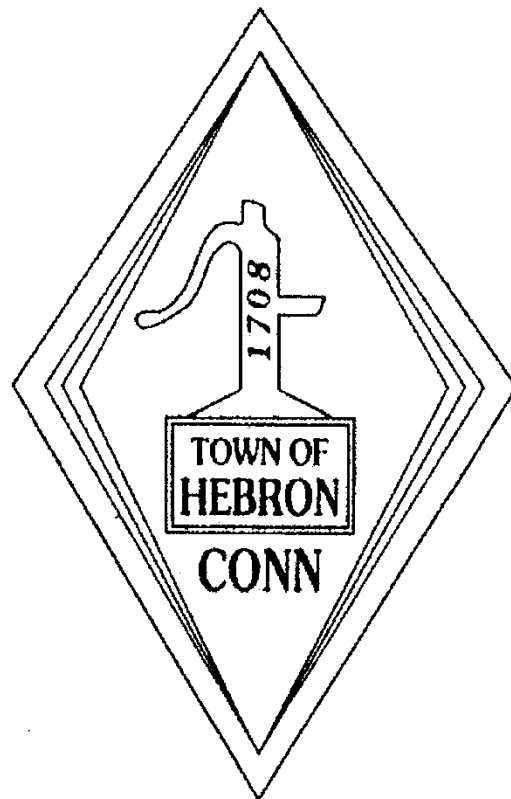


TOWN OF HEBRON, CONNECTICUT

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2011

TOWN OF HEBRON, CONNECTICUT

Comprehensive Annual Financial Report

For

**The Fiscal Year Ended
June 30, 2011**

Prepared By:

THE FINANCE DEPARTMENT

TOWN OF HEBRON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

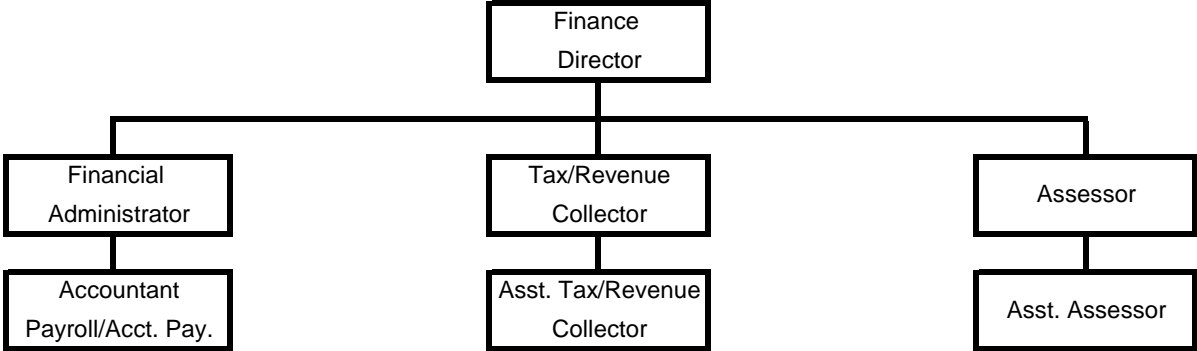
TOWN OF HEBRON, CONNECTICUT

PRINCIPAL TOWN OFFICIALS

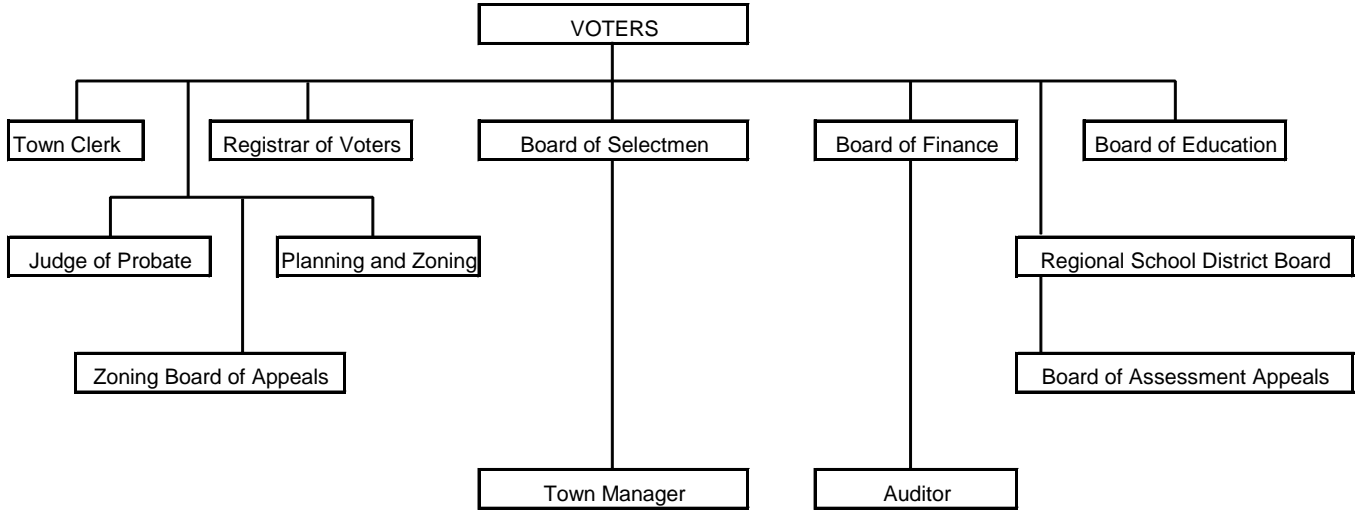
As of June 30, 2011

<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 Services Director</i>	Sharon Garrard
<i>Superintendent of Schools</i>	Eleanor Cruz
<i>Tax Collector</i>	Adrian MaClean
<i>AHM Youth and Family Services</i>	Joel Rosenberg
<i>Zoning Enforcement Officer</i>	Joseph Summers

**Town of Hebron
Finance Department**



Town of Hebron, Connecticut
For the Period Ending June 30, 2011



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**

December 23, 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, 2011.

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, 2011. 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, 2009 was \$861,303,815, an increase of \$5,561,505 or .65% over the October 1, 2008 grand list amount of \$855,742,310. This is a modest increase due to the slowing economy.

Hebron's unemployment rate decreased from 7.2% at June 30, 2010 to 6.7% at June 30, 2011. This .50% decrease is indicative of a slight improvement in the local re-employment process and economy. Hebron ranked better than the County rate of 7.8% and the State rate of 9.1% at June 30, 2011.

Major Initiatives:

Hebron Shops Local. The Economic Development Commission in association with Town staff visited Hebron businesses to inquire about what local businesses needed to stay viable in the Town. A "Shops Local" initiative was developed to assist with increasing the viability of Hebron's businesses, and keeping citizen dollars circulating within the Town. There was also a review and reworking of the local tax abatement policy to attract new businesses to the Town. These initiatives will aid in increasing the commercial tax base as well as helping keep current businesses strong with a continuous and expanding employment base being kept in Town.

Charette Process. The Town initiated a Charette Process with assistance from the University of Connecticut Architectural and Landscaping students to increase and improve the look of our Main Street business district. Several future infrastructure improvement objectives for this area along Route 66 were identified by bringing in all points of view from residents, Town representatives and experts, who were invited to three interactive charette sessions. The following objectives were identified along with

proposals to address them. This plan will now become a part of the Plan of Development for Hebron and is being actively worked on by the Planning and Zoning Commission, Economic Development Commission and the Historic Properties Committee:

- Create a community district.
- Increase economic viability through the addition of commercial opportunities.
- Preserve and enhance the historic district.
- Create connections and improve walk-ability of the downtown corridor.
- Improve the overall aesthetic appeal of the downtown area

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 assignments of fund balance.

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

Other Policies

The Town Management and Boards of Selectmen and Finance are in the process of reviewing, revising and adopting several financial policies. Most recently reviewed and revised is the Long Term Capital Improvement Policy and the Purchasing Policy. In process is a separate Capital Equipment Replacement Policy and in the upcoming year the a Fund Balance, Debt Policy and other Operating Budget and Financial Policies will be reviewed and updated.

Long Term Financial Planning:

A significant measure of the Town's financial strength is the level of its fund balances (i.e., the accumulation of the revenues in excess of expenditures). The Town's General Fund Balance has demonstrated positive trends over the past several years and the current fiscal year. In years where there has been a substantial buildup in the General Fund Balance funds were transferred to a debt service fund in order to set aside funds for future years debt requirements. The Boards of Selectmen and Finance along with Town Management, takes the responsibility of being stewards of public funds very seriously and have had a policy in place to maintain a General Fund Fund Balance between 7% and 10% of budgetary expenditures.

Capital Improvements. 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.

Long Term Financial Analysis & Planning. There also is a Long Term Financial Report that is also updated each year to try to project future operating budget revenues and expenditures over several years which is utilized to plan appropriately for major events and funding requirements. The Town recognizes that because of population growth variation, residential and commercial development, changes in assessed values and increased cost of operations a clearer vision is important to the proper allocation of financial resources based on both legal debt capacity and reasonable amount of future funds the Town can afford to fund capital projects.

2010/2011 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 2010-2011 set conservative numbers.

2010/2011 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2010/2011 fiscal year. The combined Town, Debt, Capital, RHAM Assessment and Education budget increased by \$504,020 or 1.52%. 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, health improvement initiatives and programs, consolidation with other communities for pooled savings and possibly evaluating the feasibility of self -insurance. This is an ongoing process.

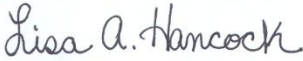
Another challenge is managing the needs for capital equipment and infrastructure improvements with limited resources. The Capital Improvement Policy (CIP) was reviewed by the policy makers. Changes to the method and threshold of the CIP were made for the fiscal year 2012/2013. The policy makers are working 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.

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, 2010. 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 seventh 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,

A handwritten signature in cursive script that reads "Lisa A. Hancock".

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

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, 2011, 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, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 23, 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, budgetary comparison information and the other post employment plan schedules of funding progress and schedules of employer contributions are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
December 23, 2011

Town of Hebron, Connecticut Management's Discussion and Analysis June 30, 2011

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, 2011. 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 \$52,119,825.
2. On a government-wide basis, during the year, the Town's net assets decreased by \$1,239,140. Governmental activities expenses were \$36,978,403, while revenues were \$35,739,263.
3. At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of \$4,942,226, a decrease of \$888,311 from the prior fiscal year. Of the total fund balance as of June 30, 2011, \$2,858,344 represents the combined unassigned 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 \$3,122,212, a decrease of \$304,811 from the prior fiscal year. Unassigned General Fund fund balance at year-end represents 8.6% of total general fund expenditures and transfers out.
5. The Town's long-term 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 43 in the Required Supplementary Information.

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 16-17 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 18-41 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 \$52,119,825 at June 30, 2011.

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

	June 30, 2011	June 30, 2010
	Primary	Primary
	Government	Government
	Governmental	Governmental
	Activities	Activities
Current and other assets	\$ 7,099	\$ 8,507
Capital assets	55,646	56,986
Total Assets	62,745	65,493
Current liabilities	1,067	1,370
Long-term liabilities	9,558	10,764
Total Liabilities	10,625	12,134
Investment in capital assets, net of related debt	47,142	47,008
Restricted	96	11
Unrestricted	4,882	6,340
Total Net Assets	\$ 52,120	\$ 53,359

Total net assets for Governmental Activities at fiscal year-end were \$52.1 million. Of the Town's total net assets at June 30, 2011, \$4.9 million or 9.4% is unrestricted. This compares with last year's total unrestricted net assets of \$6.3 million or 11.9% unrestricted.

The largest portion of the Town's net assets, 90.4%, 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 \$4.9 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, 2011 and 2010

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
	Primary Government	Primary Government
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Revenues:		
Program Revenues:		
Charge for services	\$ 2,183	\$ 1,709
Operating grants and contributions	8,313	8,204
Capital grants and contributions	250	776
General Revenues:		
Property taxes	25,098	24,385
Grants not restricted to specific programs	81	268
Unrestricted investment earnings	36	46
Loss on disposal	(222)	-
Total revenues	<u>35,739</u>	<u>35,388</u>
Expenses:		
General government	3,091	3,591
Education	27,947	26,846
Public safety	1,111	1,135
Health and welfare	1,619	1,447
Public works	2,327	1,855
Sewer and other	507	587
Interest on long-term debt	376	412
Total expenses	<u>36,978</u>	<u>35,873</u>
Change in net assets	(1,239)	(485)
Net Assets, beginning	<u>53,359</u>	<u>53,844</u>
Net Assets, ending	<u>\$ 52,120</u>	<u>\$ 53,359</u>

Governmental Activities

For Governmental Activities, more than 70.2% of the revenues were derived from property taxes, followed by 23.9% from other intergovernmental revenues.

Major revenue factors included:

1. Property tax revenues recorded during fiscal year 2011 reflect an increase in the mill rate for the current levy.
2. Licenses and fees were better than anticipated.

For Governmental Activities, 75.6% of the Town's expenses relate to education, 3.0% relates to public safety, 8.3% to general government, 6.3% to public works, 4.4% to health and human services, 1.0% to interest on long-term debt, and those are the major percentages.

Major expense factors include:

1. Education operating expenses increased by 4.1%. 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 Debt Management Fund decreased by \$698,904, due to a transfer to the General Fund.

The Sewer Assessment Fund increased its fund balance by \$150,189, ending with a fund deficit of \$181,783 as of June 30, 2011. This increase was caused by an intentional reduction in the amount transferred out to the General Fund. The fund deficit in fiscal year 2010-11 was \$181,783 and it is anticipated that the fund balance will have a positive balance by June 30, 2012.

The Capital Projects Fund had a decrease in fund balance of \$113,496 as expenditures for outlay continued as planned.

The Land Acquisition Fund increased its fund balance by \$99,346 as a result of the net of land acquisition in the fiscal year and transfers in from the General Fund of \$100,000.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were approximately \$34.0 million, which exceeded budgetary estimates by \$294,332. Actual tax revenues exceeded budget by \$386,069, which in part represents more aggressive pursuit of delinquent taxes. Actual fees, permits and licenses were \$73,986 above budget due to increased requests for Ambulance Services than were expected. Interest income was \$83,860 under budget due to lower than expected interest rates. The budget for fiscal year 2011-12 for this revenue was projected downward accordingly.

Actual expenditures on a budgetary basis and other financing uses totaled \$33.6 million, which was less than actual expenses and other financing uses on a budgetary basis by \$111,430. A savings of \$66,217 in expenditures resulted from a spending freeze that was implemented during the fiscal year in order to save funds to cover shortfalls due to a harsh winter season. The remaining \$45,213 in savings resulted from savings in payroll attrition and utility contract renegotiations.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental activities as of June 30, 2011, amount to \$55,645,499 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, 2011 and 2010

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 9,476,284	\$ 9,476,284
Construction in progress	5,098,136	4,886,233
Buildings and improvements	34,228,395	34,228,395
Furniture and equipment	8,608,432	8,777,574
Infrastructure	34,279,082	34,200,407
Total	<u>\$ 91,690,329</u>	<u>\$ 91,568,893</u>

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

1. New sidewalks were installed on Main St. for approximately \$79 thousand.
2. Several old assets were added or eliminated from the inventory after a complete inventory review was performed.

Additional information on capital assets can be found in Note 6 of this report.

Long-term debt

At the end of the current fiscal year, the Town had total bonds and notes outstanding of \$21.9 million. 100% of this debt is backed by the full faith and credit of the Town. The Town's total debt decreased by \$1.7 million during fiscal 2011. Included within the outstanding debt total of \$21.9 million is overlapping debt for Hebron's share of the Regional School District #8 (RHAM) Debt of \$13,510,637.

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 \$176,100,267.

Additional information on long-term debt can be found in Note 7 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 services, identifying the appropriate user fees, to self-fund 100% of the noncore programs, methods to grow the Town's tax base, retaining current businesses and increasing economic development opportunities.

As of June 2011, the unemployment rate for the Hebron Labor Market Area was 6.7%. Connecticut's overall unemployment rate stands at 9.1%, compared with 8.9% for the same time last year. The State of Connecticut's unfunded educational and municipal mandates and increased employee benefit costs create 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 planning master plan.

After the initial phase of the Main St. Revitalization Project that was implemented in fiscal year 2009-10, improvements have been implemented each year to make the business district more like a downtown, where you can park and walk through the business district. Sidewalks were installed to connect the businesses along the busy corridor in order to make it safe for shoppers and business people to walk from business to business, thus creating a true business district for Hebron. Street tree plantings will be done in fiscal year 2011-12 to make it more attractive, especially since the business district is also part of the Town Green.

The economic indicators for the past few years, and several other factors were taken into account when adopting the General Fund budget for 2011-12. Amounts available for appropriation in the General Fund budget are \$34.1 million, an increase of approximately 1.3% over the final 2011 budget of \$33.6 million. A majority of the increase is attributed to the RHAM School District Assessment for operations and debt financing. The Town budget was approved at a 1.1 percent increase and Board of Education budget was approved at referendum at a .67 percent spending increase.

The Town and Board of Education have not added any major new programs or initiatives to the 2011-2012 budget. In future plans, there will be continued focus on core services for the Town in order to ease the stress of limited resources of taxpayers and current economic conditions.

In another attempt to meet the challenge of accomplishing the most with limited resources, the Town initiated a strong effort to apply for several grant funding initiatives to address infrastructure needs. The Town was successful in obtaining grant funds to improve two historic properties. The Peters House Renovation project received \$200,000 in Small Town Economic Assistance Program grant funding. The Horton House, which houses the offices of Planning and Development, Building Inspection, Health District and the Sewer Operation Coordinator, received a State grant to replace the building's roof and make interior repairs.

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.

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Basic Financial Statements

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2011

	<u>Governmental Type Activities</u>
Assets	
Cash and cash equivalents	\$ 3,819,284
Receivables, net of allowance for collection losses:	
Property taxes, net	755,926
Assessments and user fees	525,891
Intergovernmental and other	77,799
Investments	1,914,939
Inventories	5,446
Capital assets, non-depreciable	14,574,420
Capital assets, net of accumulated depreciation	<u>41,071,079</u>
Total assets	<u>62,744,784</u>
Liabilities	
Accounts payable and accruals	534,348
Unearned revenue	532,568
Noncurrent liabilities:	
Due in less than one year	1,567,590
Due in more than one year	<u>7,990,453</u>
Total liabilities	<u>10,624,959</u>
Net Assets	
Investment in capital assets, net of related debt	47,141,777
Restricted	95,985
Unrestricted	<u>4,882,063</u>
Total net assets	<u>\$ 52,119,825</u>

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

TOWN OF HEBRON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects	Land Acquisition		
Assets							
Cash and cash equivalents	\$ 1,264,077	\$ 420,134	\$ 4,742	\$ 1,208,253	\$ 397,966	\$ 524,112	\$ 3,819,284
Receivables (net of allowances for collection losses):							
Property taxes	755,926	-	-	-	-	-	755,926
Assessments and user fees	-	-	479,864	-	-	46,027	525,891
Intergovernmental and other	35,585	-	-	29,915	-	12,299	77,799
Investments	1,914,939	-	-	-	-	-	1,914,939
Inventories	-	-	-	-	-	5,446	5,446
Due from other funds	370,334	-	-	-	-	-	370,334
Total assets	\$ 4,340,861	\$ 420,134	\$ 484,606	\$ 1,238,168	\$ 397,966	\$ 587,884	\$ 7,469,619
Liabilities							
Accounts payable and accruals	\$ 128,773	\$ -	\$ 203,628	\$ 104,790	\$ -	\$ 36,265	\$ 473,456
Deferred revenues	642,208	-	462,761	-	-	36,183	1,141,152
Unearned revenues	-	-	-	-	-	94,783	94,783
Advance Tax Collections	437,785	-	-	-	-	-	437,785
Taxes Overpaid	9,883	-	-	-	-	-	9,883
Due to other funds	-	-	-	364,917	-	5,417	370,334
Total liabilities	1,218,649	-	666,389	469,707	-	172,648	2,527,393
Fund balances (deficits)							
Nonspendable	-	-	-	-	-	11,391	11,391
Restricted	-	-	-	-	-	84,594	84,594
Committed	-	420,134	-	768,461	397,966	324,241	1,910,802
Assigned	77,095	-	-	-	-	-	77,095
Unassigned	3,045,117	-	(181,783)	-	-	(4,990)	2,858,344
Total fund balances (deficits)	3,122,212	420,134	(181,783)	768,461	397,966	415,236	4,942,226
Total liabilities and fund balances (deficits)	\$ 4,340,861	\$ 420,134	\$ 484,606	\$ 1,238,168	\$ 397,966	\$ 587,884	

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.	55,645,499
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded or deferred in the funds.	1,141,152
Accrued interest payable	(51,009)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,558,043)</u>

Net assets of governmental activities \$ 52,119,825

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, 2011

	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Management	Sewer Assessment	Capital Projects	Land Acquisition		
REVENUES							
Property taxes	\$ 25,122,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,122,507
Intergovernmental	8,184,027	-	-	129,536	-	248,942	8,562,505
Charges for services	545,393	-	225,730	-	-	1,200,339	1,971,462
Income from investments	26,140	1,096	-	1,673	7,366	-	36,275
Other revenues	129,380	-	124,459	218,438	-	19,348	491,625
Total revenues	34,007,447	1,096	350,189	349,647	7,366	1,468,629	36,184,374
EXPENDITURES							
Current:							
General government	2,890,079	-	-	-	-	-	2,890,079
Public safety	809,348	-	-	-	-	26,634	835,982
Civic and Human Service	692,084	-	-	-	-	678,093	1,370,177
Planning and land use	108,318	-	-	-	-	-	108,318
Public Works	971,170	-	-	-	-	-	971,170
Sewer fees	9,280	-	-	-	-	337,978	347,258
Insurance and benefits	1,127,567	-	-	-	-	-	1,127,567
Education	26,052,515	-	-	-	-	396,559	26,449,074
Debt service:							
Principal	1,524,220	-	-	-	-	-	1,524,220
Interest	351,050	-	-	-	-	-	351,050
Capital outlay	92,709	-	-	1,089,770	8,020	-	1,190,499
Total expenditures	34,628,340	-	-	1,089,770	8,020	1,439,264	37,165,394
Revenues over (under) expenditures	(620,893)	1,096	350,189	(740,123)	(654)	29,365	(981,020)
OTHER FINANCING SOURCES (USES)							
Transfers in	950,000	-	-	626,627	100,000	-	1,676,627
Transfers out	(726,627)	(700,000)	(200,000)	-	-	(50,000)	(1,676,627)
Proceeds from capital leases	92,709	-	-	-	-	-	92,709
Total other financing sources (uses)	316,082	(700,000)	(200,000)	626,627	100,000	(50,000)	92,709
Net change in fund balances (deficits)	(304,811)	(698,904)	150,189	(113,496)	99,346	(20,635)	(888,311)
FUND BALANCES (DEFICITS), beginning							
	3,427,023	1,119,038	(331,972)	881,957	298,620	435,871	5,830,537
FUND BALANCES (DEFICITS), ending							
	<u>\$ 3,122,212</u>	<u>\$ 420,134</u>	<u>\$ (181,783)</u>	<u>\$ 768,461</u>	<u>\$ 397,966</u>	<u>\$ 415,236</u>	<u>\$ 4,942,226</u>

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, 2011**

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

Net change in fund balances – total governmental funds \$ (888,311)

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. (1,118,159)

Loss on disposal (221,926)

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. (223,186)

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. 1,410,764

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. (198,322)

Change in net assets of governmental activities \$ (1,239,140)

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, 2011

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 88,395
Investments:		
Pooled separate accounts	2,281,046	-
Total assets	<u>2,281,046</u>	<u>88,395</u>
LIABILITIES		
Amounts held for others	-	88,395
Total liabilities	<u>-</u>	<u>88,395</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
	<u>\$ 2,281,046</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, 2011

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 243,044
Total contributions	<u>243,044</u>
Investment Income	
Interest and dividends	16,890
Net appreciation of investments	324,312
Net investment income	<u>341,202</u>
DEDUCTIONS	
Benefits	<u>205,857</u>
Change in net assets	378,389
NET ASSETS HELD IN TRUST	
Beginning of year	<u>1,902,657</u>
End of year	<u><u>\$ 2,281,046</u></u>

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

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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.

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

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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.

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.

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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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:

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 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 assigned 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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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 \$156,000. 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 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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Compensated absences

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

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

Long-term obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Debt principal payments are reported as expenditures.

Net Assets

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.

Fund Balance

In the government fund financial statements, the Town classified fund balances as follows:

- Nonspendable Fund Balance – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

- Committed Fund Balance – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision-making authority (Town of Hebron Board of Finance/Board of Selectmen).
- Assigned Fund Balance – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- Unassigned Fund Balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

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	\$ (8,100,000)
Deferred amounts	247,366
Clean Water Fund notes payable	(651,088)
Compensated absences	(383,284)
Capital Leases	(63,037)
OPEB obligations	<u>(608,000)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u><u>\$ (9,558,043)</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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	\$ 724,698
Depreciation expense	<u>(1,842,857)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,118,159)</u>

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:

Proceeds from capital lease	\$ (92,709)
Principal repayments:	
General obligation debt and Clean Water Fund notes	1,504,722
Capital leases	29,672
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>\$ 1,410,764</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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	\$ 6,166
Compensated absences	(97,488)
OPEB obligations	<u>(107,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (198,322)</u>

Note 3. 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

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

possession of an outside party. As of June 30, 2011, approximately \$1,800,000 of the Town's bank balance of \$3,492,000 was uninsured and uncollateralized.

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

Cash and investments of the Town consist of the following at June 30, 2011:

Cash and Cash Equivalents

Deposits with financial institutions	\$ 3,311,822
State of Connecticut Short-Term Investment fund	2,144,167
Cutwater Asset Management - Connecticut Class Plus	<u>366,629</u>
Total cash and cash equivalents	<u>5,822,618</u>
Less: Certificates of deposit classified as investments	<u>(1,914,939)</u>
	<u>3,907,679</u>

Investments

Governmental Funds:	
Certificates of deposit	1,914,939
Pension Trust Funds:	
Pooled Separate Account Funds	<u>2,281,046</u>
Total investments	<u>4,195,985</u>
Total cash, cash equivalents and investments	<u>\$ 8,103,664</u>

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

Statement of Net Assets

Cash and cash equivalents	\$ 3,819,284
Investments	<u>1,914,939</u>
Total statement of net assets	<u>5,734,223</u>

Fiduciary Funds:

Cash and cash equivalents	88,395
Investments	<u>2,281,046</u>
	<u>2,369,441</u>
Total cash, cash equivalents and investments	<u>\$ 8,103,664</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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	\$ 2,510,796	\$ 2,510,796

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'.

Rating	Pooled Fixed Income
AAAm	\$ <u>2,510,796</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 4. 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	\$ 642,208	\$ -
Major Funds:		
Sewer assessments not yet due	462,761	-
Nonmajor Funds:		
Grants and other revenues	36,183	94,783
Total	<u>\$ 1,141,152</u>	<u>\$ 94,783</u>

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 370,334	\$ -
Other Nonmajor Funds	-	5,417
Capital Project Fund	-	364,917
Total	<u>\$ 370,334</u>	<u>\$ 370,334</u>

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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Interfund transfers during the year ended June 30, 2011 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 950,000	\$ 726,627
Capital Projects Fund	626,627	-
Sewer Assessment Fund	-	200,000
Debt Management Fund	-	700,000
Land Acquisition	100,000	-
Non-Major and Other Funds	-	50,000
Totals	\$ 1,676,627	\$ 1,676,627

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, 2011

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,476,284	\$ -	\$ -	\$ 9,476,284
Construction in progress	4,886,233	211,903	-	5,098,136
Total capital assets not being depreciated	<u>14,362,517</u>	<u>211,903</u>	<u>-</u>	<u>14,574,420</u>
Capital assets, being depreciated:				
Buildings and improvements	34,228,395	-	-	34,228,395
Furniture and equipment	8,777,574	434,120	603,262	8,608,432
Infrastructure	34,200,407	78,675	-	34,279,082
Total capital assets being depreciated	<u>77,206,376</u>	<u>512,795</u>	<u>603,262</u>	<u>77,115,909</u>
Less accumulated depreciation for:				
Buildings and improvements	14,062,899	587,684	-	14,650,583
Furniture and equipment	4,242,752	578,760	381,336	4,440,176
Infrastructure	16,277,658	676,413	-	16,954,071
Total accumulated depreciation	<u>34,583,309</u>	<u>1,842,857</u>	<u>381,336</u>	<u>36,044,830</u>
Total capital assets, being depreciated, net	<u>42,623,067</u>	<u>(1,330,062)</u>	<u>221,926</u>	<u>41,071,079</u>
Governmental activities capital assets, net	<u>\$ 56,985,584</u>	<u>\$ (1,118,159)</u>	<u>\$ 221,926</u>	<u>\$ 55,645,499</u>

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

General government	\$ 100,660
Public safety	233,961
Public works	792,604
Parks and recreation	69,733
Library	61,381
Health and welfare	45,759
Education	538,759
Total depreciation expense	<u>\$ 1,842,857</u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 7. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds	\$ 8,965,000	\$ -	\$ (865,000)	\$ 8,100,000	\$ 860,000
Clean water fund notes	1,290,810	-	(639,722)	651,088	651,088
Deferred amounts	(278,287)	-	30,921	(247,366)	-
Total bonds and notes payable	9,977,523	-	(1,473,801)	8,503,722	1,511,088
Other Long-Term Liabilities:					
Capital leases	-	92,709	(29,672)	63,037	29,672
Compensated absences	285,796	117,494	(20,006)	383,284	26,830
OPEB obligations	501,000	107,000	-	608,000	-
Total other long-term liabilities	786,796	317,203	(49,678)	1,054,321	56,502
Governmental activity long-term liabilities	\$ 10,764,319	\$ 317,203	\$ (1,523,479)	\$ 9,558,043	\$ 1,567,590

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

As of June 30, 2011, the outstanding long-term indebtedness of the Town was as follows:

	<u>Outstanding Amount</u>
General Obligation Bonds:	
\$1,535,000 General Obligation bond, Douglas Library Project, 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.	\$ 200,000
\$1,800,000 General Obligation bond, New Fire Station, 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.	1,260,000
\$4,300,000 General Obligation bond, Recreational Facilities, 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.	3,720,000
School Bonds:	
\$5,720,000 School bond, Elementary School Additions and Renovations, 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.	2,920,000
Clean Water Fund Notes:	
\$7,511,895 Clean Water Fund note, Sewer System Installation Phase I, issued August 1992, interest payable at 2%, due in principal amounts ranging from \$390,195 to \$448,212 through 2012.	448,204
\$1,895,060 Clean Water Fund note, Sewer System Installation, Phase II, issued May 1994, interest payable at 2%, due in principal amounts ranging from \$107,885 to \$123,926 through 2012.	123,933
\$1,133,393 Clean Water Fund note, Sewer System Installation, Phase 3, issued November 1995, interest payable at 2%, due in principal amounts ranging from \$67,405 to \$78,951 through 2012.	<u>78,951</u>
Total general obligation bonds and notes payable	<u><u>\$ 8,751,088</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

	Principal	Interest	Total
2012	\$ 1,511,088	\$ 309,156	\$ 1,820,244
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>\$ 8,751,088</u>	<u>\$ 1,801,796</u>	<u>\$ 10,552,884</u>

Bonds authorized but unissued

Total authorized but unissued debt at June 30, 2011 relating to capital projects is as follows:

General Purpose	\$ 500,000
Schools	8,550,940
	<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	\$ 56,603,657	\$ 5,680,000	\$ 50,923,657
Schools	113,207,315	24,981,577	88,225,738
Sewers	94,339,429	651,090	93,688,339
Urban renewal	81,760,838	-	81,760,838
Pension deficit	75,471,543	-	75,471,543

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$176,100,267. All long-term debt obligations are retired through General Fund appropriations.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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, 2011, the Town of Hebron's share will be approximately 54.14% of the remainder, or approximately \$13,510,637 of the Regional School District #8's outstanding bonds. These are general obligations of Regional School District #8 and its member towns.

Capital lease obligations

The Town has various capital leases in which they acquire capital assets. Interest rates on these leases are 3.4%. The capital leases are for various computer and office equipment. The leases are payable in monthly installments through 2013. Original cost and accumulated depreciation at June 30, 2011 of capital assets under such lease agreements are as follows:

Machinery and equipment	\$	58,532
Accumulated depreciation		(4,181)
Net book value	\$	<u>54,351</u>

Future minimum lease payments under capital leases are as follows:

<u>Fiscal Year</u>		
2012	\$	36,616
2013		29,276
Less amount representing interest		(2,855)
	\$	<u>63,037</u>

Note 8. 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 \$243,044 (net of forfeitures). The Plan does not issue stand-alone financial statements.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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.

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 \$1,004,000 for the year ended June 30, 2011.

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 2011, the Town contributions were \$73,000 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><u>146</u></u>

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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
6/30/11	\$180,000	\$73,000	41%	\$608,000
6/30/10	\$296,000	\$42,000	14%	\$501,000

OPEB Obligation

Annual required contribution	\$ 186,000
Interest on net pension obligation	23,000
Adjustment to ARC	(29,000)
Annual OPEB cost	180,000
Contributions made	73,000
Increase in net OPEB liability	107,000
Net OPEB obligation, beginning of year	501,000
Net OPEB obligation, end of year	<u>\$ 608,000</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)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

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

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

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level Dollar Open
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 9. Fund Deficits

The following funds had fund deficits as of June 30, 2011:

Sewer Assessment	\$ 181,783
Miscellaneous grants	4,990

The deficit is expected to be eliminated through grant reimbursements and other revenue sources.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 10. Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2011 for the Town governmental funds:

	General Fund	Debt Management	Sewer Assessments	Capital Projects	Land Acquisition	Nonmajor Governmental Funds
Fund balances:						
Non-spendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,446
Non-spendable trust	-	-	-	-	-	5,945
Total Non-spendable	-	-	-	-	-	11,391
Restricted:						
Corpus of trust fund	-	-	-	-	-	5,658
Education	-	-	-	-	-	78,936
Total Restricted	-	-	-	-	-	84,594
Committed:						
Capital projects	-	-	-	768,461	397,966	-
Debt service	-	420,134	-	-	-	-
Civic and human service	-	-	-	-	-	59,224
Sewer operations	-	-	-	-	-	130,483
Recreation	-	-	-	-	-	87,253
Public safety	-	-	-	-	-	47,281
Total Committed	-	420,134	-	768,461	397,966	324,241
Assigned:						
Civic and human service	3,656	-	-	-	-	-
Public works	23,874	-	-	-	-	-
General government	15,487	-	-	-	-	-
Planning and land use	271	-	-	-	-	-
Public safety	33,807	-	-	-	-	-
Total Assigned	77,095	-	-	-	-	-
Unassigned	3,045,117	-	(181,783)	-	-	(4,990)
Total fund balance	\$ 3,122,212	\$ 420,134	\$ (181,783)	\$ 768,461	\$ 397,966	\$ 415,236

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 11. Contingencies and Commitments

Lawsuits

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

Inter-municipal Agreements and Commitments

Inter-municipal Agreement for Septic Waste Disposal

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

Inter-municipal Agreement for an Equalization Tank and Sewerage Study

The Town is party to an inter-municipal agreement with the Town of Colchester to install an equalization tank at the Prospect Hill Station and to conduct a sewerage study. The total cost of the equalization tank net of State grants received was \$372,709 and the cost of the sewerage study net of State grants received is \$11,044. The annual payment is based on the cost divided by twenty years times a percentage of Colchester's annual flow. The total revenue received for the year ended June 30, 2011 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 \$24,955,000 on this project. Hebron's share will be approximately 54.14% of the outstanding debt, or approximately \$13,510,637.

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.

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 13. Pronouncements Issued, Not Yet Effective

The Government Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2011 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:

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2012.
- **GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements***, was issued in November 2010. The objective of this Statement is to provide accounting and financial reporting guidance by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2013.
- **GASB Statement 61, *Financial Reporting Entity: Omnibus***, was issued in November 2010. This Statement amends Statement 14, The Financial Reporting Entity, as well as Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The primary purpose of this Statement is to improve financial reporting for governmental entities. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2013.
- **GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, was issued in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain additional accounting and financial reporting guidance that was issued before November 30, 1989. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2013.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial

TOWN OF HEBRON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the Town beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

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**Required
Supplementary
Information**

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2011

	Original	Revised Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes, interest and lien fees	\$ 24,736,438	\$ 24,736,438	\$ 25,122,507	\$ 386,069
Intergovernmental	7,183,768	7,183,767	7,180,024	(3,743)
Charges for services	471,410	471,410	545,396	73,986
Income from investments	110,000	110,000	26,140	(83,860)
Other	145,500	145,500	129,380	(16,120)
Total revenues	32,647,116	32,647,115	33,003,447	356,332
EXPENDITURES				
General government	2,525,081	2,503,418	2,488,681	14,737
Public Safety	809,853	842,963	818,194	24,769
Civic and Human Service	721,644	710,197	679,327	30,870
Planning and Land Use	115,767	115,767	104,609	11,158
Public Works	984,128	973,201	945,209	27,992
Sewer fees	8,820	9,280	9,280	-
Insurance and benefits	1,076,701	1,100,474	1,098,875	1,599
Education	24,826,150	24,889,567	24,889,264	303
Debt service	1,864,345	1,875,272	1,875,270	2
Total expenditures	32,932,489	33,020,139	32,908,709	111,430
Revenues over (under) expenditures	(285,373)	(373,024)	94,738	467,762
OTHER FINANCING SOURCES (USES)				
Transfers in	1,012,000	1,012,000	950,000	(62,000)
Transfers out	(726,627)	(726,627)	(726,627)	-
Total other financing sources (uses)	285,373	285,373	223,373	(62,000)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ (87,651)	\$ 318,111	\$ 405,762

See notes to required supplementary information.

TOWN OF HEBRON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS – OPEB
 June 30, 2011

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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%

Schedule of Employer Contributions - OPEB

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 294,000	16%
2010	300,000	14%
2011	186,000	39%

TOWN OF HEBRON, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2011

Note 1. 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 Finance Director, reviews the budget estimates with the heads of all Town supported departments, offices and agencies. No later than one hundred twenty (120) days prior to the end of the fiscal year, the Town Manager presents to the Board of Selectmen a proposed budget. In preparing the proposed budget, the Town Manager may add to, delete from or eliminate requests made by the various departments, offices and agencies, except that he may only 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.

TOWN OF HEBRON, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued
June 30, 2011

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	\$ 33,953,447
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	1,004,000
Capital leases	<u>92,709</u>
Revenues and transfers in - GAAP basis	<u><u>\$ 35,050,156</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	\$ 33,635,336
On-behalf payments paid directly by the State of Connecticut Teachers' Retirement System	1,004,000
Capital leases	92,709
Changes in reserves for encumbrances and liquidation of encumbrances and non-budgetary items	<u>622,922</u>
Expenditures and transfers-out, GAAP basis	<u><u>\$ 35,354,967</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.

**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, 2011**

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
PROPERTY TAXES				
Taxes, Interest and Lien Fees	\$ 24,736,438	\$ 24,736,438	\$ 25,122,507	\$ 386,069
LICENSES, FEES AND CHARGES				
ZBA	1,000	1,000	382	(618)
Wetland Fees	2,700	2,700	7,922	5,222
Building	75,000	75,000	73,492	(1,508)
Town Clerk Fees	14,000	14,000	16,055	2,055
Recording Fees	47,000	47,000	51,984	4,984
Sportsmen's Licenses	400	400	262	(138)
Conveyance Tax	60,000	60,000	58,782	(1,218)
Marriage Licenses	100	100	(57)	(157)
Planning and Zoning Fees	16,000	16,000	13,391	(2,609)
Compactor/Recycling	70,000	70,000	73,621	3,621
CRRA Recycling Rebate	-	-	4,299	4,299
Dog Fund	6,500	6,500	5,855	(645)
Animal Population Control Fund	2,000	2,000	2,350	350
Library	30,000	30,000	32,966	2,966
Classified Land	1,000	1,000	-	(1,000)
Engineering Fees	5,000	5,000	143	(4,857)
Blasting Permits	110	110	-	(110)
Xerox	2,500	2,500	1,786	(714)
Soil and Water Conservation Fund	1,000	1,000	1,624	624
Records Preservation	200	200	96	(104)
Education Fee Assessment	200	200	-	(200)
Legal / Foreclosure Fees	-	-	925	925
PA CIP Funding	5,400	5,400	5,592	192
Ambulance Service	130,000	130,000	191,436	61,436
Plotter / Copier Fees	1,300	1,300	762	(538)
Farmland Preservation	-	-	1,728	1,728
Total licenses, fees and charges	471,410	471,410	545,396	73,986
INTERGOVERNMENTAL REVENUES				
State of Connecticut:				
Education Equalization Grant	6,872,932	6,872,931	5,891,640	(981,291)
Educational Transportation	68,814	68,814	44,395	(24,419)
Telecommunications Pers.	38,155	38,155	20,706	(17,449)
PILOT - State Property	13,527	13,527	13,604	77
Manufacturers PILOT Grant	2,500	2,500	1,793	(707)
Totally Disabled Grant	680	680	724	44
Tax Relief - Additional Veterans Grant	2,071	2,071	2,762	691
Boat Registrations	3,280	3,280	2,654	(626)
Civil Preparedness	3,000	3,000	4,245	1,245
Miscellaneous State Grants	2,000	2,000	5,539	3,539
Town Aid Road Fund	120,077	120,077	120,105	28
Mashantucket Pequot Grant	26,732	26,732	27,508	776
Property Tax Relief Grant	30,000	30,000	28,731	(1,269)
FEMA Reimbursement	-	-	35,090	35,090
Federal ARRA Reimbursement	-	-	980,528	980,528
Total intergovernmental revenues	7,183,768	7,183,767	7,180,024	(3,743)

(Continued)

TOWN OF HEBRON, CONNECTICUT

**GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
INVESTMENT INCOME				
Interest on investments	110,000	110,000	26,140	(83,860)
OTHER REVENUES				
Constable Fees	7,000	7,000	7,270	270
Area Aging Grant	8,000	8,000	-	(8,000)
Housing Authority	4,100	4,100	-	(4,100)
Elderly Van	8,500	8,500	5,586	(2,914)
Fire Marshal Spec. Duty Reimb.	3,000	3,000	-	(3,000)
State Trooper Private Duty Reimbursement	3,500	3,500	505	(2,995)
Hebron Harvest Fair	25,000	25,000	11,345	(13,655)
Elderly Demand Respond	22,000	22,000	27,516	5,516
Miscellaneous	8,000	8,000	6,845	(1,155)
Senior Center Transportation Fees	2,000	2,000	-	(2,000)
Parking Ticket Fines	400	400	200	(200)
Colchester Intermun. Agr.	19,000	19,000	20,050	1,050
Parks and Recreation Reimbursement	28,000	28,000	28,000	-
Senior Center Physical Fitness	7,000	7,000	1,944	(5,056)
RHAM Surplus	-	-	15,548	15,548
Passport Postage Fee Reimbursement	-	-	111	111
Other	-	-	4,460	4,460
Total other revenues	145,500	145,500	129,380	(16,120)
Total revenues	32,647,116	32,647,115	33,003,447	356,332
OTHER FINANCING SOURCES				
Transfers in:				
Sewer Assessment	200,000	200,000	200,000	-
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	62,000	62,000	-	(62,000)
Total other financing sources	1,012,000	1,012,000	950,000	(62,000)
Total	\$ 33,659,116	\$ 33,659,115	\$ 33,953,447	\$ 294,332

TOWN OF HEBRON, CONNECTICUT

**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
GENERAL GOVERNMENT				
Payroll:				
Clerical	\$ 370,395	\$ 378,839	\$ 378,839	\$ -
Administration	655,328	649,759	649,759	-
Health and Welfare	83,290	83,985	83,983	2
Public Safety	94,640	94,641	94,640	1
Library	137,988	137,988	137,988	-
Recreation	112,296	112,296	112,177	119
Public Works	621,839	613,395	613,131	264
Elected Officials	55,300	55,300	55,300	-
Contractual Commitments	2,400	2,400	2,400	-
Total payroll	2,133,476	2,128,603	2,128,217	386
Selectmen's Office	43,125	33,698	33,291	407
Central Services	36,440	36,440	31,714	4,726
Legal	36,000	36,000	35,495	505
Central Computer Services	32,000	32,000	30,484	1,516
Town Buildings	46,962	52,401	52,193	208
Boards and Commissions	100	100	75	25
Board of Finance	37,500	37,500	37,500	-
Financial Administrator	10,725	18,518	18,320	198
Tax Collector	18,635	18,635	18,376	259
Assessor	46,864	37,002	35,875	1,127
Board of Tax Review	270	270	70	200
Town Clerk's Office	33,100	32,002	28,983	3,019
Registrar of Voters	49,884	40,249	38,088	2,161
Total	391,605	374,815	360,464	14,351
Total general government	2,525,081	2,503,418	2,488,681	14,737
PUBLIC SAFETY				
Police Administration	276,333	267,744	258,499	9,245
Fire Administration	352,078	350,271	340,374	9,897
Fire Marshal	44,653	44,653	44,542	111
Burning Official	1,980	1,980	1,610	370
Emergency Management	10,038	10,038	8,718	1,320
Animal Control	30,985	30,985	27,942	3,043
Ambulance Service	93,786	137,292	136,509	783
Total public safety	809,853	842,963	818,194	24,769

(Continued)

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
CIVIC AND HUMAN SERVICE				
Community Agency Donations	148,917	148,917	148,917	-
Regional Health District Assessment	73,792	73,792	73,792	-
Library	227,513	223,859	222,578	1,281
Van - Disabled	60,336	60,336	53,301	7,035
Senior Center	70,972	70,972	55,745	15,227
Probate Court	1,650	1,650	8	1,642
St. Peter's Lease	800	800	800	-
Recreation Programs	136,314	128,521	123,307	5,214
Memorial Day	1,350	1,350	879	471
Total civic and human service	721,644	710,197	679,327	30,870
PLANNING AND LAND USE				
Economic Development	4,600	4,600	3,961	639
Planning and Development	111,167	111,167	100,648	10,519
Total planning and land use	115,767	115,767	104,609	11,158
PUBLIC WORKS				
Highways and Grounds Administration	237,420	277,096	271,894	5,202
Town Yard and Garage	41,224	41,224	36,795	4,429
Street Services	500,720	461,044	450,950	10,094
Solid Waste, Recycling, Bulky	204,764	193,837	185,570	8,267
Total public works	984,128	973,201	945,209	27,992
SEWER FEES				
Town Property User Fee	8,820	9,280	9,280	-
Total Town sewer fees	8,820	9,280	9,280	-
INSURANCE AND BENEFITS				
Insurance	181,000	200,132	198,675	1,457
Employee Benefits	895,701	900,342	900,200	142
Total insurance and benefits	1,076,701	1,100,474	1,098,875	1,599
Total Town	6,241,994	6,255,300	6,144,175	111,125

(Continued)

TOWN OF HEBRON, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL, Continued
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
DEBT SERVICE				
Town	687,863	687,863	687,863	-
School	505,263	505,263	505,263	-
Sewers	671,219	682,146	682,144	2
Total debt service	1,864,345	1,875,272	1,875,270	2
EDUCATION				
RHAM Assessment	13,110,185	13,110,185	13,110,185	-
HES Education	11,715,965	10,798,854	10,798,551	303
Board of Education ARRA Fund Expense	-	980,528	980,528	-
Total education	24,826,150	24,889,567	24,889,264	303
TRANSFERS TO OTHER FUNDS				
Land Acquisition Fund	100,000	100,000	100,000	-
Capital Improvement Fund	626,627	626,627	626,627	-
Total transfers to other funds	726,627	726,627	726,627	-
TOTAL	\$ 33,659,116	\$ 33,746,766	\$ 33,635,336	\$ 111,430

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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.

Douglas 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, 2011

	Special Revenue					
	Hebron Park	Miscellaneous Grants	WPCA Sewer Operation	Marian Celio Angel	Douglas Library	Recreation
ASSETS						
Cash and cash equivalents	\$ 15,125	\$ -	\$ 136,739	\$ 10,745	\$ 20,776	\$ 173,161
Receivables:						
Assessments and user fees	-	-	46,027	-	-	-
Intergovernmental	-	12,299	-	-	-	-
Inventories	-	-	-	-	-	-
Total assets	\$ 15,125	\$ 12,299	\$ 182,766	\$ 10,745	\$ 20,776	\$ 173,161
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 17,289	\$ 16,100	\$ -	\$ -	\$ 2,876
Unearned revenue	-	-	-	-	-	83,032
Deferred revenue	-	-	36,183	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	-	17,289	52,283	-	-	85,908
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	15,125	-	130,483	10,745	20,776	87,253
Unassigned	-	(4,990)	-	-	-	-
Total fund balances	15,125	(4,990)	130,483	10,745	20,776	87,253
Total liabilities and fund balances	\$ 15,125	\$ 12,299	\$ 182,766	\$ 10,745	\$ 20,776	\$ 173,161

Special Revenue					Permanent Fund	
EMS Fund	Tri-Centennial Commission Fund	Small Cities Grant	Historic Records Preservation	Cafeteria Fund	Cemetery Fund	Totals
\$ 47,281	\$ 5,265	\$ 11,751	\$ 7,313	\$ 84,353	\$ 11,603	\$ 524,112
-	-	-	-	-	-	46,027
-	-	-	-	-	-	12,299
-	-	-	-	5,446	-	5,446
<u>\$ 47,281</u>	<u>\$ 5,265</u>	<u>\$ 11,751</u>	<u>\$ 7,313</u>	<u>\$ 89,799</u>	<u>\$ 11,603</u>	<u>\$ 587,884</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,265
-	-	11,751	-	-	-	94,783
-	-	-	-	-	-	36,183
-	-	-	-	5,417	-	5,417
-	-	11,751	-	5,417	-	172,648
-	-	-	-	5,446	5,945	11,391
-	-	-	-	78,936	5,658	84,594
47,281	5,265	-	7,313	-	-	324,241
-	-	-	-	-	-	(4,990)
<u>47,281</u>	<u>5,265</u>	<u>-</u>	<u>7,313</u>	<u>84,382</u>	<u>11,603</u>	<u>415,236</u>
<u>\$ 47,281</u>	<u>\$ 5,265</u>	<u>\$ 11,751</u>	<u>\$ 7,313</u>	<u>\$ 89,799</u>	<u>\$ 11,603</u>	<u>\$ 587,884</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, 2011

	Special Revenue					
	Hebron Park	Miscellaneous Grants	WPCA Sewer Operating	Marian Celio Angel	Douglas Library	Recreation
REVENUES						
Intergovernmental	\$ -	\$ 242,276	\$ -	\$ -	\$ -	\$ -
Charges for services	67,796	-	339,298	-	452	523,088
Other income	-	-	414	-	6,904	-
Total revenues	67,796	242,276	339,712	-	7,356	523,088
EXPENDITURES						
Public safety	-	19,968	-	-	-	-
Civic and Human Service	26,411	101,808	-	3,598	5,289	532,677
Sewer fees	-	-	337,978	-	-	-
Education	-	143,224	-	-	-	-
Total expenditures	26,411	265,000	337,978	3,598	5,289	532,677
Revenues over (under) expenditures	41,385	(22,724)	1,734	(3,598)	2,067	(9,589)
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	1,385	(22,724)	(8,266)	(3,598)	2,067	(9,589)
FUND BALANCES, beginning of year	13,740	17,734	138,749	14,343	18,709	96,842
FUND BALANCES (DEFICITS), end of year	\$ 15,125	\$ (4,990)	\$ 130,483	\$ 10,745	\$ 20,776	\$ 87,253

Special Revenue					Permanent Fund	
EMS Fund	Tri-Centennial Commission Fund	Small Cities Grant	Historic Records Preservation	Cafeteria Fund	Cemetery Fund	Totals
\$ -	\$ -	\$ 6,666	\$ -	\$ -	\$ -	\$ 248,942
-	-	-	3,727	265,978	-	1,200,339
-	465	-	11,341	41	183	19,348
-	465	6,666	15,068	266,019	183	1,468,629
-	-	6,666	-	-	-	26,634
-	160	-	8,150	-	-	678,093
-	-	-	-	-	-	337,978
-	-	-	-	253,335	-	396,559
-	160	6,666	8,150	253,335	-	1,439,264
-	305	-	6,918	12,684	183	29,365
-	-	-	-	-	-	(50,000)
-	-	-	-	-	-	(50,000)
-	305	-	6,918	12,684	183	(20,635)
47,281	4,960	-	395	71,698	11,420	435,871
\$ 47,281	\$ 5,265	\$ -	\$ 7,313	\$ 84,382	\$ 11,603	\$ 415,236

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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:

School Activity
Performance Bond
Senior Center
Escrow Fund

TOWN OF HEBRON, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
SCHOOL ACTIVITY FUND				
Assets:				
Cash and cash equivalents	\$ 22,530	\$ 116,562	\$ 119,822	\$ 19,270
Liabilities:				
Amounts held for others	\$ 22,530	\$ 116,562	\$ 119,822	\$ 19,270
PERFORMANCE BOND				
Assets:				
Cash and cash equivalents	\$ 38,885	\$ 2,137	\$ 6,196	\$ 34,826
Liabilities:				
Amounts held for others	\$ 38,885	\$ 2,137	\$ 6,196	\$ 34,826
SENIOR CENTER				
Assets:				
Cash and cash equivalents	\$ 16,384	\$ 37,063	\$ 21,146	\$ 32,301
Liabilities:				
Due to others	\$ 16,384	\$ 37,063	\$ 21,146	\$ 32,301
ESCROW FUND				
Assets:				
Cash and cash equivalents	\$ -	\$ 19,953	\$ 17,955	\$ 1,998
Liabilities:				
Due to others	\$ -	\$ 19,953	\$ 17,955	\$ 1,998
TOTAL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 77,799	\$ 175,715	\$ 165,119	\$ 88,395
Liabilities:				
Amounts held for others	\$ 77,799	\$ 175,715	\$ 165,119	\$ 88,395

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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, 2011

Governmental funds capital assets:

Land	\$ 9,476,284
Construction in progress	5,098,136
Buildings and improvements	34,228,395
Furniture and equipment	8,608,432
Infrastructure	34,279,082
Total	\$ 91,690,329

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Other Schedules

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TOWN OF HEBRON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2011

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected
			Additions	Deletions		
1994	\$ 1,487	\$ -	\$ -	\$ -	\$ -	\$ 1,487
1995	1,568	-	-	-	-	1,568
1996	1,592	-	-	-	-	1,592
1997	1,592	-	-	-	-	1,592
1998	1,624	-	-	-	-	1,624
1999	4,690	-	-	-	-	4,690
2000	4,808	-	-	-	-	4,808
2001	6,600	-	-	-	-	6,600
2002	8,552	-	-	-	-	8,552
2003	10,077	-	-	-	-	10,077
2004	14,445	-	-	-	-	14,445
2005	24,780	-	-	-	-	24,780
2006	60,601	-	-	2,945	-	57,656
2007	157,889	-	-	9,305	3,770	144,814
2008	386,700	-	841	7,380	3,464	376,697
2009	-	25,022,082	26,807	38,037	-	25,010,852
	<u>\$ 687,005</u>	<u>\$ 25,022,082</u>	<u>\$ 27,648</u>	<u>\$ 57,667</u>	<u>\$ 7,234</u>	<u>25,671,834</u>

Collections							Balance	Refund	Taxes
Taxes	Interest	Liens and Fees	Total	Balance Uncollected	June 30, 2011	Balance June 30, 2011	June 30, 2011	Receivable June 30, 2011	
\$ -	\$ -	\$ -	\$ -	\$ 1,487	\$ -	\$ 1,487			
-	-	-	-	1,568	-	1,568			
-	-	-	-	1,592	-	1,592			
-	-	-	-	1,592	-	1,592			
-	-	-	-	1,624	-	1,624			
-	-	-	-	4,690	-	4,690			
-	-	-	-	4,808	-	4,808			
200	290	5	495	6,400	-	6,400			
-	-	-	-	8,552	-	8,552			
-	-	-	-	10,077	-	10,077			
3,287	2,054	24	5,365	11,158	(28)	11,130			
7,129	3,264	92	10,485	17,651	-	17,651			
20,978	11,214	291	32,483	36,678	(1,819)	34,859			
60,497	23,311	561	84,369	84,317	(1,874)	82,443			
202,537	37,791	2,563	242,891	174,160	(9,400)	164,760			
24,666,561	75,876	9,925	24,752,362	344,291	(8,873)	335,418			
<u>\$ 24,961,189</u>	<u>\$ 153,800</u>	<u>\$ 13,461</u>	<u>\$ 25,128,450</u>	<u>\$ 710,645</u>	<u>\$ (21,994)</u>	<u>\$ 688,651</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.

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TOWN OF HEBRON, CONNECTICUT

Net Assets By Component

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 17,299,050	\$ 20,003,688	\$ 22,707,909	\$ 25,359,165
Restricted	3,826	3,826	10,451	10,160
Unrestricted	10,607,073	10,227,718	9,106,078	7,659,232
Total governmental activities, net assets	\$ 27,909,949	\$ 30,235,232	\$ 31,824,438	\$ 33,028,557

* Phased in infrastructure provision of GASB No. 34.

GASB Statement No. 34 implemented in Fiscal Year 2003.

Source: Town CAFR

Fiscal Year				
2007	2008	2009	2010	2011
\$ 44,095,965	\$ 46,007,316	\$ 46,088,678	\$ 47,008,061	\$ 47,141,777
10,432	10,860	11,176	11,420	95,985
7,905,728	7,648,658	7,743,736	6,339,484	4,882,063
\$ 52,012,125	\$ 53,666,834	\$ 53,843,590	\$ 53,358,965	\$ 52,119,825

TOWN OF HEBRON, CONNECTICUT

Changes In Net Assets

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General government	\$ 2,212,572	\$ 2,259,507	\$ 3,204,086	\$ 3,034,214
Public safety	848,411	1,194,861	595,449	1,106,363
Public works	1,983,301	983,186	1,195,059	1,182,723
Civic and human service	951,237	909,621	947,381	1,088,213
Planning and land use	199,523	195,955	124,598	141,343
Education	16,592,272	18,266,488	19,380,264	21,179,900
Sewer fees	372,309	289,876	263,122	399,457
Interest on long-term debt	498,286	513,406	331,254	320,479
Total governmental activities expenses	23,657,911	24,612,900	26,041,213	28,452,692
Program revenue:				
Governmental activities:				
Charges for services:				
General government	576,177	702,880	757,664	739,841
Public safety	138,140	145,052	130,362	158,018
Public works	464,307	368,740	391,648	423,401
Civic and human service	107,206	417,296	424,401	469,445
Planning and land use	54,221	56,569	50,238	39,977
Sewer fees	36,671	442,549	88,690	113,019
Education	181,841	54,456	20,699	22,421
Operating grants and contributions:				
General government	20,079	28,497	25,425	27,811
Public safety	2,878	401,851	5,882	1,725
Public works	165,943	-	-	50,000
Civic and human service	488,590	42,013	46,313	51,585
Sewer fees	-	-	-	-
Planning and land use	47,456	-	50,020	-
Education	6,047,791	5,562,522	5,864,425	5,721,448
Capital grants and contributions:				
General government	-	-	836,000	-
Public safety	-	566,772	139,300	157,635
Public works	58,850	48,560	77,037	679,819
Civic and human service	-	12,000	-	-
Education	-	97,262	-	3,200
Total governmental activities program revenue	8,390,150	8,947,019	8,908,104	8,659,345

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	3,387,354	\$	3,634,827	\$	3,206,614	\$	3,590,461	\$	3,090,619
	1,025,330		430,714		1,297,154		1,134,939		1,110,617
	1,415,397		2,052,382		2,088,890		1,854,797		2,326,772
	1,306,503		1,188,062		1,328,244		1,447,189		1,618,626
	168,871		75,869		188,966		146,868		127,342
	22,300,802		24,006,912		25,088,292		26,846,086		27,946,945
	387,373		270,891		414,558		439,769		381,677
	489,084		360,099		528,928		412,400		375,805
	30,480,714		32,019,756		34,141,646		35,872,509		36,978,403
	578,297		694,680		399,100		165,998		143,971
	18,999		23,822		156,190		158,127		200,145
	442,088		393,785		406,485		131,756		509,237
	702,997		750,773		606,802		564,552		634,002
	57,494		41,006		55,523		15,620		15,119
	59,497		298,909		4,912		409,105		414,457
	233,331		253,016		99,890		263,378		266,019
	35,542		35,969		-		27,936		152,393
	15,597		1,737		28,842		66,180		6,740
	-		-		-		-		2,218
	43,711		45,744		45,317		2,080		79,841
	-		-		-		671		-
	-		-		-		-		-
	5,761,297		6,669,226		6,946,829		8,106,903		8,071,672
	-		-		443,146		316,866		-
	168,934		630,374		9,531		-		-
	221,346		119,856		190,677		334,525		249,641
	-		-		-		125,000		-
	-		-		-		-		-
	8,339,130		9,958,897		9,393,244		10,688,697		10,745,455

TOWN OF HEBRON, CONNECTICUT

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

	Fiscal Year			
	2003	2004	2005	2006
Net (expense) revenue:				
Governmental activities	(15,267,761)	(15,665,881)	(17,133,109)	(19,793,347)
Net (expense) revenue:				
Governmental activities:				
Governmental activities:				
Property taxes	15,295,941	16,694,553	17,854,964	20,118,860
Grants and contributions not restricted to specific programs	387,636	570,579	670,633	540,871
Unrestricted investment earnings	246,876	102,932	196,718	337,735
Loss on disposal	-	-	-	-
Total governmental activities-general revenue	15,930,453	17,368,064	18,722,315	20,997,466
Changes in net assets:				
Governmental activities	\$ 662,692	\$ 1,702,183	\$ 1,589,206	\$ 1,204,119

Fiscal Year				
2007	2008	2009	2010	2011
(22,141,584)	(22,060,859)	(24,748,402)	(25,183,812)	(26,232,948)
21,457,967	22,310,176	23,631,881	24,384,815	25,098,307
895,606	1,051,342	1,116,089	267,740	81,152
488,997	354,050	177,188	46,632	36,275
-	-	-	-	(221,926)
22,842,570	23,715,568	24,925,158	24,699,187	24,993,808
\$ 700,986	\$ 1,654,709	\$ 176,756	\$ (484,625)	\$ (1,239,140)

TOWN OF HEBRON, CONNECTICUT

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

Function / Program	Fiscal Year			
	2003	2004	2005	2006
Governmental activities:				
General government	\$ 596,256	\$ 731,377	\$ 1,619,089	\$ 767,652
Public safety	141,018	1,113,675	275,544	317,378
Civic and human service	595,796	471,309	470,714	521,030
Planning and land use	101,677	56,569	100,258	39,977
Public works	1,212,100	417,300	468,685	1,153,220
Sewer fees	36,671	442,549	88,690	113,019
Education	6,229,632	5,714,240	5,885,124	5,747,069
Total governmental activities	\$ 8,913,150	\$ 8,947,019	\$ 8,908,104	\$ 8,659,345

GASB Statement No. 34 implemented in Fiscal Year 2003.

Source: Town CAFR

		Fiscal Year							
		2007	2008	2009	2010	2011			
\$	613,839	\$	730,649	\$	842,246	\$	510,800	\$	296,364
	203,530		655,933		191,563		224,307		206,885
	746,708		796,517		652,119		691,632		713,843
	57,494		41,006		55,523		15,620		15,119
	663,434		513,641		597,162		466,281		761,096
	59,497		298,909		4,912		409,776		414,457
	5,994,628		6,922,242		7,046,719		8,370,281		8,337,691
\$	8,339,130	\$	9,958,897	\$	9,390,244	\$	10,688,697	\$	10,745,455

TOWN OF HEBRON, CONNECTICUT

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	62,330	52,535	27,364
Unassigned	-	-	-	-
Reserved	-	-	-	-
Designated	287,417	-	-	-
Unreserved	2,505,442	2,438,320	3,346,590	3,271,636
Total General Fund	2,792,859	2,500,650	3,399,125	3,299,000
All Other Governmental Funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	n/a	13,858	13,455	23,876
Unreserved, reported in:				
Special revenue funds	n/a	2,107,440	2,260,857	1,458,181
Debt service funds	n/a	1,374,730	998,709	1,296,856
Capital projects funds	n/a	1,472,284	973,022	528,468
Total all other government funds	\$ -	\$ 4,968,312	\$ 4,246,043	\$ 3,307,381

* The Town implemented GASB 54 in Fiscal Year 2011.

n/a - Information not available.

Fiscal Year					
2006	2007	2008	2009	2010	2011*
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
53,327	158,472	242,758	232,226	213,975	77,095
-	-	-	-	-	3,045,117
-	-	-	-	-	-
-	-	-	-	-	-
3,720,080	2,597,544	3,611,443	3,166,328	3,213,048	-
3,773,407	2,756,016	3,854,201	3,398,554	3,427,023	3,122,212
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,391
-	-	-	-	-	84,594
-	-	-	-	-	1,910,802
-	-	-	-	-	-
-	-	-	-	-	(186,773)
328,790	17,037	68,255	37,764	33,208	-
979,435	1,119,956	1,254,706	1,232,285	70,691	-
1,309,526	1,973,359	1,420,506	1,815,959	1,119,038	-
(317,989)	718,858	(158,879)	522,902	1,180,577	-
\$ 2,299,762	\$ 3,829,210	\$ 2,584,588	\$ 3,608,910	\$ 2,403,514	\$ 1,820,014

TOWN OF HEBRON, CONNECTICUT

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

	Fiscal Year			
	2002	2003	2004	2005
Revenues:				
Property taxes, interest and liens, net	\$ 14,086,868	\$ 15,515,740	\$ 17,221,736	\$ 18,153,603
Intergovernmental	5,879,408	5,746,164	5,673,008	6,089,563
Charges for services	800,582	691,481	809,934	755,233
Interest and dividends	158,370	80,988	62,780	118,258
Other	96,801	348,896	111,787	66,087
Total revenues	21,022,029	22,383,269	23,879,245	25,182,744
Expenditures:				
General Government	1,761,357	2,020,975	2,747,131	2,883,601
Public Safety	581,468	620,773	603,779	566,611
Public Works	1,212,304	1,406,689	814,819	922,383
Recreation, Library, Health and welfare	637,915	670,083	454,255	454,255
Education	14,095,433	15,181,367	17,284,521	18,643,775
Debt service:				
Principal	1,857,885	1,773,776	1,009,396	1,070,485
Interest	-	-	451,459	300,333
Capital outlay	-	-	71,125	106,075
Total expenditures	20,146,362	21,673,663	23,436,485	24,947,518
Excess of revenues (under) expenditures	875,667	709,606	442,760	235,226
Other financing sources (uses):				
Transfers in	575,753	797,639	897,000	1,264,183
Transfers out	-	(1,861,783)	(813,397)	(1,761,796)
Issuance of long-term debt	-	-	-	5,720,000
Payment to refunded bond escrow agent	-	-	-	(5,663,813)
Capital leases	-	-	71,125	106,025
Total other financing sources (uses)	575,753	(1,064,144)	154,728	(335,401)
Net changes in fund balance	\$ 1,451,420	\$ (354,538)	\$ 597,488	\$ (100,175)
Debt service as a percentage of noncapital expenditures	10.2%	8.9%	6.7%	5.8%

Fiscal Year						
	2006	2007	2008	2009	2010	2011
\$	20,016,475	\$ 21,310,125	\$ 22,473,200	\$ 23,457,532	\$ 24,234,224	\$ 25,122,507
	6,694,079	6,776,104	7,967,184	8,233,521	8,098,555	8,184,027
	766,632	538,062	430,935	466,833	550,077	545,393
	253,272	279,337	195,189	111,851	19,090	26,140
	220,358	325,535	347,158	203,643	191,653	129,380
	27,950,816	29,229,163	31,413,666	32,473,380	33,093,599	34,007,447
	2,879,816	3,043,270	3,182,595	3,371,375	3,339,989	2,890,079
	665,976	559,211	629,060	750,671	849,513	809,348
	883,238	853,377	886,391	1,080,910	969,220	971,170
	502,302	539,306	666,092	715,392	772,594	1,937,249
	20,721,940	21,795,507	23,537,458	24,770,356	25,224,497	26,052,515
	1,181,795	1,206,575	1,208,487	1,220,489	1,513,841	1,524,220
	390,682	444,027	313,214	390,048	396,141	351,050
	-	-	845	-	121,813	92,709
	27,225,749	28,441,273	30,424,142	32,299,241	33,187,608	34,628,340
	725,067	787,890	989,524	174,139	(94,009)	(620,893)
	1,205,000	530,000	1,130,000	1,490,000	1,230,000	950,000
	(1,455,660)	(2,335,281)	(1,021,339)	(2,119,786)	(1,107,522)	(726,627)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	92,709
	(250,660)	(1,805,281)	108,661	(629,786)	122,478	316,082
\$	474,407	\$ (1,017,391)	\$ 1,098,185	\$ (455,647)	\$ 28,469	\$ (304,811)
	6.1%	6.2%	5.3%	5.2%	6.1%	5.7%

TOWN OF HEBRON, CONNECTICUT

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

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

N/A - information not available

Calendar Year					
2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
3	3	3	3	3	3
5	5	5	5	5	5
84	88	92	96	98	98
2	2	2	2	2	2
197	197	197	199	200	201
500	500	850	850	850	900
3	3	3	3	4	4
7	7	7	7	9	9
4	4	4	4	8	8
1	1	1	1	1	1
8	8	8	8	8	8
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	2	2
1	1	1	1	1	1
1	1	1	1	2	2
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	2
1	1	1	1	1	1
38,307	38,645	35,866	40,292	39,169	39,223
1	1	1	1	1	1
18	18	18	18	18	18

TOWN OF HEBRON, CONNECTICUT

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

Function/Program	Calendar Year			
	2002	2003	2004	2005
Police:				
Calls for service	N/A	N/A	N/A	3,529
Adult arrest	N/A	N/A	N/A	101
Juvenile arrest	N/A	N/A	N/A	1
Traffic citations	N/A	N/A	N/A	895
Fire:				
Total fire runs	199	188	204	244
Total rescue runs	458	466	422	421
Building safety:				
Total building permits	463	484	488	542
Total value all permits	N/A	N/A	N/A	N/A
Total building permits-new homes	45	60	39	59
Total value all permits-new homes	\$ 9,127,312	\$ 11,275,614	\$ 7,603,240	\$ 16,128,701
Library, volumes in collection	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	2011
2,433	3,690	4,366	4,750	5,217	5,211
93	87	84	72	89	99
5	5	10	10	9	10
231	486	383	466	871	1,457
236	243	266	237	367	302
420	433	446	424	429	450
486	478	568	434	438	394
N/A	N/A	\$ 8,258,492	\$ 7,157,558	\$ 8,510,149	\$ 5,368,058
63	30	13	8	11	7
\$ 14,378,935	\$ 6,303,706	\$ 7,210,619	\$ 2,047,216	\$ 3,202,802	\$ 1,608,801
38,307	38,645	35,866	40,292	39,169	39,233

TOWN OF HEBRON, CONNECTICUT

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

Fiscal Year	Real Estate			Personal Property	Motor Vehicle	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								
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	1.37%	28.17	1,137,741,681	75.21%
2011	759,847,670	24,903,870	1,385,880	13,059,935	65,372,470	864,569,825	861,303,815	0.65%	28.94	1,116,691,060	77.13%

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	Total Direct Tax Rate
2002	2000					32.24
2003	2001					27.69
2004	2002					30.34
2005	2003					31.48
2006	2004					33.24
2007	2005					34.89
2008	2006					26.27
2009	2007	20,744,619	1,926,525	320,750	22,991,894	27.20
2010	2008	21,622,199	1,870,379	345,940	23,838,518	28.17
2011	2009	22,342,779	1,975,939	347,843	24,666,561	28.94
Change 2010-2011		3.33%	5.64%	0.55%	3.47%	

¹Data not available by source for Fiscal Years 2002-2008

Source: Town Tax Records

TOWN OF HEBRON, CONNECTICUT

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

Taxpayer	2011			2002		
	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.	\$ 5,636,210	1	0.65%	\$ 3,070,440	1	0.72%
Blackledge Country Club Inc.	5,054,640	2	0.59%	1,625,580	3	0.38%
Teds Inc./Village Shoppes LLC/Armata, Theodore S.	2,473,700	3	0.29%	1,820,270	2	0.43%
Footehills Farm Inc./Tallwood CC/McDermott Properties LLC	2,248,780	4	0.26%	1,175,520	4	0.28%
Hebron Properties LLC	1,539,500	5	0.18%	-	-	-
B.I.S.S. Inc.	1,490,040	6	0.17%	697,540	6	0.16%
Loveland Farms LLC	1,246,170	7	0.14%	-	-	-
Hebron Country Manor LLC	1,186,160	8	0.14%	-	-	-
Connecticut Water Company, The	1,087,890	9	0.13%	-	-	-
Holland Deborah ETAL	934,560	10	0.11%	-	-	-
Minicucci, David L., Trustee	-	-	-	786,380	5	0.19%
Smith, Gail E. & Ellene V.	-	-	-	680,920	7	0.16%
Malkasian, Robin	-	-	-	608,770	8	0.14%
Goldstein, H Renee	-	-	-	469,690	9	0.11%
Hidden Acres Two LLC	-	-	-	445,450	10	0.10%
Total	\$ 22,897,650		2.66%	\$ 11,380,560		2.68%

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,	Grands 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
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	214,189	15,205,090	99.92%
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	85,642	19,741,368	99.70%
2007	2005	21,278,613	21,081,196	99.10	165,424	21,246,620	99.85%
2008	2006	22,354,646	22,115,292	98.90	271,553	22,386,845	100.14%
2009	2007	23,418,756	22,991,894	98.18	324,881	23,316,775	99.56%
2010	2008	24,222,438	23,838,518	98.42	109,704	23,948,222	98.87%
2011	2009	25,010,853	24,666,561	98.61	-	24,666,561	98.62%

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		
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
2011	22,261,725	420,134	21,841,591	2.54%	2,255

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 2011 is \$13,510,637. It also includes debt owed for the CT Clean Water Fund Notes Payable. The amount for Fiscal Year 2011 is \$651,088.

TOWN OF HEBRON, CONNECTICUT

**Direct and Overlapping Governmental Activities Debt
For the Year Ended June 30, 2011
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Debt repaid with property taxes: RHAM Region 8 School District	\$ 24,955,000	54.14%	<u>\$ 13,510,637</u>
Subtotal, Overlapping Debt			<u>13,510,637</u>
General obligation debt- Hebron Direct Debt			<u>8,393,991</u>
			<u><u>\$ 21,904,628</u></u>

Sources: Town Records. Debt outstanding for School District provided by RHAM.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This Schedule estimates the portion of outstanding debt of the RHAM School District #8 that is borne by the residents and businesses of the Town of Hebron. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Hebron Direct Debt includes Capital Leases in the amount of \$63,037; Clean Water Fund Notes Payable of \$651,088; and Net General Obligation Debt of \$7,679,866 (\$8,100,000 less debt service \$420,134).

- (1) The percentage of overlapping debt applicable is calculated using total percentage of Town of Hebron Students enrolled in RHAM and this is the same percentage used to calculate the share of RHAM expenditures that the Town of Hebron must pay.

TOWN OF HEBRON, CONNECTICUT

RATIOS OF GENERAL BONDED DEBT AND CAPITAL LEASES 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				
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
2011	21,190,503	651,088	21,841,591	63,037	2.54%	21,904,628	5.72%	2,261

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, 2011

Total tax collections (including interest and lien fees) for the year ended June 30, 2011	\$ 25,128,450
Reimbursement for revenue loss:	
Tax relief for elderly	<u>28,731</u>
Base	<u>\$ 25,157,181</u>
Debt limit	<u><u>\$ 176,100,267</u></u>

Debt Limitation*	General Purpose	Schools	Sewer	Urban Renewal	Unfunded Pension Benefit Obligation
2-1/4 times base	\$ 56,603,657	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	113,207,315	-	-	-
3-3/4 times base	-	-	94,339,429	-	-
3-1/4 times base	-	-	-	81,760,838	-
3 times base	-	-	-	-	75,471,543
Total debt limitation	<u>56,603,657</u>	<u>113,207,315</u>	<u>94,339,429</u>	<u>81,760,838</u>	<u>75,471,543</u>
Debt as defined by statute:					
Bonds and notes payable	5,180,000	16,430,637	651,088	-	-
Bonds authorized but not issued, issue dates not yet established	<u>500,000</u>	<u>8,550,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>5,680,000</u>	<u>24,981,577</u>	<u>651,088</u>	<u>-</u>	<u>-</u>
Debt Limitation in excess of indebtedness	<u><u>\$ 50,923,657</u></u>	<u><u>\$ 88,225,738</u></u>	<u><u>\$ 93,688,341</u></u>	<u><u>\$ 81,760,838</u></u>	<u><u>\$ 75,471,543</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
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	7.2%
2011	9,685	365,058	79,547	39	2,102	6.7%

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	2011			2002		
	Employees ⁽¹⁾	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
RHAM	250	1	4.8	N/A	N/A	N/A
Town of Hebron & Education	220	2	4.2	N/A	N/A	N/A
Ted's Supermarket	90	3	1.7	N/A	N/A	N/A
Blackledge Country Club	50 ⁽²⁾	4	1.0	N/A	N/A	N/A
Country Carpenters	25	5	0.5	N/A	N/A	N/A
Hebron Pharmacy	25	6	0.5	N/A	N/A	N/A
Tallwood Country Club	17	7	0.3	N/A	N/A	N/A
Fireside Supply	17	8	0.3	N/A	N/A	N/A
Kindercare	9	9	0.2	N/A	N/A	N/A
Staff Mates	13	10	0.3	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			
	2011	2010	2009	2008
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	3	2	2	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	45	44	44	43

Source: Town Records

n/a - Information not available

Full-Time Equivalent Employees as of June 30					
2007	2006	2005	2004	2003	2002
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
7	7	7	7	6	6
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
2	2	2	1	1	1
12	12	12	12	12	12
1	1	1	1	1	1
3	3	3	3	3	3
3	2	2	2	2	1
43	42	42	41	40	39

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