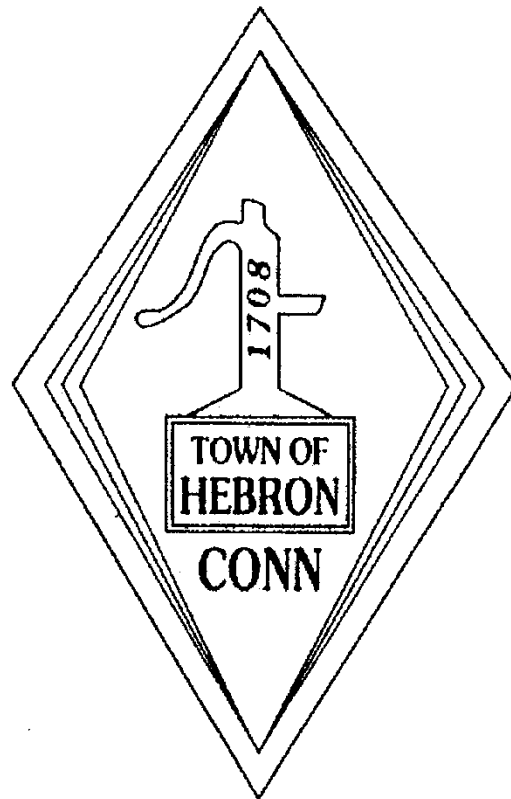


TOWN OF HEBRON, CONNECTICUT

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2010

TOWN OF HEBRON, CONNECTICUT

Comprehensive Annual Financial Report

For

The Fiscal Year Ended
June 30, 2010

Prepared By:

THE FINANCE DEPARTMENT

TOWN OF HEBRON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

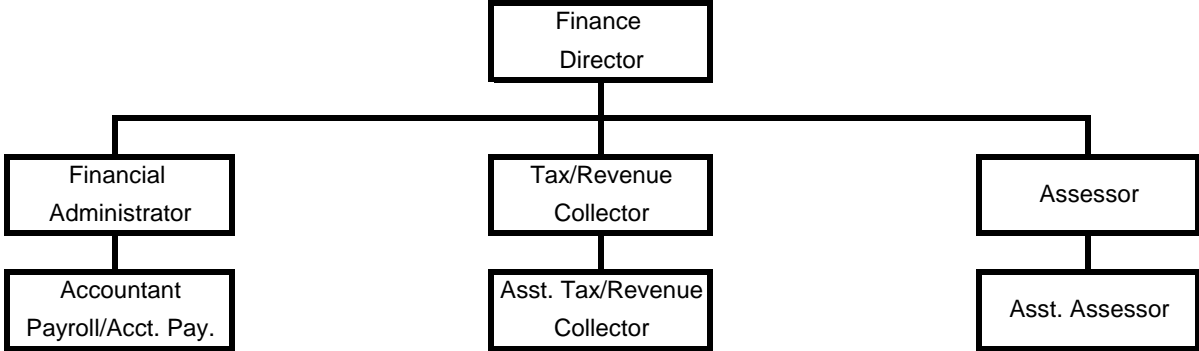
TOWN OF HEBRON, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

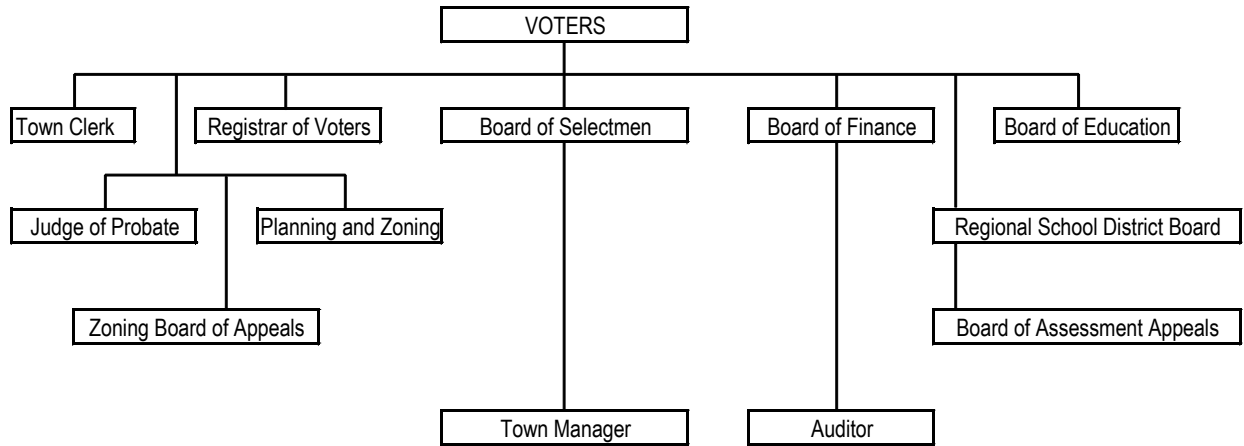
As of June 30, 2010

<i>Chairman of the Board of Selectmen</i>	Jeffrey Watt
<i>Chairman of the Board of Finance</i>	Michael Hazel
<i>Town Manager</i>	Bonnie L. Therrien
<i>Assessor</i>	Robert Musson
<i>Building Inspector</i>	Joseph Summers
<i>Resident Trooper</i>	Mark Gendron
<i>Town Clerk</i>	Carla Pomproicz
<i>Town Planner</i>	Michael O'Leary
<i>Finance Director</i>	Lisa A. Hancock
<i>Legal Counsel</i>	Don Holtman, Esq.
<i>Emergency Management</i>	Randy Blais
<i>Engineer</i>	Nathan Jacobson & Assoc.
<i>Fire Chief</i>	Fred Speno
<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 MacClean
<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, 2010**



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**

January 28, 2011

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, 2010.

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, 2010. 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.

The net taxable grand list for October 1, 2008 was \$855,742,310, an increase of \$1,403,333 or .164% over the October 1, 2007 grand list amount of \$854,338,977. This is a modest increase due to the slowing economy.

Hebron's unemployment rate increased from 6.6% from June 30, 2009 to 7.2% at June 30, 2010. This .6% increase is indicative of the current economy. Hebron did however rank better than the County rate of 9.2% and the State rate of 8.9% at June 30, 2010.

Major Initiatives:

Development of the East Street Parcels. This project is almost complete. It consists of two parcels being utilized as a recreational facility. The Town has approved a Bond Authorization for \$4,494,000 for

recreational development in order to 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, and is now 98% complete. Some use began in 2010 and it is anticipated that the Parks & Recreation Administrative offices will move to this facility in the beginning of 2011.

Development of an Information Technology Committee. This committee was established to review the technology needs of the Town. The committee is in the process of reviewing the Town's current technology infrastructure and is developing a replacement schedule for the most immediate needs. Recommendations were brought forth to the policy makers who provided a partial funding to meet the immediate needs. The committee will continue to review the various technology needs and will work towards providing appropriate recommendations to the policy makers.

Relevant Financial Policies:

Budgetary Control

The Town maintains extensive budgetary controls including a very strong purchasing policy. 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. The Board's of Selectmen and Finance have an unwritten policy of trying to maintain between 7 and 10 percent of the expenditures as Undesignated 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 approximately \$1,902,657.

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, 2010, there were approximately 95 active participants in the plan. The Town contributes seven percent of compensation for one Town employee to ICMA and twelve percent for the Town Manager to ICMA. Plan assets are invested and administered by ICMA, but the employee can direct their investment portfolio. At June 30, 2010, there were two participants in the plan. Employer contributions become fully vested upon completion of six years

of service. Once the employee becomes fully vested their funds are transferred to a separate investment account with ING Life Insurance and Annuity Company and the employee then has the ability to direct their investment portfolio pursuant to their own personal preferences. If the employees are not fully vested, the Board of Selectmen who is the trustee, designate the diversification of the investment portfolio.

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, 2009. In the current year, the Town adopted GASB No. 45, "Accounts and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions."

Cash Management

The operating, special revenue, working capital funds and all non-pension funds are invested at the direction of the Finance Director, who is also the Town Treasurer. The funds that are not required to have separate bank accounts use a consolidated account for deposits and zero balance accounts for disbursements. The collected balance of the consolidated account not needed to liquidate zero balance account obligations is invested to meet future cash flow needs. The Town invests all non-pension funds in accordance with Sections 7-401 through 403 of the Connecticut General Statutes (CGS). All pooled non-pension funds are invested in the State Treasurer's Short Term Investment Fund (STIF), and in the Cutwater CLASS managed Federal Treasury and Agency securities funds which provides for prudent investments. STIF is a State Agency/Local Government investment pool organized under the CGS.

2009/2010 Revenues

A continuing challenge when considering the Town's budget is the appropriate balance between operational requirements, level of service the community needs and expectations and ongoing taxes. The revenues are highly dependent on the economy and market conditions which the Town, Region and nation began to experience a downturn in the early part of 2008. The Town evaluated the impact of the possible reduction in revenues and during the budget development for 2009-2010 set conservative numbers.

2009/2010 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2009/2010 fiscal year. The combined Town, Debt, Capital, RHAM Assessment and Education budget increased by \$391,725 or 1.2%. Some of the challenges include:

- Managing negotiated increases in wages and health insurance costs. The RHAM District for combined health insurance coverage, which the Town and Board of Education are a part of, continue to manage health insurance costs by implementing new initiatives that include plan design changes, consolidation with other communities for pooled savings and possibly evaluating the feasibility of self insurance. This is an ongoing process.
- Managing the needs for capital equipment and infrastructure improvements with limited resources. The Capital Improvement Policy (CIP) is being reviewed by the policy makers. Changes to the method and threshold of the CIP are being considered and changes are anticipated to be made in the upcoming fiscal year 2010/2011. The policy makers are working together to develop the best funding alternatives for future capital needs.

The Town Management, Boards of Selectmen and Finance are proactive in addressing the budgetary needs and the various internal and external factors that affect the Town's budget and finances.

Long Range Capital Planning:

Hebron has a Capital Improvement Program through which its goal is to maintain the Town's infrastructure, provide for capital equipment and vehicle replacement and to make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents.

The Town's annual Capital Improvement Program (CIP) results in a five-year plan of acquisition, new construction, and repair and replacement of municipal facilities and equipment. The program consists of a planning and a budgetary process. Requests are prepared by Town Departments, Boards and Commissions and are submitted to the Citizen appointed Capital Improvement Committee. The Committee reviews the requests and prioritizes them by 1) Core Projects: Safety and health concerns, mandates, continuation of a current project; 2) Essential projects: conformance with plans and initiatives, grant matches, positive fiscal impact etc.; and 3) Discretionary projects: optional remodeling and construction. The Committee forwards their recommendation for the five year plan and funding to the Town Manager and Board of Selectmen in a five year planning document. The Board of Selectmen and then the Board of Finance complete their reviews and recommends the CIP budget as part of the overall budget process. The budget for the Capital Improvement Program is then voted on by the voters during the yearly budget referendum.

Awards and Acknowledgments:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hebron for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. Certificate of Achievement is valid for a period of one year only. The Town of Hebron received a Certificate of Achievement for the sixth time last fiscal year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of this report could not have been accomplished without the efficient and dedicated services of Elaine Griffin, Financial Administrator and Susan Hushin, Finance Department Clerk. I would like to express my appreciation to all members of the Town Departments who assisted in its compilation and preparation. While this CAFR is the result of the diligent efforts of Town staff, it would not be possible without the ongoing support of the Board of Selectmen, Board of Finance and the Town Manager.

Respectfully submitted,



Lisa A. Hancock
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, 2009

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.



President

Executive Director

FINANCIAL SECTION



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, 2010, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2010, 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.

In accordance with "Government Auditing Standards," we have also issued our report dated January 28, 2011 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
January 28, 2011

**Town of Hebron, Connecticut
Management's Discussion and Analysis
June 30, 2010**

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, 2010. 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 \$53,358,965.
2. On a government-wide basis, during the year, the Town's net assets decreased by \$484,625. Governmental activities expenses were \$35,872,509, while revenues were \$35,387,884.
3. At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$5,830,537, a decrease of \$1,176,927 from the prior fiscal year. Of the total fund balance as of June 30, 2010, \$5,039,645 represents the combined unreserved and undesignated 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 \$3,427,023, an increase of \$28,469 from the prior fiscal year. Unreserved General Fund fund balance at year-end represents 9.7% of total general fund expenditures and transfers out.
5. The Town's debt decreased by approximately \$1.5 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 and the Land Acquisition 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 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 19-43 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 \$53,358,965 at June 30, 2010.

TOWN OF HEBRON, CONNECTICUT Net Assets (\$000's)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
	Primary Government	Primary Government
	Governmental Activities	Governmental Activities
Current and other assets	\$ 8,507	\$ 9,034
Capital assets	56,986	57,531
Total Assets	<u>65,493</u>	<u>66,565</u>
Current liabilities	1,370	2,300
Long-term liabilities	10,764	10,421
Total Liabilities	<u>12,134</u>	<u>12,721</u>
Investment in capital assets, net of related debt	47,008	46,089
Restricted	11	11
Unrestricted	6,340	7,744
Total Net Assets	<u>\$ 53,359</u>	<u>\$ 53,844</u>

Total net assets for Governmental Activities at fiscal year-end were \$53.4 million. Of the Town's total net assets at June 30, 2010, \$6.3 million or 11.9% is unrestricted. This compares with last year's total unrestricted net assets of \$7.7 million or 14.4% unrestricted.

The largest portion of the Town's net assets, 88%, 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 \$6.3 million may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF HEBRON, CONNECTICUT
Change in Net Assets (\$000's)
For the Years Ended June 30, 2010 and 2009

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
	Primary Government	Primary Government
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 1,709	\$ 1,729
Operating grants and contributions	8,204	7,954
Capital grants and contributions	776	644
General Revenues:		
Property taxes	24,385	23,632
Grants not restricted to specific programs	268	183
Unrestricted investment earnings	46	177
Total revenues	<u>35,388</u>	<u>34,319</u>
Expenses:		
General government	3,591	3,207
Education	26,846	25,088
Public safety	1,135	1,297
Health and welfare	1,447	1,328
Public works	1,855	2,089
Sewer and other	587	604
Interest on long-term debt	412	529
Total expenses	<u>35,873</u>	<u>34,142</u>
Change in net assets	(485)	177
Net Assets, beginning	<u>53,844</u>	<u>53,667</u>
Net Assets, ending	<u>\$ 53,359</u>	<u>\$ 53,844</u>

Governmental Activities

For Governmental Activities, more than 68.9% of the revenues were derived from property taxes, followed by 26.2% from other intergovernmental revenues.

Major revenue factors included:

1. Property tax revenues recorded during fiscal year 2010 reflect an increase in the mill rate for the current levy.
2. Licenses and fees were better than anticipated.

For Governmental Activities, 74.8% of the Town's expenses relate to education, 3.0% relates to public safety, 10.0% to general government, 5.2% to public works, 4.0% to health and human services, 2.8% to interest on long-term debt, and those are the major percentages.

Major expense factors include:

1. Education operating expenses increased by 6.8%. 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, an increase of \$28,469 as reported on June 30, 2009; \$3,213,048 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: \$213,975 for encumbrances.

As stated earlier, the fund balance of the Town's general fund increased by \$28,469 during the current fiscal year. The key factor in this decrease is as follows:

1. Higher than anticipated property taxes.

As of the end of the current fiscal year, the Debt Management Fund decreased by \$696,921, due to a transfer to the General Fund.

The Sewer Assessment Fund decreased its fund balance by \$282,493, ending with a fund deficit of \$331,972 as of June 30, 2010. 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 \$359,055 due to a transfer from the general fund.

The Land Acquisition Fund decreased its fund balance by \$511,231 as a result of a land acquisition in the fiscal year.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were approximately \$33.3 million, which exceeded budgetary estimates by \$227,504. Actual tax revenues exceeded budget by \$406,931, which in part represents more aggressive pursuit of delinquent taxes. Actual fees, permits and licenses were \$14,929 above budget as a result of slightly more activity than expected in building fees, conveyance tax, engineering fees, and other fees. Interest income was \$95,910 under budget due to lower than expected interest rates.

Actual expenditures on a budgetary basis and other financing uses totaled \$33.3 million, which was more than actual revenues and other financing sources on a budgetary basis by \$46,350.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2010, amount to \$56,985,584 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, 2010 and 2009**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Land	\$ 9,476,284	\$ 8,711,916
Construction in progress	4,886,233	4,998,240
Buildings and improvements	34,228,395	34,037,361
Furniture and equipment	8,777,574	8,539,117
Infrastructure	34,200,407	34,190,269
Total	<u><u>\$ 91,568,893</u></u>	<u><u>\$ 90,476,903</u></u>

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

1. Construction in progress, principally infrastructure for Park Project of approximately \$4.9 million.

Additional information on capital assets can be found in Note 7 of this report.

Long-term debt

At the end of the current fiscal year, the Town had total bonds and notes outstanding of \$10.3 million. 100% of this debt is backed by the full faith and credit of the Town. The Town's total debt decreased by \$1,494,341 during fiscal 2010.

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 \$171,249,939.

Additional information on long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

Local and State Governments throughout the country, including Hebron, are battling with the federal monetary crisis. As the economy worsens, citizens have been losing their jobs or absorbing wage reductions and are trying to pay their bills with lesser amounts of household income. The Board of Selectmen, Board of Finance and staff have continued to address these issues while still trying to provide first rate services. They have begun to focus on core service provision, identifying the appropriate user fees, to self-fund 100% of the noncore programs, methods to grow the Town's tax base and increase economic development.

As of June 2010, the unemployment rate for the Hebron Labor Market Area was 7.2%. Connecticut's overall unemployment rate stands at 8.9%, compared with 8.5% 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.

The Town has implemented several new initiatives for revitalizing the Business District. The Main Street Revitalization program, which is funded by STEAP grant funds, was developed to reinvest in the existing business district. The program provides matching funds for businesses who meet qualifying criteria to improve the visibility of the business from Main St. and to perform various façade improvements. Ace Hardware, Gina Maries Restaurant and Countryside Realty have been some of the businesses who have benefited from this program.

The Capital Improvement Program and STEAP grant funding have also provided various infrastructure improvements within the business district. These programs were implemented in order to make the business district more like a downtown, park and walk through business district rather than a strip commercial development. Sidewalks were and are still being installed to connect the businesses along the busy corridor in order to make it safe for shoppers and business people to park and walk from business to business. Once the sidewalks are complete there will also be some street tree plantings to make it more park like especially since the business district is also part of the Town Green.

There is also the Village Green Development District. This is a special taxing district that will eventually house additional businesses in the business district area. Prior to being able to develop this district the State of Connecticut must first approve the installation of a traffic signal at the intersection of Main St (Route 66) and the entrance to the development. A design for the intersection and signal have been prepared and submitted to the State Department of Transportation and the Town is awaiting their approval. The Town has already begun soliciting developers through the New England regional development newspapers, a highlighted website, the Economic Development Commission and also had developer tours that provided an overall introduction to the Town and the District to potential developers.

The economic indicators for the earlier periods and several other factors were taken into account when adopting the General Fund budget for 2010-11. Amounts available for appropriation in the General Fund budget are \$33.6 million, an increase of approximately 1.5% over the final 2010 budget of \$33.1 million. The increase is solely attributed to the RHAM School District Assessment for operations and debt financing. The Town and Board of Education budgets were approved at referendum at a zero percent spending increase.

The Town and Board of Education have not added any major new programs or initiatives to the 2010-2011 budget. There will be increased focus on the core services for the Town in future budget plans in order to ease the stress of limited resources of taxpayers and current economic conditions.

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, 2010

	<u>Governmental Type Activities</u>
Assets	
Cash and cash equivalents	\$ 6,597,289
Receivables, net of allowance for collection losses:	
Property taxes, net	750,801
Assessments and user fees	712,621
Intergovernmental and other	441,402
Inventories	4,979
Capital assets, non-depreciable	14,362,517
Capital assets, net of accumulated depreciation	<u>42,623,067</u>
Total assets	<u>65,492,676</u>
Liabilities	
Accounts payable and accruals	1,267,107
Unearned revenue	102,285
Noncurrent liabilities:	
Due in less than one year	1,524,726
Due in more than one year	<u>9,239,593</u>
Total liabilities	<u>12,133,711</u>
Net Assets	
Investment in capital assets, net of related debt	47,008,061
Restricted:	
Nonexpendable - permanent trust	11,420
Unrestricted	<u>6,339,484</u>
Total net assets	<u>\$ 53,358,965</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, 2010

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
Primary government:					
Governmental activities:					
General government	\$ (3,590,461)	\$ 165,998	\$ 27,936	\$ 316,866	\$ (3,079,661)
Public safety	(1,134,939)	158,127	66,180	-	(910,632)
Civic and human service	(1,447,189)	564,552	2,080	125,000	(755,557)
Planning and land use	(146,868)	15,620	-	-	(131,248)
Public works	(1,854,797)	131,756	-	334,525	(1,388,516)
Sewer fees	(439,769)	409,105	671	-	(29,993)
Education	(26,846,086)	263,378	8,106,903	-	(18,475,805)
Interest on long-term debt	(412,400)	-	-	-	(412,400)
Total governmental activities	\$ (35,872,509)	\$ 1,708,536	\$ 8,203,770	\$ 776,391	(25,183,812)
General revenues:					
					24,384,815
					267,740
					46,632
					24,699,187
					(484,625)
					53,843,590
					\$ 53,358,965

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

TOWN OF HEBRON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2010

	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects	Land Acquisition		
Assets							
Cash and cash equivalents	\$ 2,591,514	\$ 1,119,038	\$ 3,180	\$ 1,261,020	\$ 942,089	\$ 680,448	\$ 6,597,289
Receivables (net of allowances for collection losses):							
Property taxes	750,801	-	-	-	-	-	750,801
Assessments and user fees	-	-	674,825	-	-	37,796	712,621
Intergovernmental and other	441,402	-	-	-	-	-	441,402
Due from other funds	432,970	-	-	-	-	114,529	547,499
Inventories	-	-	-	-	-	4,979	4,979
Total assets	\$ 4,216,687	\$ 1,119,038	\$ 678,005	\$ 1,261,020	\$ 942,089	\$ 837,752	\$ 9,054,591
Liabilities							
Accounts payable and accruals	\$ 8,727	\$ -	\$ 347,106	\$ 49,791	\$ 637,542	\$ 166,766	\$ 1,209,932
Due to other funds	114,529	-	-	329,272	5,927	97,771	547,499
Deferred revenues	666,408	-	662,871	-	-	35,059	1,364,338
Unearned revenues	-	-	-	-	-	102,285	102,285
Total liabilities	789,664	-	1,009,977	379,063	643,469	401,881	3,224,054
Fund balances (deficits)							
Reserved for:							
Encumbrances	213,975	-	-	-	-	16,809	230,784
Inventories	-	-	-	-	-	4,979	4,979
Permanent fund	-	-	-	-	-	11,420	11,420
Unreserved:							
Designated for specific projects	-	-	-	543,709	-	-	543,709
Unreserved/undesignated:							
General Fund	3,213,048	-	-	-	-	-	3,213,048
Special revenue funds	-	1,119,038	(331,972)	-	-	402,663	1,189,729
Capital projects funds	-	-	-	338,248	298,620	-	636,868
Total fund balances (deficits)	3,427,023	1,119,038	(331,972)	881,957	298,620	435,871	5,830,537
Total liabilities and fund balances (deficits)	\$ 4,216,687	\$ 1,119,038	\$ 678,005	\$ 1,261,020	\$ 942,089	\$ 837,752	

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.	56,985,584
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded or deferred in the funds.	1,364,338
Accrued interest payable	(57,175)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(10,764,319)

Net assets of governmental activities \$ 53,358,965

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, 2010

	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects	Land Acquisition		
REVENUES							
Property taxes	\$ 24,234,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,234,224
Intergovernmental	8,098,555	-	-	480,035	-	297,653	8,876,243
Charges for services	550,077	-	179,519	-	-	1,097,295	1,826,891
Income from investments	19,090	3,079	17,988	3,401	3,074	-	46,632
Other revenues	191,653	-	-	176,279	-	3,728	371,660
Total revenues	33,093,599	3,079	197,507	659,715	3,074	1,398,676	35,355,650
EXPENDITURES							
Current:							
General government	2,361,415	-	-	-	-	-	2,361,415
Public safety	849,513	-	-	-	-	3,577	853,090
Civic and Human Service	653,140	-	-	-	-	563,378	1,216,518
Planning and land use	110,754	-	-	-	-	-	110,754
Public Works	969,220	-	-	-	-	-	969,220
Sewer fees	8,700	-	-	-	-	393,151	401,851
Insurance and benefits	978,574	-	-	-	-	-	978,574
Education	25,224,497	-	-	-	-	462,376	25,686,873
Debt service:							
Principal	1,513,841	-	-	-	-	-	1,513,841
Interest	396,141	-	-	-	-	-	396,141
Capital outlay	121,813	-	-	1,278,182	644,305	-	2,044,300
Total expenditures	33,187,608	-	-	1,278,182	644,305	1,422,482	36,532,577
Revenues over (under) expenditures	(94,009)	3,079	197,507	(618,467)	(641,231)	(23,806)	(1,176,927)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,230,000	-	-	977,522	130,000	-	2,337,522
Transfers out	(1,107,522)	(700,000)	(480,000)	-	-	(50,000)	(2,337,522)
Total other financing sources (uses)	122,478	(700,000)	(480,000)	977,522	130,000	(50,000)	-
Net change in fund balances (deficits)	28,469	(696,921)	(282,493)	359,055	(511,231)	(73,806)	(1,176,927)
FUND BALANCES (DEFICITS), beginning	3,398,554	1,815,959	(49,479)	522,902	809,851	509,677	7,007,464
FUND BALANCES (DEFICITS), ending	\$ 3,427,023	\$ 1,119,038	\$ (331,972)	\$ 881,957	\$ 298,620	\$ 435,871	\$ 5,830,537

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, 2010**

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

Net change in fund balances – total governmental funds	\$ (1,176,927)
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.	(545,135)
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.	32,234
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.	1,464,518
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>(259,315)</u>
Change in net assets of governmental activities	<u>\$ (484,625)</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, 2010

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes, interest and lien fees	\$ 23,827,293	\$ 23,827,293	\$ 24,234,224	\$ 406,931
Intergovernmental	7,184,511	7,184,511	7,157,555	(26,956)
Charges for services	535,150	535,150	550,079	14,929
Income from investments	115,000	115,000	19,090	(95,910)
Other	144,550	144,550	191,651	47,101
Total revenues	31,806,504	31,806,504	32,152,599	346,095
EXPENDITURES				
General government	2,425,001	2,387,385	2,330,332	57,053
Public Safety	827,461	860,842	803,057	57,785
Civic and Human Service	708,794	713,030	653,347	59,683
Planning and Land Use	117,238	117,238	106,907	10,331
Public Works	1,017,625	1,006,045	971,348	34,697
Sewer fees	8,640	8,700	8,700	-
Insurance and benefits	1,065,422	1,065,422	1,007,266	58,156
Education	24,322,130	24,322,130	24,315,975	6,155
Debt service	1,899,157	1,910,677	1,909,982	695
Capital Outlay	-	121,813	121,813	-
Total expenditures	32,391,468	32,513,282	32,228,727	284,555
Revenues over (under) expenditures	(584,964)	(706,778)	(76,128)	630,650
OTHER FINANCING SOURCES (USES)				
Transfers in	1,348,591	1,348,591	1,230,000	(118,591)
Transfers out	(763,627)	(1,107,522)	(1,107,522)	-
Total other financing sources (uses)	584,964	241,069	122,478	(118,591)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (465,709)	\$ 46,350	\$ 512,059

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, 2010

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 77,799
Investments	1,902,657	-
Total assets	<u>1,902,657</u>	<u>77,799</u>
LIABILITIES		
Amounts held for others	-	77,799
Total liabilities	<u>-</u>	<u>77,799</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 1,902,657</u>	<u>\$ -</u>

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, 2010

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 318,007
Total contributions	<u>318,007</u>
Investment Income	
Interest and dividends	15,839
Net appreciation of investments	139,938
Net investment income	<u>155,777</u>
DEDUCTIONS	
Benefits	<u>37,150</u>
Change in net assets	436,634
NET ASSETS HELD IN TRUST	
Beginning of year	<u>1,466,023</u>
End of year	<u>\$ 1,902,657</u>

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

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

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, 2010

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.

The *Land Acquisition Fund* is used to account for the the financial resources for the acquisition of open space.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

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 are used to account for the following: The School Activity Fund accounts for student activities. The Performance Bond Fund accounts for construction bonds held for others. The Senior Center accounts for senior 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.

Other Post Employment Obligations (OPEB) accounting

OPEB Trust:

Employer contributions are recognized in the period in which the contributions are due, and the Town has made a formal commitment to provide the contributions. Employees begin contributing on July 1, 2008.

Government-Wide Funds/Activities:

In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The net OPEB obligation, the cumulative difference between annual OPEB cost and the Town's contributions to the plan since 7/1/08, is calculated on an actuarial basis consistent with the

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

requirements of Government Accounting Standards Board Statement No. 45. The OPEB obligation (OPEB) is recorded as a noncurrent liability in the government-wide financial statements.

Funding Policy:

The Town makes annual contributions based on the actuaries' recommendation.

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 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

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 pension trust fund investments are reported at accumulation unit value, which is determined by the net

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

asset value of the underlying fund adjusted for dividends paid by the underlying fund and separate account charge.

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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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, 2010

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	\$ (8,965,000)
Deferred amounts	278,287
Clean Water Fund notes payable	(1,290,810)
Compensated absences	(285,796)
OPEB obligations	<u>(501,000)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u><u>\$ (10,764,319)</u></u>

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	\$ 1,091,990
Depreciation expense	<u>(1,637,125)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (545,135)</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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-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	\$ 1,494,341
Capital leases	1,098
Deferred charge on refunding	<u>(30,921)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,464,518</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	\$ 25,985
Compensated absences	(31,300)
OPEB obligations	<u>(254,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (259,315)</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

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

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 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 \$213,975 of encumbrances as of June 30, 2010 in the General Fund.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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	\$ 33,382,599
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	<u>941,000</u>
Revenues and transfers in - GAAP basis	<u><u>\$ 34,323,599</u></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	\$ 33,336,249
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	941,000
Changes in reserves for encumbrances and liquidation of encumbrances	<u>17,881</u>
Expenditures and transfers-out, GAAP basis	<u><u>\$ 34,295,130</u></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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

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, Cutwater Connecticut Class Plus 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 outside party. As of June 30, 2010, approximately \$1,200,000 of the Town's bank balance of \$2,200,000 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, 2010

Cash and investments of the Town consist of the following at June 30, 2010:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 2,695,930
State of Connecticut Short-Term Investment fund	3,358,133
Cutwater Asset Management - Connecticut Class Plus	<u>621,025</u>
Total cash and cash equivalents	<u>6,675,088</u>
Investments	
Pension Trust Funds:	
Pooled Separate Account Funds	<u>1,902,657</u>
Total investments	<u>1,902,657</u>
Total cash, cash equivalents and investments	<u><u>\$ 8,577,745</u></u>

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

Statement of Net Assets	
Cash and cash equivalents	<u>\$ 6,597,289</u>
Fiduciary Funds:	
Cash and cash equivalents	77,799
Investments	<u>1,902,657</u>
	<u>1,980,456</u>
Total cash, cash equivalents and investments	<u><u>\$ 8,577,745</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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) <u>Less Than 1 Year</u>
Pooled Income Fund	<u>\$ 3,979,158</u>	<u>\$ 3,979,158</u>

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 rating as required for each debt type investment as rated by Standard & Poors'.

<u>Rating</u>	<u>Pooled Fixed Income</u>
AAAm	<u>\$ 3,979,158</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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
General Fund:		
Delinquent property taxes receivable	\$ 666,408	\$ -
Major Funds:		
Sewer assessments not yet due	662,871	-
Nonmajor Funds:		
Grants and other revenues	35,059	102,285
Total	<u>\$ 1,364,338</u>	<u>\$ 102,285</u>

Note 6. Interfund Receivables, Payables and Transfers

As of June 30, 2010, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 432,970	\$ 114,529
Other Nonmajor Funds	114,529	97,771
Capital Project Fund	-	329,272
Land Acquisition Fund	-	5,927
Totals	<u>\$ 547,499</u>	<u>\$ 547,499</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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, 2010 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 1,230,000	\$ 1,107,522
Capital Projects Fund	977,522	-
Sewer Assessment Fund	-	480,000
Debt Management Fund	-	700,000
Non-Major and Other Funds	130,000	50,000
Totals	<u>\$ 2,337,522</u>	<u>\$ 2,337,522</u>

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, 2010

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,711,916	\$ 764,368	\$ -	\$ 9,476,284
Construction in progress	4,998,240	314,302	426,309	4,886,233
Total capital assets not being depreciated	<u>13,710,156</u>	<u>1,078,670</u>	<u>426,309</u>	<u>14,362,517</u>
Capital assets, being depreciated:				
Buildings and improvements	34,037,361	191,034	-	34,228,395
Furniture and equipment	8,539,117	238,457	-	8,777,574
Infrastructure	34,190,269	10,138	-	34,200,407
Total capital assets being depreciated	<u>76,766,747</u>	<u>439,629</u>	<u>-</u>	<u>77,206,376</u>
Less accumulated depreciation for:				
Buildings and improvements	13,476,632	586,267	-	14,062,899
Furniture and equipment	4,044,277	198,475	-	4,242,752
Infrastructure	15,425,275	852,383	-	16,277,658
Total accumulated depreciation	<u>32,946,184</u>	<u>1,637,125</u>	<u>-</u>	<u>34,583,309</u>
Total capital assets, being depreciated, net	<u>43,820,563</u>	<u>(1,197,496)</u>	<u>-</u>	<u>42,623,067</u>
Governmental activities capital assets, net	<u>\$ 57,530,719</u>	<u>\$ (118,826)</u>	<u>\$ 426,309</u>	<u>\$ 56,985,584</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

General government	\$ 96,479
Public safety	238,046
Public works	745,077
Parks and recreation	46,431
Library	63,321
Health and welfare	17,225
Education	430,546
Total depreciation expense	<u>\$ 1,637,125</u>

Note 8. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 9,835,000	\$ -	\$ (870,000)	\$ 8,965,000	\$ 865,000
Clean water fund notes	1,915,151	-	(624,341)	1,290,810	639,720
Deferred amounts	(309,208)	-	30,921	(278,287)	-
Total bonds and notes payable	<u>11,440,943</u>	<u>-</u>	<u>(1,463,420)</u>	<u>9,977,523</u>	<u>1,504,720</u>
Other Long-Term Liabilities:					
Capital leases	1,098	-	(1,098)	-	-
Compensated absences	254,496	49,100	(17,800)	285,796	20,006
OPEB obligations	247,000	254,000	-	501,000	-
Total other long-term liabilities	<u>502,594</u>	<u>303,100</u>	<u>(18,898)</u>	<u>786,796</u>	<u>20,006</u>
Governmental activity long-term liabilities	<u>\$11,943,537</u>	<u>\$ 303,100</u>	<u>\$(1,482,318)</u>	<u>\$10,764,319</u>	<u>\$ 1,524,726</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

As of June 30, 2010, the outstanding long-term indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
General Obligation Bonds:	
\$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.	\$ 300,000
\$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.	1,350,000
\$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.	4,010,000
School Bonds:	
\$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.	3,305,000
Clean Water Fund Notes:	
\$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.	887,630
\$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.	245,428
\$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>157,752</u>
Total general obligation bonds and notes payable	<u><u>\$ 10,255,810</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

	Principal	Interest	Total
2011	\$ 1,504,720	\$ 351,049	\$ 1,855,769
2012	1,511,090	309,156	1,820,246
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>\$ 10,255,810</u>	<u>\$ 2,152,845</u>	<u>\$ 12,408,655</u>

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2010 relating to capital projects is as follows:

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

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	\$ 55,044,623	\$ 6,160,000	\$ 48,884,623
Schools	110,089,247	26,355,940	83,733,307
Sewers	91,741,039	1,290,810	90,450,229
Urban renewal	79,508,900	-	79,508,900
Pension deficit	73,392,831	-	73,392,831

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$171,249,939. 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, 2010, the Town of Hebron's share will be approximately 54.14% of the remainder, or approximately \$14,500,000 of the Regional School District #8's outstanding bonds. These are general obligations of Regional School District #8 and its member towns.

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. 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 \$318,007 (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, 2010

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 \$941,000 for the year ended June 30, 2010.

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, 2009. 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 2010, the Town contributions were \$42,000 on a pay as you go basis.

Membership in the plan consisted of the following at July 1, 2009, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	7
Active plan members	<u>139</u>
Total	<u>146</u>

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

Trend Information

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 296,000	\$ 42,000	14%	\$ 501,000
6/30/09	\$ 294,000	\$ 47,000	16%	\$ 247,000

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

OPEB Obligation

Annual required contribution	\$ 300,000
Interest on net pension obligation	11,000
Adjustment to ARC	(15,000)
Annual OPEB cost	<u>296,000</u>
Contributions made	<u>42,000</u>
Increase in net OPEB liability	254,000
Net OPEB obligation, beginning of year	<u>247,000</u>
Net OPEB obligation, end of year	<u><u>\$ 501,000</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, 2009 is estimated to be \$1,794,000.

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%
July 1, 2009	\$ -	\$ 1,794,000	\$ 1,794,000	0%	\$ 9,833,000	18%

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 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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

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

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Payments
Remaining Open 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 2014 and beyond

Note 10. Fund Deficits

The following funds had fund deficits as of June 30, 2010:

Sewer Assessment	\$ 331,972
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The deficit is expected to be eliminated through transfers from the Town's general fund and from other revenue sources or future bonding.

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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2010

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, 2010 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 \$26,840,000 on this project. Hebron's share will be approximately 54.14% of the outstanding debt, or approximately \$14,500,000.

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.

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 Government Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2010 that may impact future financial presentation.

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

Statement No. 54

Fund Balance Reporting and Governmental Fund Type Definitions

This Statement will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2011. 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 and the classification of funds in the Town's governmental funds.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2010

Statement No. 57

OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans

The provisions of Statement No. 57 related to the use and reporting of the alternative measurement method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

Statement No. 59

Financial Instrument Omnibus

The objective of Statement No. 59 is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

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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, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PROPERTY TAXES				
Taxes, Interest and Lien Fees	\$ 23,827,293	\$ 23,827,293	\$ 24,234,224	\$ 406,931
LICENSES, FEES AND CHARGES				
ZBA	1,000	1,000	862	(138)
Wetland Fees	8,000	8,000	1,075	(6,925)
Building	95,000	95,000	104,731	9,731
Town Clerk Fees	14,000	14,000	14,977	977
Recording Fees	60,000	60,000	49,952	(10,048)
Sportsmen's Licenses	300	300	825	525
Conveyance Tax	100,000	100,000	85,439	(14,561)
Marriage Licenses	250	250	190	(60)
Planning and Zoning Fees	8,000	8,000	3,016	(4,984)
Compactor/Recycling	70,000	70,000	68,619	(1,381)
Dog Fund	7,000	7,000	5,066	(1,934)
Animal Population Control Fund	1,000	1,000	2,002	1,002
Library	29,500	29,500	30,041	541
Classified Land	1,000	1,000	-	(1,000)
Engineering Fees	10,000	10,000	8,937	(1,063)
Blasting Permits	200	200	90	(110)
Xerox	2,500	2,500	1,772	(728)
Soil and Water Conservation Fund	1,000	1,000	1,640	640
Records Preservation	200	200	-	(200)
Education Fee Assessment	200	200	21	(179)
PA CIP Funding	6,000	6,000	5,652	(348)
Ambulance Service	120,000	120,000	158,127	38,127
Legal/Foreclosure Fees	-	-	1,045	1,045
Health Department	-	-	6,000	6,000
Total licenses, fees and charges	535,150	535,150	550,079	14,929
INTERGOVERNMENTAL REVENUES				
State of Connecticut:				
Education Equalization Grant	6,872,931	5,892,404	5,872,850	(19,554)
Educational Transportation	81,810	81,810	47,540	(34,270)
Telecommunications Pers.	43,834	43,834	25,098	(18,736)
PILOT - State Property	14,077	14,077	14,101	24
Manufacturers PILOT Grant	2,500	2,500	2,264	(236)
Totally Disabled Grant	700	700	732	32
Tax Relief - Additional Veterans Grant	2,100	2,100	2,492	392
Boat Registrations	3,280	3,280	1,680	(1,600)
Civil Preparedness	3,000	3,000	1,863	(1,137)
Miscellaneous State Grants	2,500	2,500	1,950	(550)
Town Aid Road Fund	88,023	88,023	120,077	32,054
Mashantucket Pequot Grant	39,756	39,756	24,834	(14,922)
Property Tax Relief Grant	30,000	30,000	29,984	(16)
Special Education Excess Cost	-	-	31,563	31,563
Federal ARRA Reimbursement	-	980,527	980,527	-
Total intergovernmental revenues	7,184,511	7,184,511	7,157,555	(26,956)

(Continued)

TOWN OF HEBRON, CONNECTICUT

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
INVESTMENT INCOME				
Interest on investments	115,000	115,000	19,090	(95,910)
OTHER REVENUES				
Constable Fees	7,000	7,000	10,287	3,287
Area Aging Grant	6,000	6,000	2,500	(3,500)
Housing Authority	4,100	4,100	-	(4,100)
Elderly Van	8,500	8,500	8,675	175
Fire Marshal Spec. Duty Reimb.	3,000	3,000	-	(3,000)
State Trooper Private Duty Reimbursement	5,000	5,000	5,790	790
Hebron Harvest Fair	27,000	27,000	13,099	(13,901)
Elderly Demand Respond	22,000	22,000	16,510	(5,490)
Miscellaneous	8,000	8,000	5,830	(2,170)
Senior Center Transportation Fees	2,500	2,500	-	(2,500)
Parking Ticket Fines	400	400	110	(290)
Hartford Foundation Grant	6,000	6,000	6,975	975
Colchester Intermun. Agr.	20,050	20,050	20,050	-
Parks and Recreation Reimbursement	25,000	25,000	25,000	-
Passport Postage Fee Reimbursement	-	-	235	235
Timber Yield Tax Fine	-	-	210	210
CRRA Class Action Refund	-	-	4,424	4,424
Sale of Equipment	-	-	2,202	2,202
Other	-	-	69,754	69,754
Total other revenues	144,550	144,550	191,651	47,101
Total revenues	31,806,504	31,806,504	32,152,599	346,095
OTHER FINANCING SOURCES				
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	-
Appropriated Surplus	118,591	118,591	-	(118,591)
Total other financing sources	1,348,591	1,348,591	1,230,000	(118,591)
Total	\$ 33,155,095	\$ 33,155,095	\$ 33,382,599	\$ 227,504

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Payroll:				
Clerical	\$ 348,664	\$ 352,140	\$ 352,140	\$ -
Administration	604,091	558,142	558,142	-
Health and Welfare	78,038	78,322	78,322	-
Public Safety	89,864	91,000	91,000	-
Library	131,020	132,718	132,718	-
Recreation	123,412	119,146	109,105	10,041
Public Works	585,566	586,691	586,691	-
Elected Officials	52,509	53,239	53,239	-
Contractual Commitments	5,820	600	600	-
Total payroll	2,018,984	1,971,998	1,961,957	10,041
Selectmen's Office	44,925	44,925	41,910	3,015
Central Services	36,700	36,700	34,717	1,983
Legal	36,000	45,370	45,371	(1)
Central Computer Services	34,600	34,600	22,569	12,031
Town Buildings	52,890	52,890	46,420	6,470
Boards and Commissions	600	600	587	13
Board of Finance	37,500	37,500	37,500	-
Financial Administrator	10,815	10,815	8,484	2,331
Tax Collector	18,890	18,890	16,710	2,180
Assessor	45,643	45,643	41,541	4,102
Board of Tax Review	450	450	100	350
Town Clerk's Office	30,400	30,400	27,786	2,614
Registrar of Voters	56,604	56,604	44,680	11,924
Total	406,017	415,387	368,375	47,012
Total general government	2,425,001	2,387,385	2,330,332	57,053
PUBLIC SAFETY				
Police Administration	314,109	314,109	280,705	33,404
Fire Administration	332,557	332,557	314,994	17,563
Fire Marshal	43,135	43,135	43,051	84
Burning Official	1,932	1,932	1,835	97
Emergency Management	9,935	9,935	9,230	705
Animal Control	31,093	31,093	29,212	1,881
Ambulance Service	94,700	128,081	124,030	4,051
Total public safety	827,461	860,842	803,057	57,785

(Continued)

TOWN OF HEBRON, CONNECTICUT

**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
CIVIC AND HUMAN SERVICE				
Community Agency Donations	144,496	144,496	144,496	-
Regional Health District Assessment	73,856	73,856	73,856	-
Library	221,869	221,869	221,311	558
Van - Disabled	76,982	76,982	42,715	34,267
Senior Center	69,589	69,589	48,018	21,571
Probate Court	1,650	1,650	739	911
St. Peter's Lease	800	800	800	-
Recreation Programs	116,002	120,238	119,230	1,008
Memorial Day	3,550	3,550	2,182	1,368
Total civic and human service	708,794	713,030	653,347	59,683
PLANNING AND LAND USE				
Economic Development	4,600	4,600	3,627	973
Planning and Development	112,638	112,638	103,280	9,358
Total planning and land use	117,238	117,238	106,907	10,331
PUBLIC WORKS				
Highways and Grounds Administration	251,373	248,841	237,448	11,393
Town Yard and Garage	38,650	41,182	39,523	1,659
Street Services	498,500	498,500	490,848	7,652
Solid Waste, Recycling, Bulky	229,102	217,522	203,529	13,993
Total public works	1,017,625	1,006,045	971,348	34,697
SEWER FEES				
Town Property User Fee	8,640	8,700	8,700	-
Total Town sewer fees	8,640	8,700	8,700	-
INSURANCE AND BENEFITS				
Insurance	220,725	220,725	203,957	16,768
Employee Benefits	844,697	844,697	803,309	41,388
Total insurance and benefits	1,065,422	1,065,422	1,007,266	58,156
Total Town	6,170,181	6,158,662	5,880,957	277,705

(Continued)

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
DEBT SERVICE				
Town	705,976	705,976	705,875	101
School	521,963	521,963	521,963	-
Sewers	671,218	682,738	682,144	594
Total debt service	1,899,157	1,910,677	1,909,982	695
EDUCATION				
RHAM Assessment	12,606,165	12,606,165	12,606,165	-
HES Education	11,715,965	10,735,438	10,729,283	6,155
Board of Education ARRA Fund Expense	-	980,527	980,527	-
Total education	24,322,130	24,322,130	24,315,975	6,155
CAPITAL OUTLAY				
Supplemental Appropriation	-	121,813	121,813	-
	-	121,813	121,813	-
TRANSFERS TO OTHER FUNDS				
Land Acquisition Fund	130,000	130,000	130,000	-
Capital Improvement Fund	626,627	626,627	626,627	-
Contribution to Capital Non-Recurring Fund	7,000	7,000	7,000	-
Supplemental Appropriation	-	343,895	343,895	-
Total transfers to other funds	763,627	1,107,522	1,107,522	-
TOTAL	\$ 33,155,095	\$ 33,620,804	\$ 33,336,249	\$ 284,555

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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.

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 300th 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, 2010

	Special Revenue				
	Hebron Park	Miscellaneous Grants	WPCA Sewer Operation	Small Cities Grant	Marian Celio Angel
ASSETS					
Cash and cash equivalents	\$ 18,507	\$ 20,081	\$ 194,959	\$ 18,410	\$ 14,343
Receivables:					
Assessments and user fees	-	-	37,796	-	-
Inventories	-	-	-	-	-
Due from others	-	-	95,526	-	-
Total assets	\$ 18,507	\$ 20,081	\$ 328,281	\$ 18,410	\$ 14,343
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 801	\$ -	\$ 154,473	\$ -	\$ -
Unearned revenue	-	-	-	18,410	-
Deferred revenue	-	-	35,059	-	-
Due to others	3,966	2,347	-	-	-
Total liabilities	4,767	2,347	189,532	18,410	-
FUND BALANCES					
Reserved for:					
Encumbrances	-	-	16,809	-	-
Inventories	-	-	-	-	-
Permanent fund	-	-	-	-	-
Unreserved	13,740	17,734	121,940	-	14,343
Total fund balances	13,740	17,734	138,749	-	14,343
Total liabilities and fund balances	\$ 18,507	\$ 20,081	\$ 328,281	\$ 18,410	\$ 14,343

Special Revenue						Permanent Fund	
Douglass Library	Recreation	Historic Records Preservation	Cafeteria Fund	EMS Fund	Tri-Centennial Commision Fund	Cemetery Fund	Totals
\$ 18,985	\$ 169,557	\$ 3,768	\$ 66,719	\$ 138,274	\$ 5,425	\$ 11,420	\$ 680,448
-	-	-	-	-	-	-	37,796
-	-	-	4,979	-	-	-	4,979
-	14,036	4,967	-	-	-	-	114,529
<u>\$ 18,985</u>	<u>\$ 183,593</u>	<u>\$ 8,735</u>	<u>\$ 71,698</u>	<u>\$ 138,274</u>	<u>\$ 5,425</u>	<u>\$ 11,420</u>	<u>\$ 837,752</u>
\$ 276	\$ 2,876	\$ 8,340	\$ -	\$ -	\$ -	\$ -	\$ 166,766
-	83,875	-	-	-	-	-	102,285
-	-	-	-	-	-	-	35,059
-	-	-	-	90,993	465	-	97,771
<u>276</u>	<u>86,751</u>	<u>8,340</u>	<u>-</u>	<u>90,993</u>	<u>465</u>	<u>-</u>	<u>401,881</u>
-	-	-	-	-	-	-	16,809
-	-	-	4,979	-	-	-	4,979
-	-	-	-	-	-	11,420	11,420
18,709	96,842	395	66,719	47,281	4,960	-	402,663
<u>18,709</u>	<u>96,842</u>	<u>395</u>	<u>71,698</u>	<u>47,281</u>	<u>4,960</u>	<u>11,420</u>	<u>435,871</u>
<u>\$ 18,985</u>	<u>\$ 183,593</u>	<u>\$ 8,735</u>	<u>\$ 71,698</u>	<u>\$ 138,274</u>	<u>\$ 5,425</u>	<u>\$ 11,420</u>	<u>\$ 837,752</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, 2010

	Special Revenue				
	Hebron Park	Miscellaneous Grants	WPCA Sewer Operating	Small Cities Grant	Marian Celio Angel
REVENUES					
Intergovernmental	\$ -	\$ 294,076	\$ -	\$ 3,577	\$ -
Charges for services	67,268	-	305,427	-	-
Other income	-	-	671	-	970
Total revenues	67,268	294,076	306,098	3,577	970
EXPENDITURES					
Public safety	-	-	-	3,577	-
Civic and Human Service	39,441	58,345	-	-	-
Sewer fees	-	-	393,151	-	-
Education	-	215,728	-	-	-
Total expenditures	39,441	274,073	393,151	3,577	-
Revenues over (under) expenditures	27,827	20,003	(87,053)	-	970
OTHER FINANCING USES					
Transfers out	(40,000)	-	(10,000)	-	-
Total other financing uses	(40,000)	-	(10,000)	-	-
Excess (deficiency) in revenues over expenditures and other financing uses	(12,173)	20,003	(97,053)	-	970
FUND BALANCES (DEFICITS), beginning of year	25,913	(2,269)	235,802	-	13,373
FUND BALANCES, end of year	\$ 13,740	\$ 17,734	\$ 138,749	\$ -	\$ 14,343

Special Revenue						Permanent Fund	
Douglass Library	Recreation	Historic Records Preservation	Cafeteria Fund	EMS Fund	Tri-Centennial Commission Fund	Cemetery Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,653
537	456,938	3,768	263,357	-	-	-	1,097,295
1,843	-	-	-	-	-	244	3,728
<u>2,380</u>	<u>456,938</u>	<u>3,768</u>	<u>263,357</u>	<u>-</u>	<u>-</u>	<u>244</u>	<u>1,398,676</u>
-	-	-	-	-	-	-	3,577
2,785	462,807	-	-	-	-	-	563,378
-	-	-	-	-	-	-	393,151
2,287	-	-	244,361	-	-	-	462,376
<u>5,072</u>	<u>462,807</u>	<u>-</u>	<u>244,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,422,482</u>
(2,692)	(5,869)	3,768	18,996	-	-	244	(23,806)
-	-	-	-	-	-	-	(50,000)
-	-	-	-	-	-	-	(50,000)
(2,692)	(5,869)	3,768	18,996	-	-	244	(73,806)
21,401	102,711	(3,373)	52,702	47,281	4,960	11,176	509,677
<u>\$ 18,709</u>	<u>\$ 96,842</u>	<u>\$ 395</u>	<u>\$ 71,698</u>	<u>\$ 47,281</u>	<u>\$ 4,960</u>	<u>\$ 11,420</u>	<u>\$ 435,871</u>

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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, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
SCHOOL ACTIVITY FUND				
Assets:				
Cash and cash equivalents	\$ 20,882	\$ 129,142	\$ 127,494	\$ 22,530
Liabilities:				
Amounts held for others	\$ 20,882	\$ 129,142	\$ 127,494	\$ 22,530
PERFORMANCE BOND				
Assets:				
Cash and cash equivalents	\$ 40,148	\$ 2,262	\$ 3,525	\$ 38,885
Liabilities:				
Amounts held for others	\$ 40,148	\$ 2,262	\$ 3,525	\$ 38,885
SENIOR CENTER				
Assets:				
Cash and cash equivalents	\$ 16,296	\$ 18,410	\$ 18,322	\$ 16,384
Liabilities:				
Due to others	\$ 16,296	\$ 18,410	\$ 18,322	\$ 16,384
TOTAL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 77,326	\$ 149,814	\$ 149,341	\$ 77,799
Liabilities:				
Amounts held for others	\$ 77,326	\$ 149,814	\$ 149,341	\$ 77,799

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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, 2010

Governmental funds capital assets:

Land	\$ 9,476,284
Construction in progress	4,886,233
Buildings and improvements	34,228,395
Furniture and equipment	8,777,574
Infrastructure	34,200,407
Total	<u>\$ 91,568,893</u>

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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, 2010

Grand List Year	Balance Uncollected July 1, 2009	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected
			Additions	Deletions		
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	10,522	-	-	-	-	10,522
2001	12,603	-	-	-	-	12,603
2002	15,129	-	-	-	-	15,129
2003	10,077	-	255	-	-	10,332
2004	14,857	-	-	-	-	14,857
2005	38,629	-	-	-	-	38,629
2006	136,715	-	85	1,590	-	135,210
2007	370,511	-	447	4,462	-	366,496
2008	-	24,222,439	16,752	30,996	-	24,208,195
	<u>\$ 648,061</u>	<u>\$ 24,222,439</u>	<u>\$ 17,539</u>	<u>\$ 37,048</u>	<u>\$ -</u>	<u>24,850,991</u>

Collections				Balance	Refund	Taxes
Taxes	Interest	Liens and Fees	Total	Uncollected	Balance	Receivable
				June 30, 2010	June 30, 2010	June 30, 2010
\$ -	\$ -	\$ -	\$ -	\$ 1,487	\$ -	\$ 1,487
5,147	12,198	72	17,417	1,568	-	1,568
5,227	11,446	72	16,745	1,592	-	1,592
5,227	10,505	72	15,804	1,592	-	1,592
5,333	9,759	72	15,164	1,624	-	1,624
5,531	9,127	72	14,730	4,690	-	4,690
5,714	8,399	72	14,185	4,808	-	4,808
6,003	7,744	72	13,819	6,600	-	6,600
6,577	7,301	72	13,950	8,552	-	8,552
255	-	-	255	10,077	-	10,077
412	844	10	1,266	14,445	-	14,445
13,849	4,970	85	18,904	24,780	-	24,780
74,410	30,893	1,140	106,443	60,800	(199)	60,601
205,332	51,862	2,965	260,159	161,164	(3,275)	157,889
23,838,518	75,144	11,790	23,925,452	369,677	17,023	386,700
<u>\$ 24,177,535</u>	<u>\$ 240,192</u>	<u>\$ 16,566</u>	<u>\$ 24,434,293</u>	<u>\$ 673,456</u>	<u>\$ 13,549</u>	<u>\$ 687,005</u>

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Statistical Section

Statistical Section

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page numbers.

TOWN OF HEBRON, CONNECTICUT

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 47,008,061
Restricted	3,826	3,826	10,451	10,160	10,432	10,860	11,176	11,420
Unrestricted	10,607,073	10,227,718	9,106,078	7,659,232	7,905,728	7,648,658	7,743,736	6,339,484
Total governmental activities, net assets	\$ 27,909,949	\$ 30,235,232	\$ 31,824,438	\$ 33,028,557	\$ 52,012,125	\$ 53,666,834	\$ 53,843,590	\$ 53,358,965

* 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 Eight Fiscal Years
(accrual basis of accounting)

Expenses:	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 3,590,461
Public safety	848,411	1,194,861	595,449	1,106,363	1,025,330	430,714	1,297,154	1,134,939
Public works	1,983,301	983,186	1,195,059	1,182,723	1,415,397	2,052,382	2,088,890	1,854,797
Civic and human service	951,237	909,621	947,381	1,088,213	1,306,503	1,188,062	1,328,244	1,447,189
Planning and land use	199,523	195,955	124,598	141,343	168,871	75,869	188,966	146,868
Education	16,592,272	18,266,488	19,380,264	21,179,900	22,300,802	24,006,912	25,088,292	26,846,086
Sewer fees	372,309	289,876	263,122	399,457	387,373	270,891	414,558	439,769
Interest on long-term debt	498,286	513,406	331,254	320,479	489,084	360,099	528,928	412,400
Total governmental activities expenses	23,657,911	24,612,900	26,041,213	28,452,692	30,480,714	32,019,756	34,141,646	35,872,509
Program revenue:								
Governmental activities:								
Charges for services:								
General government	576,177	702,880	757,664	739,841	578,297	694,680	399,100	165,998
Public safety	138,140	145,052	130,362	158,018	18,999	23,822	156,190	158,127
Public works	464,307	368,740	391,648	423,401	442,088	393,785	406,485	131,756
Civic and human service	107,206	417,296	424,401	469,445	702,997	750,773	606,802	564,552
Planning and land use	54,221	56,569	50,238	39,977	57,494	41,006	55,523	15,620
Sewer fees	36,671	442,549	88,690	113,019	59,497	298,909	4,912	409,105
Education	181,841	54,456	20,699	22,421	233,331	253,016	99,890	263,378
Operating grants and contributions:								
General government	20,079	28,497	25,425	27,811	35,542	35,969	-	27,936
Public safety	2,878	401,851	5,882	1,725	15,597	1,737	28,842	66,180
Public works	165,943	-	-	50,000	-	-	-	-
Civic and human service	488,590	42,013	46,313	51,585	43,711	45,744	45,317	2,080
Sewer fees	-	-	-	-	-	-	-	671
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	8,106,903
Capital grants and contributions:								
General government	-	-	836,000	-	-	-	443,146	316,866
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	334,525
Civic and human service	-	12,000	-	-	-	-	-	125,000
Education	-	97,262	-	3,200	-	-	-	-
Total governmental activities program revenue	8,390,150	8,947,019	8,908,104	8,659,345	8,339,130	9,958,897	9,393,244	10,688,697

TOWN OF HEBRON, CONNECTICUT

Changes In Net Assets, Continued
 Last Eight Fiscal Years
 (accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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)	(25,183,812)
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	24,384,815
Grants and contributions not restricted to specific programs	387,636	570,579	670,633	540,871	895,606	1,051,342	1,116,089	267,740
Unrestricted investment earnings	246,876	102,932	196,718	337,735	488,997	354,050	177,188	46,632
Total governmental activities-general revenue	15,930,453	17,368,064	18,722,315	20,997,466	22,842,570	23,715,568	24,925,158	24,699,187
Changes in net assets:								
Governmental activities	\$ 662,692	\$ 1,702,183	\$ 1,589,206	\$ 1,204,119	\$ 700,986	\$ 1,654,709	\$ 176,756	\$ (484,625)

TOWN OF HEBRON, CONNECTICUT

**Program Revenues by Function/Program
Last Eight Fiscal Years
(accrual basis of accounting)**

Function / Program	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
General government	\$ 596,256	\$ 731,377	\$1,619,089	\$ 767,652	\$ 613,839	\$ 730,649	\$ 842,246	\$ 510,800
Public safety	141,018	1,113,675	275,544	317,378	203,530	655,933	191,563	224,307
Civic and human service	595,796	471,309	470,714	521,030	746,708	796,517	652,119	691,632
Planning and land use	101,677	56,569	100,258	39,977	57,494	41,006	55,523	15,620
Public works	1,212,100	417,300	468,685	1,153,220	663,434	513,641	597,162	466,281
Sewer fees	36,671	442,549	88,690	113,019	59,497	298,909	4,912	409,776
Education	6,229,632	5,714,240	5,885,124	5,747,069	5,994,628	6,922,242	7,046,719	8,370,281
Total governmental activities	\$8,913,150	\$8,947,019	\$8,908,104	\$8,659,345	\$8,339,130	\$9,958,897	\$9,390,244	\$10,688,697

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			
	2001	2002	2003	2004
General Fund:				
Reserved	\$ -	\$ -	\$ 62,330	\$ 52,535
Designated	534,165	287,417	-	-
Unreserved	2,597,292	2,505,442	2,438,320	3,346,590
Total General Fund	3,131,457	2,792,859	2,500,650	3,399,125
All Other Governmental Funds:				
Reserved	n/a	n/a	\$ 13,858	\$ 13,455
Unreserved, reported in:				
Special revenue funds	n/a	n/a	2,107,440	2,260,857
Debt service funds	n/a	n/a	1,374,730	998,709
Capital projects funds	n/a	n/a	1,472,284	973,022
Total all other government funds	\$ -	\$ -	\$ 4,968,312	\$ 4,246,043

n/a - Information not available.

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 27,364	\$ 53,327	\$ 158,472	\$ 242,758	\$ 232,226	\$ 213,975
-	-	-	-	-	-
3,271,636	3,720,080	2,597,544	3,611,443	3,166,328	3,213,048
<u>3,299,000</u>	<u>3,773,407</u>	<u>2,756,016</u>	<u>3,854,201</u>	<u>3,398,554</u>	<u>3,427,023</u>
\$ 23,876	\$ 328,790	\$ 17,037	\$ 68,255	\$ 37,764	\$ 33,208
1,458,181	979,435	1,119,956	1,254,706	1,232,285	70,691
1,296,856	1,309,526	1,973,359	1,420,506	1,815,959	1,119,038
528,468	(317,989)	718,858	(158,879)	522,902	1,180,577
<u>\$ 3,307,381</u>	<u>\$ 2,299,762</u>	<u>\$ 3,829,210</u>	<u>\$ 2,584,588</u>	<u>\$ 3,608,910</u>	<u>\$ 2,403,514</u>

TOWN OF HEBRON, CONNECTICUT

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

	Fiscal Year			
	2001	2002	2003	2004
Revenues:				
Property taxes, interest and liens, net	\$ 13,279,177	\$ 14,086,868	\$ 15,515,740	\$ 17,221,736
Intergovernmental	5,886,108	5,879,408	5,746,164	5,673,008
Charges for services	353,497	800,582	691,481	809,934
Interest and dividends	339,521	158,370	80,988	62,780
Other	53,838	96,801	348,896	111,787
Total revenues	19,912,141	21,022,029	22,383,269	23,879,245
Expenditures:				
General Government	2,180,236	1,761,357	2,020,975	2,747,131
Public Safety	436,003	581,468	620,773	603,779
Public Works	776,494	1,212,304	1,406,689	814,819
Recreation, Library, Health and welfare	350,572	637,915	670,083	454,255
Education	13,655,406	14,095,433	15,181,367	17,284,521
Debt service:				
Principal	2,037,789	1,857,885	1,773,776	1,009,396
Interest	-	-	-	451,459
Capital outlay	-	-	-	71,125
Total expenditures	19,436,500	20,146,362	21,673,663	23,436,485
Excess of revenues (under) expenditures	475,641	875,667	709,606	442,760
Other financing sources (uses):				
Transfers in	492,685	575,753	797,639	897,000
Transfers out	-	-	(1,861,783)	(813,397)
Issuance of long-term debt	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Capital leases	-	-	-	71,125
Total other financing sources (uses)	492,685	575,753	(1,064,144)	154,728
Net changes in fund balance	\$ 968,326	\$ 1,451,420	\$ (354,538)	\$ 597,488
Debt service as a percentage of noncapital expenditures	11.7%	10.2%	8.9%	6.7%

Fiscal Year						
2005	2006	2007	2008	2009	2010	
\$ 18,153,603	\$ 20,016,475	\$ 21,310,125	\$ 22,473,200	\$ 23,457,532	\$ 24,234,224	
6,089,563	6,694,079	6,776,104	7,967,184	8,233,521	8,098,555	
755,233	766,632	538,062	430,935	466,833	550,077	
118,258	253,272	279,337	195,189	111,851	19,090	
66,087	220,358	325,535	347,158	203,643	191,653	
25,182,744	27,950,816	29,229,163	31,413,666	32,473,380	33,093,599	
2,883,601	2,879,816	3,043,270	3,182,595	3,371,375	3,339,989	
566,611	665,976	559,211	629,060	750,671	849,513	
922,383	883,238	853,377	886,391	1,080,910	969,220	
454,255	502,302	539,306	666,092	715,392	772,594	
18,643,775	20,721,940	21,795,507	23,537,458	24,770,356	25,224,497	
1,070,485	1,181,795	1,206,575	1,208,487	1,220,489	1,513,841	
300,333	390,682	444,027	313,214	390,048	396,141	
106,075	-	-	845	-	121,813	
24,947,518	27,225,749	28,441,273	30,424,142	32,299,241	33,187,608	
235,226	725,067	787,890	989,524	174,139	(94,009)	
1,264,183	1,205,000	530,000	1,130,000	1,490,000	1,230,000	
(1,761,796)	(1,455,660)	(2,335,281)	(1,021,339)	(2,119,786)	(1,107,522)	
5,720,000	-	-	-	-	-	
(5,663,813)	-	-	-	-	-	
106,025	-	-	-	-	-	
(335,401)	(250,660)	(1,805,281)	108,661	(629,786)	122,478	
\$ (100,175)	\$ 474,407	\$ (1,017,391)	\$ 1,098,185	\$ (455,647)	\$ 28,469	
5.8%	6.1%	6.2%	5.3%	5.2%	6.1%	

TOWN OF HEBRON, CONNECTICUT

Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Calendar Year				
	2001	2002	2003	2004	2005
Police:					
Stations	1	1	1	1	1
Fire: Fire Stations (Volunteer)	3	3	3	3	3
Public Works:					
Buildings	4	4	5	5	5
Streets (Miles)	64	68	72	76	80
Traffic Lights	2	2	2	2	2
Street Lights	197	197	197	197	197
Parks & Recreation:					
Acreage	270	270	440	440	440
Parks	3	3	3	3	3
Baseball/Softball Diamonds	7	7	7	7	7
Soccer/Football/Lacrosse Fields	4	4	4	4	4
Basketball Courts	1	1	1	1	1
Tennis Courts at High School	8	8	8	8	8
Skate Park	1	1	1	1	1
Parks with Playground Equipment	1	1	1	1	1
Picnic Shelters	1	1	1	1	1
Parks & Recreation Office and Maintenance Building	1	1	1	1	1
Park Rest Room Facilities	1	1	1	1	1
Public Buildings:					
Town Buildings	3	3	3	3	3
Schools	2	2	2	2	2
Regional School District	2	2	2	2	2
Library:					
Facilities	1	1	1	1	1
Volumes	N/A	N/A	N/A	41,393	40,520
Water:*					
Lakes	1	1	1	1	1
Sewers:					
Number of Miles	18	18	18	18	18

N/A - information not available

Calendar Year				
2006	2007	2008	2009	2010
1	1	1	1	1
3	3	3	3	3
5	5	5	5	5
84	88	92	96	98
2	2	2	2	2
197	197	197	199	200
500	500	850	850	850
3	3	3	3	4
7	7	7	7	9
4	4	4	4	8
1	1	1	1	1
8	8	8	8	8
1	1	1	1	1
1	1	1	1	1
1	1	1	1	2
1	1	1	1	1
1	1	1	1	2
3	3	3	3	3
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
38,307	38,645	35,866	40,292	39,169
1	1	1	1	1
18	18	18	18	18

TOWN OF HEBRON, CONNECTICUT

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	Calendar Year				
	2001	2002	2003	2004	2005
Police:					
Calls for service	N/A	N/A	N/A	N/A	3,529
Adult arrest	N/A	N/A	N/A	N/A	101
Juvenile arrest	N/A	N/A	N/A	N/A	1
Traffic citations	N/A	N/A	N/A	N/A	895
Fire:					
Total fire runs	242	199	188	204	244
Total rescue runs	379	458	466	422	421
Building safety:					
Total building permits	420	463	484	488	542
Total value all permits	N/A	N/A	N/A	N/A	N/A
Total building permits-new homes	40	45	60	39	59
Total value all permits-new homes	\$ 8,066,976	\$ 9,127,312	\$ 11,275,614	\$ 7,603,240	\$ 16,128,701
Library, volumes in collection	N/A	N/A	N/A	41,393	40,520

Source: Town Records

Source: CT State Police Troop K Data

N/A - information not available

Calendar Year				
2006	2007	2008	2009	2010
2,433	3,690	4,366	4,750	5,217
93	87	84	72	89
5	5	10	10	9
231	486	383	466	871
236	243	266	237	367
420	433	446	424	429
486	478	568	434	438
N/A	N/A	\$ 8,258,492	\$ 7,157,558	\$ 8,510,149
63	30	13	8	11
\$ 14,378,935	\$ 6,303,706	\$ 7,210,619	\$ 2,047,216	\$ 3,202,802
38,307	38,645	35,866	40,292	39,169

TOWN OF HEBRON, CONNECTICUT

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Real Estate					Gross Taxable Assessed Value	Net Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial/Industrial Property	Other ¹	Personal Property	Motor Vehicle						
2001	\$ 341,473,002	\$ 15,259,059	\$ 1,237,221	\$ 8,248,140	\$ 46,189,585	\$ 412,407,007	\$ 410,123,618	5.43%	31.21	\$ 685,192,786	59.86%
2002	351,325,095	15,794,688	1,280,650	8,537,669	49,945,366	426,883,468	424,667,639	3.55%	32.24	660,287,380	64.32%
2003	461,931,165	20,601,922	2,021,939	9,453,933	52,461,128	546,470,087	544,133,299	28.13%	27.69	777,333,284	70.00%
2004	472,744,810	19,414,460	1,347,130	9,199,770	55,730,092	558,436,262	556,177,997	2.21%	30.34	916,316,258	60.70%
2005	482,596,242	22,349,299	1,314,665	10,460,158	54,872,958	571,593,322	569,409,266	2.38%	31.48	1,028,567,014	55.36%
2006	492,242,131	22,859,359	1,296,150	12,431,250	60,329,855	589,158,745	586,823,996	3.06%	33.24	1,156,166,163	50.76%
2007	509,006,398	18,383,978	1,269,946	12,457,564	63,618,241	604,736,127	602,335,588	2.64%	34.89	1,213,821,076	49.62%
2008	739,146,521	28,705,541	1,439,511	13,040,275	64,439,284	846,771,132	844,164,284	40.15%	26.27	1,205,948,977	70.00%
2009	750,490,568	26,133,077	1,370,916	12,680,969	66,146,674	856,822,204	854,338,977	1.21%	27.20	1,190,523,436	71.76%
2010	755,672,933	24,888,717	1,373,170	13,130,943	63,165,847	858,231,610	855,742,310	0.16%	28.17	1,137,741,681	75.21%

Source: Town Tax Office

A revaluation of all real estate was effective on the October 1, 2001 and October 1, 2006 Grand Lists

¹ Other - represents land with a use assessment and 10 mill land

Note: Estimated values are established by the State of Connecticut Office of Policy and Management and the Town of Hebron Assessor's Office based on the ratio of sales prices to assessed values.

TOWN OF HEBRON, CONNECTICUT

**Tax Revenues by Source
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30 ¹	Grand List Year	Real Estate	Motor Vehicle	Personal Property	Total
2001	1999				
2002	2000				
2003	2001				
2004	2002				
2005	2003				
2006	2004				
2007	2005				
2008	2006				
2009	2007	20,744,619	1,926,525	320,750	22,991,894
2010	2008	21,622,199	1,870,379	345,940	23,838,518
Change 2009-2010		4.23%	-2.91%	7.85%	3.68%

¹Data not available by source for Fiscal Years 2001-2008

Source: Town Tax Records

TOWN OF HEBRON, CONNECTICUT

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

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power Co.	\$ 5,263,610	1	0.62%	\$ 3,095,780	1	0.75%
Blackledge Country Club Inc.	4,634,140	2	0.54%	1,648,810	3	0.40%
Teds Inc./Village Shoppes LLC/Armata, Theodore S.	2,447,500	3	0.29%	1,825,800	2	0.45%
Footehills Farm Inc./Tallwood CC/McDermott Properties LLC	2,246,460	4	0.26%	1,146,800	4	0.28%
Hebron Properties LLC	1,539,500	5	0.18%	-	-	-
B.I.S.S. Inc.	1,490,290	6	0.17%	698,380	6	0.17%
Connecticut Water Company, The	1,439,880	7	0.17%	-	-	-
Loveland Farms LLC	1,327,540	8	0.16%	-	-	-
Hebron Country Manor LLC	1,186,160	9	0.14%	-	-	-
Holland Deborah ETAL	934,560	10	0.11%	-	-	-
Bolton Associates	-	-	-	786,380	5	0.19%
Malkasian Robin	-	-	-	608,770	7	0.15%
Goldstein H Renee	-	-	-	469,690	8	0.11%
Hidden Acres Two LLC	-	-	-	445,450	9	0.11%
Hughes, John M. & Gail L.	-	-	-	335,410	10	0.08%
Total	\$ 22,509,640		2.63%	\$ 11,061,270		2.70%

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		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2001	1999	\$ 13,062,281	\$ 12,790,589	97.80	\$ 267,002	\$ 13,057,591	99.96%
2002	2000	13,908,809	13,666,424	98.30	234,343	13,900,767	99.94%
2003	2001	15,217,997	14,990,901	98.50	213,989	15,204,890	99.91%
2004	2002	17,057,580	16,882,110	99.00	156,887	17,038,997	99.89%
2005	2003	17,251,099	17,113,179	99.20	111,777	17,224,956	99.85%
2006	2004	19,799,849	19,655,726	99.30	81,065	19,736,791	99.68%
2007	2005	21,278,613	21,081,196	99.10	154,686	21,235,882	99.80%
2008	2006	22,354,646	22,115,292	98.90	237,748	22,353,040	99.99%
2009	2007	23,418,756	22,991,894	98.18	205,332	23,197,226	99.05%
2010	2008	24,222,438	23,838,518	98.42	-	23,838,518	98.42%

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.

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 & Notes ¹	Less Amount Available in Debt Service	Net General Bonded/Note Debt		
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
2009	26,550,151	2,020,489	24,529,662	2.00%	2,582
2010	24,755,810	1,119,038	23,636,772	2.08%	2,488

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

¹ General Obligation Bonds includes over-lapping debt for the Town of Hebron's share of RHAM Regional School District #8 debt. The amount for Fiscal Year 2010 is \$14,500,000. It also includes debt owed for the CT Clean Water Fund Notes Payable. The amount for Fiscal Year 2010 is \$1,290,810.

TOWN OF HEBRON, CONNECTICUT

**Direct Governmental Activities Debt
For the Year Ended June 30, 2010
(Unaudited)**

Governmental Unit	Debt Outstanding
General obligation debt- Total Direct Debt	<u>\$24,755,810</u>

Source: Town Records

TOWN OF HEBRON, CONNECTICUT

RATIOS OF GENERAL BONDED DEBT OUTSTANDING BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				Ratio of Net Bonded Debt to Est. Actual Taxable Value	Total Primary Government	Percentage of Personal Income	Total Debt Per Capita ⁽³⁾
	Net Bonded Debt	CWF ⁽²⁾ Notes Payable	Total Net Bonded Debt	Capital ⁽¹⁾ Leases				
2001	\$ 15,693,176	\$ 6,488,749	\$ 22,181,925	\$ -	3.79%	\$ 22,181,925	N/A	\$ 2,534
2002	19,858,320	5,955,879	25,814,199	-	4.26%	25,814,199	8.81%	2,868
2003	21,286,895	5,412,353	26,699,248	-	3.43%	26,699,248	N/A	2,958
2004	19,492,372	4,857,957	24,350,329	-	2.99%	24,350,329	N/A	2,698
2005	20,512,365	4,292,472	24,804,837	-	2.96%	24,804,837	7.60%	2,742
2006	24,105,474	3,715,677	27,821,151	-	2.80%	27,821,151	8.22%	3,025
2007	23,132,254	3,127,346	26,259,600	-	2.16%	26,259,600	7.72%	2,843
2008	22,092,575	2,527,249	24,619,824	-	2.00%	24,619,824	7.25%	2,667
2009	22,614,511	1,915,151	24,529,662	-	2.00%	24,529,662	6.89%	2,582
2010	22,345,962	1,290,810	23,636,772	-	2.08%	23,636,772	5.82%	2,488

Note: The Town has no revenue bonds.

Note: N/A - information not available

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

¹ Capital leases for the Town and BOE were not added prior to June 30, 2010 and there were no outstanding capital leases as of that date.

² Notes Payable issued under the Clean Water Program thru the State of Connecticut, final maturity date of May 30, 2012

³ See the schedule of Demographic and Economic Statistic on page 86 for personal income and population data.

TOWN OF HEBRON, CONNECTICUT

COMPUTATION OF LEGAL DEBT LIMITATION
June 30, 2010

Total tax collections (including interest and lien fees) for the year ended June 30, 2010	\$ 24,434,293
Reimbursement for revenue loss: Tax relief for elderly	<u>29,984</u>
Base	<u>\$ 24,464,277</u>
Debt limit	<u><u>\$ 171,249,939</u></u>

Debt Limitation*	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 55,044,623	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	\$ 110,089,247	-	-	-
3-3/4 times base	-	-	\$ 91,741,039	-	-
3-1/4 times base	-	-	-	\$ 79,508,900	-
3 times base	-	-	-	-	\$ 73,392,831
Total debt limitation	<u>55,044,623</u>	<u>110,089,247</u>	<u>91,741,039</u>	<u>79,508,900</u>	<u>73,392,831</u>
Debt as defined by statute:					
Bonds and notes payable	5,660,000	17,805,000	1,290,810	-	-
Bonds authorized but not issued, issue dates not yet established	<u>500,000</u>	<u>8,550,940</u>	-	-	-
Total indebtedness	<u>6,160,000</u>	<u>26,355,940</u>	<u>1,290,810</u>	<u>-</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 48,884,623</u></u>	<u><u>\$ 83,733,307</u></u>	<u><u>\$ 90,450,229</u></u>	<u><u>\$ 79,508,900</u></u>	<u><u>\$ 73,392,831</u></u>

TOWN OF HEBRON, CONNECTICUT

**Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Population	Personal Income (000)	Per Capita Income	Median Age	School Enrollment	Unemployment(*) Rate
2001	8,753	n/a	n/a	37	1,725	1.6%
2002	9,000	\$ 292,950	\$ 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	326,497	36,089	39	1959	3.6%
2006	9,198	338,459	36,797	39.5	2,019	3.9%
2007	9,238	339,931	36,797	39.5	2,089	3.9%
2008	9,232	339,710	36,797	39	2,093	4.5%
2009	9,500	356,108	37,485	39	2,105	6.3%
2010	9,500	406,325	42,771	38.3	2,019	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	2010			2001		
	Employees ¹	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 ²	4	1.6	N/A	N/A	N/A
Country Carpenters	31	5	1.5	N/A	N/A	N/A
Hebron 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

¹ Full Time Equivalent

² 30 Additional part-time positions seasonally

TOWN OF HEBRON, CONNECTICUT

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

<u>Functions/Program</u>	Full-Time Equivalent Employees as of June 30			
	2010	2009	2008	2007
Governmental Services:				
Town Manager	1	1	1	1
Town Clerk	2	2	2	2
Personnel	2	2	2	2
Finance & Tax	7	7	7	7
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	2	1	1
Fire:				
Firefighters and Officers	2	2	2	2
Public Works:				
Administration	2	2	2	2
Street Maintenance	12	12	12	12
Water:				
Administration	1	1	1	1
Library:				
Administration	3	3	3	3
Senior Center:				
Administration	3	3	3	3
Total	44	44	43	43

Source: Town Records

n/a - Information not available

Full-Time Equivalent Employees as of June 30					
2006	2005	2004	2003	2002	2001
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	1
7	7	7	6	6	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	2		
2	2	1	1	1	1
12	12	12	12	12	11
1	1	1	1	1	1
3	3	3	3	3	-
2	2	2	2	1	1
42	42	41	40	37	28

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