	124,598	141,343	168,871	75,869	188,966
Education	16,592,272	18,266,488	19,380,264	21,179,900	22,300,802	24,006,912	25,088,292
Sewer fees	372,309	289,876	263,122	399,457	387,373	270,891	414,558
Interest on long-term debt	498,286	513,406	331,254	320,479	489,084	360,099	528,928
<b>Total governmental activities expenses</b>	<b>23,657,911</b>	<b>24,612,900</b>	<b>26,041,213</b>	<b>28,452,692</b>	<b>30,480,714</b>	<b>32,019,756</b>	<b>34,141,646</b>
Program revenue:							
Governmental activities:							
Charges for services:							
General government	576,177	702,880	757,664	739,841	578,297	694,680	399,100
Public safety	138,140	145,052	130,362	158,018	18,999	23,822	156,190
Public works	464,307	368,740	391,648	423,401	442,088	393,785	406,485
Civic and human service	107,206	417,296	424,401	469,445	702,997	750,773	606,802
Planning and land use	54,221	56,569	50,238	39,977	57,494	41,006	55,523
Sewer fees	36,671	442,549	88,690	113,019	59,497	298,909	4,912
Education	181,841	54,456	20,699	22,421	233,331	253,016	99,890
Operating grants and contributions:							
General government	20,079	28,497	25,425	27,811	35,542	35,969	-
Public safety	2,878	401,851	5,882	1,725	15,597	1,737	28,842
Public works	165,943	-	-	50,000	-	-	-
Civic and human service	488,590	42,013	46,313	51,585	43,711	45,744	45,317
Planning and land use	47,456	-	50,020	-	-	-	-
Education	6,047,791	5,562,522	5,864,425	5,721,448	5,761,297	6,669,226	6,946,829
Capital grants and contributions:							
General government	-	-	836,000	-	-	-	443,146
Public safety	-	566,772	139,300	157,635	168,934	630,374	9,531
Public works	58,850	48,560	77,037	679,819	221,346	119,856	190,677
Civic and human service	-	12,000	-	-	-	-	-
Education	-	97,262	-	3,200	-	-	-
<b>Total governmental activities program revenue</b>	<b>8,390,150</b>	<b>8,947,019</b>	<b>8,908,104</b>	<b>8,659,345</b>	<b>8,339,130</b>	<b>9,958,897</b>	<b>9,393,244</b>

TOWN OF HEBRON, CONNECTICUT

Changes In Net Assets, Continued

Last Seven Fiscal Years

*(accrual basis of accounting)*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (expense) revenue:							
Governmental activities	(15,267,761)	(15,665,881)	(17,133,109)	(19,793,347)	(22,141,584)	(22,060,859)	(24,748,402)
Net (expense) revenue:							
Governmental activities:							
Property taxes	15,295,941	16,694,553	17,854,964	20,118,860	21,457,967	22,310,176	23,631,881
Grants and contributions not restricted to specific programs	387,636	570,579	670,633	540,871	895,606	1,051,342	1,116,089
Unrestricted investment earnings	246,876	102,932	196,718	337,735	488,997	354,050	177,188
<b>Total governmental activities -         general revenue</b>	<b>15,930,453</b>	<b>17,368,064</b>	<b>18,722,315</b>	<b>20,997,466</b>	<b>22,842,570</b>	<b>23,715,568</b>	<b>24,925,158</b>
Changes in net assets:							
<b>Governmental activities</b>	<b>\$ 662,692</b>	<b>\$ 1,702,183</b>	<b>\$ 1,589,206</b>	<b>\$ 1,204,119</b>	<b>\$ 700,986</b>	<b>\$ 1,654,709</b>	<b>\$ 176,756</b>

TOWN OF HEBRON, CONNECTICUT

Program Revenues by Function/Program

Last Seven Fiscal Years

*(accrual basis of accounting)*

Function / Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
General government	\$ 596,256	\$ 731,377	\$ 1,619,089	\$ 767,652	\$ 613,839	\$ 730,649	\$ 842,246
Public safety	141,018	1,113,675	275,544	317,378	203,530	655,933	191,563
Civic and human service	595,796	471,309	470,714	521,030	746,708	796,517	652,119
Planning and land use	101,677	56,569	100,258	39,977	57,494	41,006	55,523
Public works	1,212,100	417,300	468,685	1,153,220	663,434	513,641	597,162
Sewer fees	36,671	442,549	88,690	113,019	59,497	298,909	4,912
Education	6,229,632	5,714,240	5,885,124	5,747,069	5,994,628	6,922,242	7,046,719
<b>Total governmental activities</b>	<b>\$ 8,913,150</b>	<b>\$ 8,947,019</b>	<b>\$ 8,908,104</b>	<b>\$ 8,659,345</b>	<b>\$ 8,339,130</b>	<b>\$ 9,958,897</b>	<b>\$ 9,390,244</b>

GASB Statement No. 34 implemented in Fiscal Year 2003.

Source: Town CAFR

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TOWN OF HEBRON, CONNECTICUT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

	Fiscal Year			
	2000	2001	2002	2003
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ 62,330
Designated	686,780	534,165	287,417	-
Unreserved	2,337,768	2,597,292	2,505,442	2,438,320
<b>Total General Fund</b>	<b>3,024,548</b>	<b>3,131,457</b>	<b>2,792,859</b>	<b>2,500,650</b>
All Other Governmental Funds:				
Reserved	n/a	n/a	n/a	\$ 13,858
Unreserved, reported in:				
Special revenue funds	n/a	n/a	n/a	2,107,440
Debt service funds	n/a	n/a	n/a	1,374,730
Capital projects funds	n/a	n/a	n/a	1,472,284
<b>Total all other     government funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,968,312</b>

n/a - Information not available.

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Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 52,535	\$ 27,364	\$ 53,327	\$ 158,472	\$ 242,758	\$ 232,226
-	-	-	-	-	-
3,346,590	3,271,636	3,720,080	2,597,544	3,611,443	3,166,328
3,399,125	3,299,000	3,773,407	2,756,016	3,854,201	3,398,554
<hr/>					
\$ 13,455	\$ 23,876	\$ 328,790	\$ 17,037	\$ 68,255	\$ 37,764
2,260,857	1,458,181	979,435	1,119,956	1,254,706	1,232,285
998,709	1,296,856	1,309,526	1,973,359	1,420,506	1,815,959
973,022	528,468	(317,989)	718,858	(158,879)	522,902
<hr/>					
\$ 4,246,043	\$ 3,307,381	\$ 2,299,762	\$ 3,829,210	\$ 2,584,588	\$ 3,608,910

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TOWN OF HEBRON, CONNECTICUT

Changes In Fund Balances, General Fund  
 Last Ten Fiscal Years  
*(modified accrual basis of accounting)*

	Fiscal Year			
	2000	2001	2002	2003
<b>Revenues:</b>				
Property taxes, interest and liens, net	\$ 12,119,887	\$ 13,279,177	\$ 14,086,868	\$ 15,515,740
Intergovernmental	6,034,294	5,886,108	5,879,408	5,746,164
Charges for services	360,264	353,497	800,582	691,481
Interest and dividends	309,130	339,521	158,370	80,988
Other	27,943	53,838	96,801	348,896
<b>Total revenues</b>	<b>18,851,518</b>	<b>19,912,141</b>	<b>21,022,029</b>	<b>22,383,269</b>
<b>Expenditures:</b>				
General Government	2,077,609	2,180,236	1,761,357	2,020,975
Public Safety	404,889	436,003	581,468	620,773
Public Works	717,577	776,494	1,212,304	1,406,689
Recreation, Library, Health and welfare	308,200	350,572	637,915	670,083
Education	13,084,437	13,655,406	14,095,433	15,181,367
Debt service:				
Principal	1,629,533	2,037,789	1,857,885	1,773,776
Interest	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>18,222,245</b>	<b>19,436,500</b>	<b>20,146,362</b>	<b>21,673,663</b>
<b>Excess of revenues (under) expenditures</b>	<b>629,273</b>	<b>475,641</b>	<b>875,667</b>	<b>709,606</b>
<b>Other financing sources (uses):</b>				
Transfers in	489,000	492,685	575,753	797,639
Transfers out	-	-	-	(1,861,783)
Issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Capital leases	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>489,000</b>	<b>492,685</b>	<b>575,753</b>	<b>(1,064,144)</b>
<b>Net changes in fund balance</b>	<b>\$ 1,118,273</b>	<b>\$ 968,326</b>	<b>\$ 1,451,420</b>	<b>\$ (354,538)</b>
Debt service as a percentage of noncapital expenditures	9.8%	11.7%	10.2%	8.9%

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	17,221,736	\$	18,153,603	\$	20,016,475	\$	21,310,125	\$	22,473,200	\$	23,457,532
	5,673,008		6,089,563		6,694,079		6,776,104		7,967,184		8,233,521
	809,934		755,233		766,632		538,062		430,935		466,833
	62,780		118,258		253,272		279,337		195,189		111,851
	111,787		66,087		220,358		325,535		347,158		203,643
	23,879,245		25,182,744		27,950,816		29,229,163		31,413,666		32,473,380
	2,747,131		2,883,601		2,879,816		3,043,270		3,182,595		3,371,375
	603,779		566,611		665,976		559,211		629,060		750,671
	814,819		922,383		883,238		853,377		886,391		1,080,910
	454,255		454,255		502,302		539,306		666,092		715,392
	17,284,521		18,643,775		20,721,940		21,795,507		23,537,458		24,770,356
	1,009,396		1,070,485		1,181,795		1,206,575		1,208,487		1,220,489
	451,459		300,333		390,682		444,027		313,214		390,048
	71,125		106,075		-		-		845		-
	23,436,485		24,947,518		27,225,749		28,441,273		30,424,142		32,299,241
	442,760		235,226		725,067		787,890		989,524		174,139
	897,000		1,264,183		1,205,000		530,000		1,130,000		1,490,000
	(813,397)		(1,761,796)		(1,455,660)		(2,335,281)		(1,021,339)		(2,119,786)
	-		5,720,000		-		-		-		-
	-		(5,663,813)		-		-		-		-
	71,125		106,025		-		-		-		-
	154,728		(335,401)		(250,660)		(1,805,281)		108,661		(629,786)
\$	597,488	\$	(100,175)	\$	474,407	\$	(1,017,391)	\$	1,098,185	\$	(455,647)
	6.7%		5.8%		6.1%		6.2%		5.3%		5.2%



## TOWN OF HEBRON, CONNECTICUT

### Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Real Estate Residential Property	Personal and Motor Vehicle	Total Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2000	\$ 340,054,901	\$ 48,959,674	\$ 389,014,575	3.90%	30.09	\$ 555,735,107	70.00%
2001	356,500,834	53,622,784	410,123,618	5.43%	31.21	585,890,883	70.00%
2002	366,909,231	57,758,518	424,667,749	3.55%	32.24	606,668,213	70.00%
2003	483,990,880	61,293,986	545,284,866	28.40%	27.69	778,978,380	70.00%
2004	504,730,314	64,709,497	569,439,811	4.43%	30.34	813,485,445	70.00%
2005	514,702,780	72,123,776	586,826,556	3.05%	31.48	838,323,651	70.00%
2006	526,561,760	75,816,880	602,378,640	2.65%	33.24	860,540,914	70.00%
2007	769,892,600	77,251,692	847,144,292	40.63%	26.27	1,210,206,131	70.00%
2008	779,490,760	77,611,199	857,101,959	42.29%	27.20	1,224,431,370	70.00%
2009	779,898,360	78,483,973	858,382,333	1.33%	29.49	1,226,260,476	70.00%

Source: Town Tax Office

TOWN OF HEBRON, CONNECTICUT

Principal Property Taxpayers  
Current Year and Nine Years Ago  
(Unaudited)

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Blackledge Country Club Inc.	\$ 4,658,630	1	0.54%	\$ 1,648,810	3	0.44%
Connecticut Light & Power Co.	5,843,050	2	0.68%	3,095,780	1	0.83%
Footehills Farm Inc.	2,246,460	3	0.26%	323,610	10	0.09%
Village Shoppes LLC	2,447,500	4	0.29%	n/a	n/a	-
Connecticut Water Co.	1,439,880	5	0.17%	n/a	n/a	-
Hebron Properties LLC	1,539,500	6	0.18%	n/a	n/a	-
B.I.S.S. Inc.	1,490,290	7	0.17%	698,380	5	0.19%
Loveland Farms LLC	1,327,540	8	0.15%	n/a	n/a	-
Hebron Country Manor Limited	1,186,160	9	0.14%	n/a	n/a	-
Hebron Country Manor Limited	998,500	10	0.12%	n/a	n/a	-
<b>Total</b>	<b>\$ 23,177,510</b>		<b>2.70%</b>	<b>\$ 5,766,580</b>		<b>1.54%</b>

Source: Assessor's Office.

N/A: Information not available.

TOWN OF HEBRON, CONNECTICUT

Property Tax Levies And Collections  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year Ended June 30:	Grand List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy	
			Amount	Percentage of Levy
2000	1998	\$ 12,014,048	\$ 11,773,215	98.00
2001	1999	13,062,281	12,790,589	97.80
2002	2000	13,908,809	13,666,424	98.30
2003	2001	15,217,997	14,990,901	98.50
2004	2002	17,057,580	16,882,110	99.00
2005	2003	17,251,099	17,113,179	99.20
2006	2004	19,799,849	19,655,726	99.30
2007	2005	21,278,613	21,081,196	99.10
2008	2006	22,354,646	22,115,292	98.90
2009	2007	23,418,756	22,991,894	98.18

Source: Town Tax Records

**Note:** The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

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Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 233,876	\$ 12,007,091	99.94%
261,471	13,052,060	99.92%
228,629	13,895,053	99.90%
207,986	15,198,887	99.87%
150,310	17,032,420	99.85%
111,522	17,224,701	99.85%
80,653	19,736,379	99.68%
140,837	21,222,033	99.73%
163,338	22,278,630	99.66%
-	22,991,894	98.18%

TOWN OF HEBRON, CONNECTICUT

Ratios of Net General Bonded Debt Outstanding by Type  
 Last Ten Fiscal Years  
 (Unaudited)

Fiscal Year	Governmental Activities			Percentage of Actual Property Value	Debt Per Capita
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt		
2000	\$ 16,287,615	\$ 1,629,533	\$ 14,658,082	2.64%	1,702
2001	24,219,714	2,037,789	22,181,925	3.79%	2,534
2002	27,672,084	1,857,885	25,814,199	4.26%	2,868
2003	28,473,024	1,773,776	26,699,248	3.43%	2,958
2004	25,811,184	1,460,855	24,350,329	2.99%	2,698
2005	26,175,655	1,370,818	24,804,837	2.96%	2,742
2006	29,130,677	1,309,526	27,821,151	2.80%	3,025
2007	27,821,151	1,561,551	26,259,600	2.16%	2,855
2008	26,259,600	1,639,776	24,619,824	2.00%	2,666
<b>2009</b>	<b>26,550,151</b>	<b>2,020,489</b>	<b>24,529,662</b>	<b>2.00%</b>	<b>2,667</b>

Note: Details regarding the Town's outstanding debt may be found in the notes to the basic financial statements.

TOWN OF HEBRON, CONNECTICUT

Direct Governmental Activities Debt  
For the Year Ended June 30, 2009  
(Unaudited)

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Governmental Unit	Debt Outstanding
General obligation debt- Total Direct Debt	<u>\$ 26,550,151</u>

Source: Town Records

TOWN OF HEBRON, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION  
June 30, 2009

Total tax collections (including interest and lien fees) for the year ended June 30, 2009 \$ 23,294,574

Reimbursement for revenue loss:  
Tax relief for elderly 29,293

Base \$ 23,323,867

Debt limit \$ 163,267,069

Debt Limitation*	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 52,478,701	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	104,957,402	-	-	-
3-3/4 times base	-	-	87,464,501	-	-
3-1/4 times base	-	-	-	75,802,568	-
3 times base	-	-	-	-	69,971,601
<b>Total debt limitation</b>	<u>52,478,701</u>	<u>104,957,402</u>	<u>87,464,501</u>	<u>75,802,568</u>	<u>69,971,601</u>
<b>Debt as defined by statute:</b>					
Bonds and notes payable	6,140,000	3,695,000	1,915,151	-	-
Bonds authorized but not issued, issue dates not yet established	<u>500,000</u>	<u>8,550,940</u>	-	-	-
<b>Total indebtedness</b>	<u>6,640,000</u>	<u>12,245,940</u>	<u>1,915,151</u>	<u>-</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u>\$ 45,838,701</u>	<u>\$ 92,711,462</u>	<u>\$ 85,549,350</u>	<u>\$ 75,802,568</u>	<u>\$ 69,971,601</u>

TOWN OF HEBRON, CONNECTICUT

Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

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Fiscal Year Ended June 30,	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment(*) Rate
2000	8,610	n/a	n/a	36.8	1,701	2.7%
2001	8,753	n/a	n/a	37	1,725	1.6%
2002	9,000	\$ 78,150	\$ 32,550	37.5	1777	2.0%
2003	9,025	n/a	n/a	38	1839	3.3%
2004	9,025	n/a	n/a	38.5	1928	4.3%
2005	9,047	84,219	36,089	39	1959	3.6%
2006	9,198	85,730	36,797	39.5	2,019	3.9%
2007	9,238	86,827	36,797	39.5	2,089	3.9%
2008	9,232	93,027	36,797	39	2,093	4.5%
2009	9,500	95,963	37,485	39	2,105	6.3%

Source: Town Records

(\*) Source: Connecticut Department of Labor, By Town, Not Seasonally Adjusted.

n/a - Information not available.



TOWN OF HEBRON, CONNECTICUT

Principal Employers  
 Current Year and Nine Years Ago  
 (Unaudited)

Employer	2009			2000		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
RHAM	219	1	13.6	N/A	N/A	N/A
Town of Hebron	92	2	4.4	N/A	N/A	N/A
Ted's Supermarket	83	3	4.3	N/A	N/A	N/A
Blackledge Country Club	50	4	1.6	N/A	N/A	N/A
Country Carpenters	31	5	1.5	N/A	N/A	N/A
Hebrn Pharmacy	25	6	1.0	N/A	N/A	N/A
Tallwood Country Club	17	7	0.8	N/A	N/A	N/A
Fireside Supply	15	8	0.6	N/A	N/A	N/A
Kindercare	15	9	0.6	N/A	N/A	N/A
Staff Mates	13	10	0.6	N/A	N/A	N/A

Sources: Town Records

n/a Information not available

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TOWN OF HEBRON, CONNECTICUT

Full-Time Equivalent Town Government Employees By Functions/Programs  
 Last Ten Fiscal Years  
 (Unaudited)

Functions/Program	Full-Time Equivalent Employees as of June 30			
	2009	2008	2007	2006
Governmental Services:				
Town Manager	1	1	1	1
Town Clerk	2	2	2	2
Personnel	3	1	1	1
Finance	3	3	3	3
Building Safety	2	2	2	2
Planning	2	2	2	2
Facility Mgmt	1	1	1	1
Community Development	-	-	-	-
Parks and Recreation:				
General & Administrative	2	2	2	2
Recreation	2	1	1	1
Fire:				
Firefighters and Officers	2	2	2	2
Public Works:				
Administration	1	1	1	1
Street Maintenance	12	12	12	12
Water:				
Administration	1	1	1	1
<b>Total</b>	<b>\$ 34</b>	<b>\$ 31</b>	<b>\$ 31</b>	<b>\$ 31</b>

Source: Town Records

n/a - Information not available

Full-Time Equivalent Employees as of June 30

2005	2004	2003	2002	2001	2000
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
3	3	3	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
-	-	-	-	-	-
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2			
1	1	1	1	1	1
12	12	12	12	11	11
1	1	1	1	1	1
\$ 31	\$ 31	\$ 31	\$ 28	\$ 27	\$ 27

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