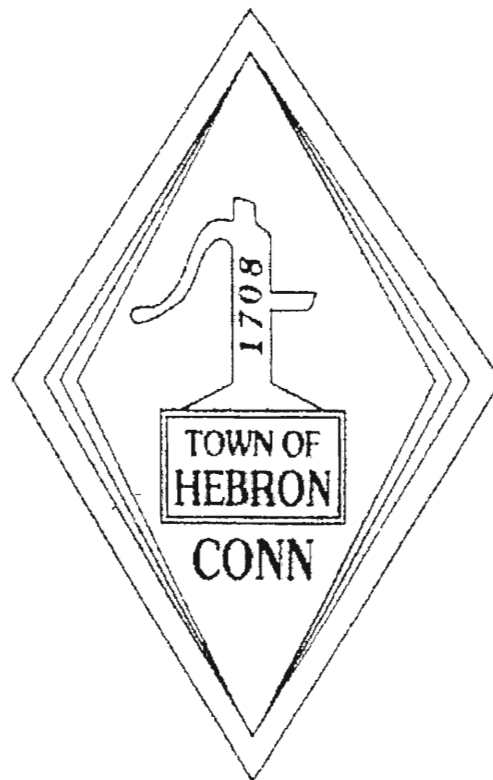


Town of Hebron, Connecticut

Comprehensive Annual Financial Report Report of Independent Certified Public Accountants



June 30, 2012

Prepared by: Department of Finance

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Introductory Section



Town of Hebron

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

November 29, 2012

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, 2012.

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.

Grant Thornton, LLP, Certified Public Accountants, have issued an unqualified opinion on the Town of Hebron, Connecticut's financial statements for the year ended June 30, 2012. 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, November 4, 2003 and again on November 3, 2009. 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, 2010 was \$868,218,820, an increase of \$6,915,005 or .80% over the October 1, 2009 grand list amount of \$861,303,815. This is a modest increase due to the slowing economy. Hebron's unemployment rate decreased from 6.7% at June 30, 2011 to 5.2% at June 30, 2012. This 1.50% decrease is indicative of a continued improvement in the local re-employment process and economy. Hebron ranked better than the Federal rate of 8.2% and the State rate of 8.1% at June 30, 2012.

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 in 2011 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.

Economic Development. Last year 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. Objectives that were identified at that time continue to be implemented through continuing STEAP grant applications for business owners and in conjunction with the Plan of Development for Hebron through the Planning and Zoning Commission, Economic Development Commission and the Historic Properties Committee as noted below:

- Installation of a traffic light to the community business district.
- Increase economic viability through the addition of commercial opportunities.
- Preserve and enhance the historic district.
- Sidewalk installation has improved 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 reservations of fund balance.

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

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 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 Balance between 7% and 10%.

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 updated each year to try to project future operating budget revenues and expenditures over several years which are 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.

2011/2012 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. As revenues are highly dependent on the economy and market conditions, naturally 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.

2011/2012 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2011/2012 fiscal year. The combined Town, Debt, Capital, RHAM Assessment and Education budget increased by \$429,024 or 1.27%. Some of the challenges include:

First and foremost, managing negotiated increases in wages and health insurance costs for all staff. 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.

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 and unfortunately suffered an additional funding reduction. 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, 2011. 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 eighth 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 all Town staff specifically within the Finance Department in the absence of an official Finance Director. I must also extend my sincerest appreciation to all members of the Town Departments who assisted with their daily cooperation 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,



Elaine M. Griffin
Interim Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Hebron
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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. Sandison

President

Jeffrey R. Enser

Executive Director

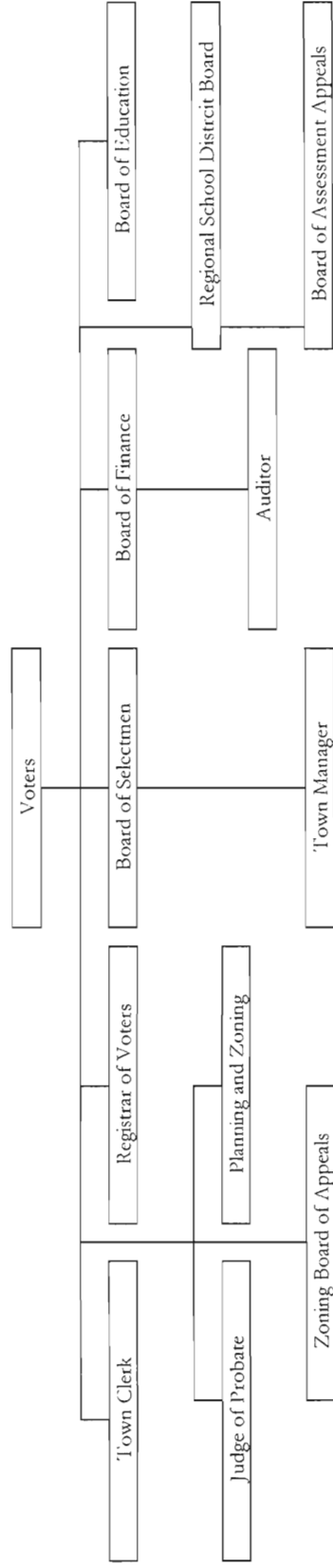
TOWN OF HEBRON, CONNECTICUT

Principal Town Officials

June 30, 2012

Chairman of the Board of Selectman.....	Jeffery Watt
Chairman of the Board of Finance.....	Michael Hazel
Interim Town Manager.....	Andrew J. Tierney
Assessor.....	Debra Gernhardt
Building Inspector.....	Joseph Summers
Resident Trooper.....	Daniel Greenwood
Town Clerk.....	Carla Pomprowitz
Town Planner.....	Michael O'Leary
Interim Finance Director.....	Elaine M. Griffin
Legal Counsel.....	Don Holtman. Esq.
Emergency Management.....	Randy Blais
Engineer.....	Nathan Jacobson & Assoc. Fire
Chief.....	Fred Speno
Fire Marshal.....	Randy Blais
Health Director.....	Thad King
Public Works Director.....	Andrew J. Tierney
Recreation Director.....	Richard Calarco
Senior Services Director.....	Sharon Garrard
Superintendent of Schools.....	Eleanor Cruz
Tax Collector.....	Adrian MacClean
AHM Youth and Family Services.....	Joel Rosenberg
Zoning Enforcement Officer.....	Joseph Summers

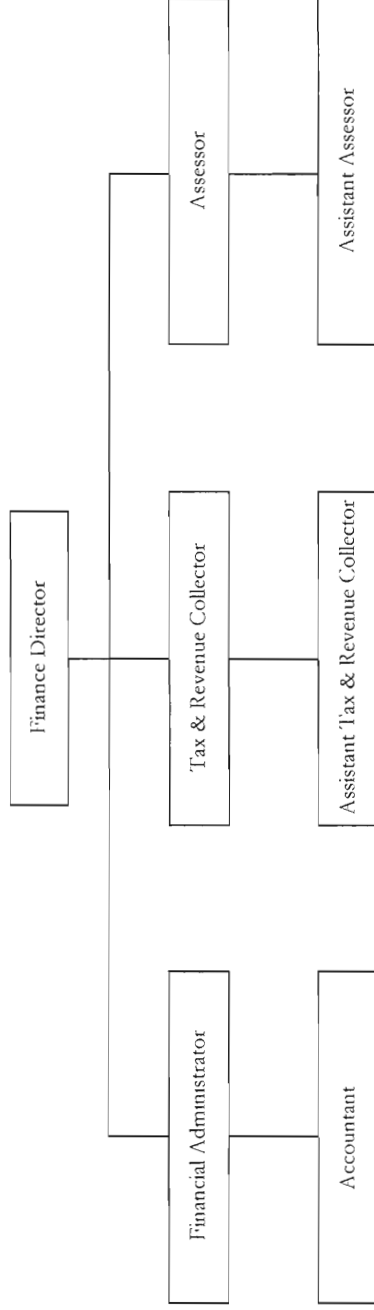
TOWN OF HEBRON, CONNECTICUT
Organizational Chart and Town Agencies
June 30, 2012



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

Boards and 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 Preservation Comm. Chatham Health District Park Development Comm.

TOWN OF HEBRON, CONNECTICUT
Organizational Chart - Finance Department
June 30, 2012



Financial Section

Report of
Certified
Public
Accountants



Audit • Tax • Advisory

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2012, 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 established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedule of funding progress on page 49 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Grant Thornton LLP

Glastonbury, Connecticut
December 31, 2012

Management's Discussion and Analysis

The management of the Town of Hebron, Connecticut (the "Town") offers the readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report, as well as the Town's basic financial statements that follow this section.

During the year, various adjustments effecting prior periods were identified. The amounts identified have been presented in the financial statements as adjustments to beginning net assets and fund balance. Additional information on the prior period adjustments can be found in Note O on page 46 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$54,540,996 (net assets). Of this amount, \$5,215,082 represents unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$2,421,171 during the current fiscal year. Of this increase, \$1,255,942 pertained to current fiscal year activity. The remaining change was a result of prior period adjustments outlined in Note O.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,817,945, an increase of \$875,719 in comparison with the prior year. Of this increase, \$799,264 pertained to current fiscal year activity. There was an increase of \$366,939 in the General Fund, a decrease of \$199,676 in the Debt Management Fund, an increase of \$394,273 in the Capital Projects Fund, an increase of \$66,156 in the Land Acquisition Fund and an increase of \$171,572 in the nonmajor governmental funds. The remaining change was a result of prior period adjustments outlined in Note O.
- At the close of the current fiscal year, unassigned fund balance of the General Fund was \$3,084,946 or 11.3% of total general fund expenditures and transfers out. Expressed another way, unassigned fund balance for the general fund was sufficient to cover 1.1 months of general fund operating expenditures and transfers out.
- The Town's total long-term bonded debt decreased by \$860,000 or 10.6% during the current fiscal year due to scheduled principal repayments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's 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 in addition to the basic financial statements themselves.

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.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements are intended to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include activities such as: general government, finance, public safety, public works, human services, planning and development, and education. The Town has no business-type activities.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

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

Governmental Funds

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

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Governmental Funds (Continued)

The Town maintains several 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, the Debt Management Fund, the Capital Projects Fund and the Land Acquisition Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 - 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the Financial Statements

The notes to the financial statements 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 23 - 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on page 49 of this report. Combining and individual fund statements and schedules can be found on pages 50-64 of this report and statistical information can be found on pages 65-82 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

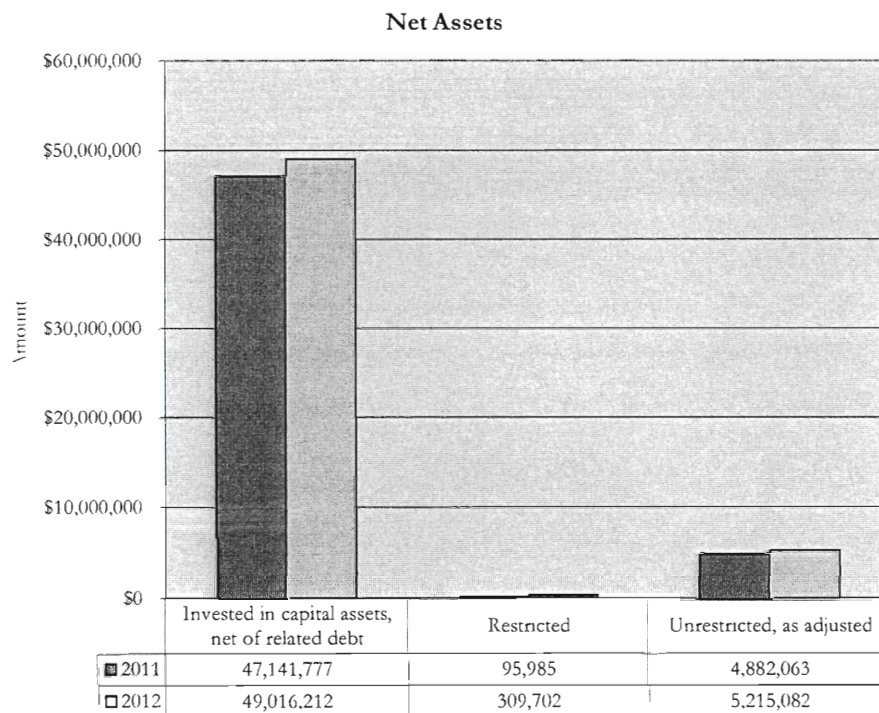
Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$54,540,996 and \$52,119,825 as of June 30, 2012 and 2011, respectively and are summarized as follows:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)

Town of Hebron, Connecticut
Net Assets
June 30, 2012 and 2011

GOVERNMENT-WIDE FINANCIAL ANALYSIS	Total	
	2012	2011
Net Assets		
Current and other assets	\$ 7,827,244	\$ 7,099,285
Capital assets	56,199,977	55,645,499
Total assets	64,027,221	62,744,784
Other liabilities	1,122,736	1,066,916
Long-term liabilities	8,363,489	9,558,043
Total liabilities	9,486,225	10,624,959
Net assets:		
Invested in capital assets, net of related debt	49,016,212	47,141,777
Restricted	309,702	95,985
Unrestricted, as adjusted	5,215,082	4,882,063
Total net assets	<u>\$ 54,540,996</u>	<u>\$ 52,119,825</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Assets (Continued)

As of June 30, 2012, approximately 89.9% of the Town's net assets reflect its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. 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.

Approximately 0.6% of net assets represents resources that are subject to external restrictions on how they may be used.

The remainder of the Town's net assets are considered unrestricted.

Overall, net assets increased by \$2,421,171 in comparison with the prior year, of which \$1,165,229 pertained to prior period adjustments, as outlined in Note O.

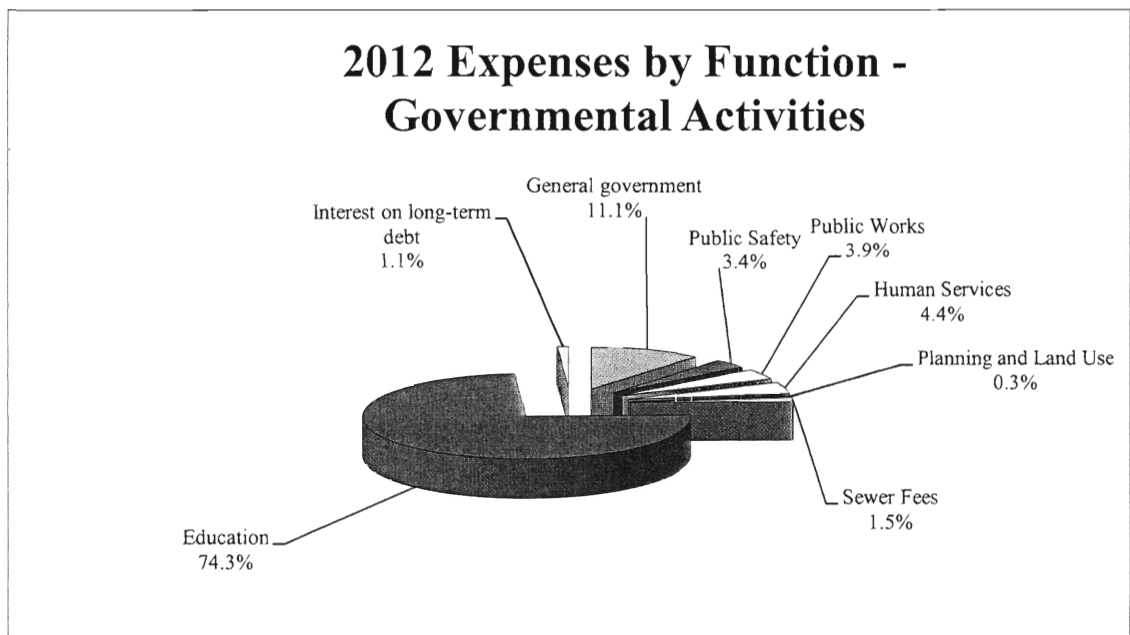
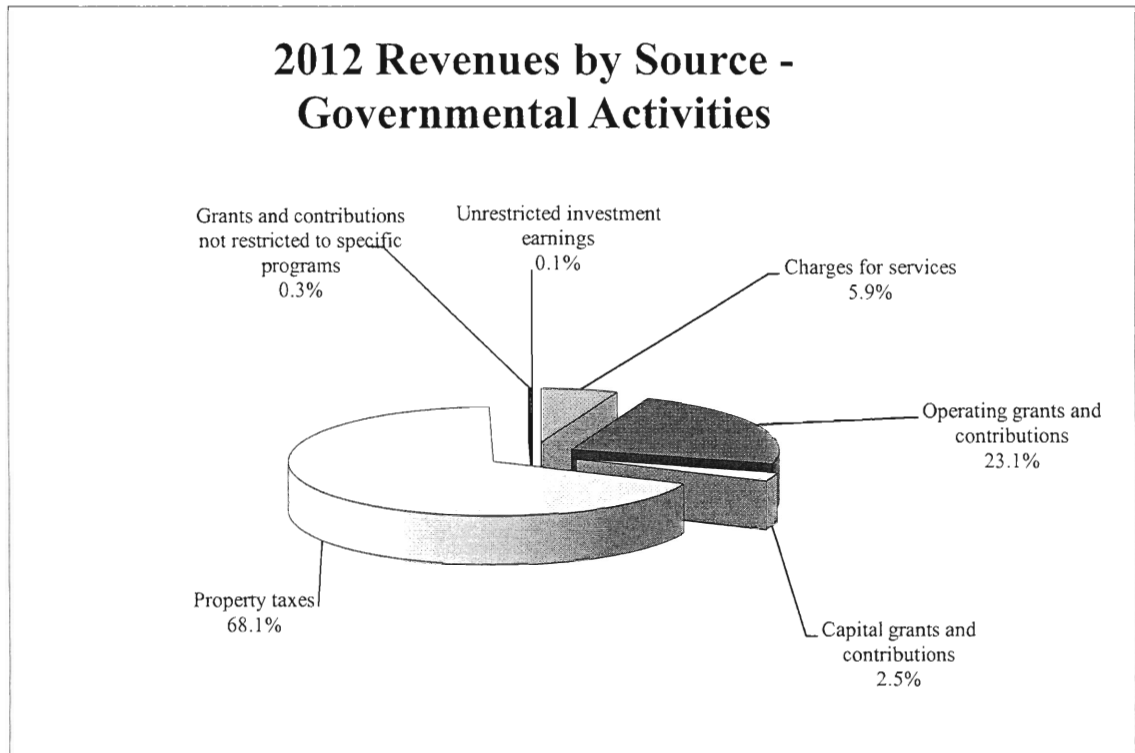
Change in Net Assets

Changes in net assets for the years ended June 30, 2012 and 2011 are as follows:

Town of Hebron, Connecticut		
Changes in Net Assets		
For The Years Ended June 30, 2012 and 2011		
	Total	
	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 2,280,267	\$ 2,182,950
Operating grants and contributions	8,885,716	8,312,864
Capital grants and contributions	974,104	249,641
General revenues:		
Property taxes, levied for general purposes	26,170,302	25,098,307
Grants and contributions not restricted to specific programs	104,092	81,152
Unrestricted investment earnings	16,150	36,275
Miscellaneous	-	(221,926)
Total revenues	38,430,631	35,739,263
Expenses		
General government	4,113,942	3,090,619
Public safety	1,248,307	1,110,617
Public works	1,458,867	2,326,772
Civic and human services	1,638,036	1,618,626
Planning and land use	100,104	127,342
Sewer fees	579,075	381,677
Education	27,626,247	27,946,945
Interest expense	410,111	375,805
Total expenses	37,174,689	36,978,403
Change in net assets	1,255,942	(1,239,140)
Net assets, beginning, as originally reported	52,119,825	53,358,965
Adjustments (See Note O)	1,165,229	-
Net assets, beginning, as adjusted	53,285,054	53,358,965
Net assets, ending	\$ 54,540,996	\$ 52,119,825

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Change in Net Assets (Continued)



Governmental activities increased the Town's net assets by \$2,421,171. Of this increase, \$1,255,942 pertained to current fiscal year activity. The remaining change was a result of prior period adjustments outlined in Note O. Grants and contributions and property taxes both increased while expenditures remained level in comparison with prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances \$5,817,945.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,084,946. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 11.3% of total general fund expenditures and transfers out. Expressed another way, unassigned fund balance for the general fund was sufficient to cover 1.1 months of general fund operating expenditures and net other financing uses.

The fund balance of the Town's general fund increased by \$366,939 during the current fiscal year, which was primarily due to current year tax collections exceeding budgeted amounts. In addition, there was a decrease in beginning fund balance of \$209,809, as a result of prior period adjustments outlined in Note O, resulting in an overall increase in fund balance of \$157,130.

Debt Management Fund

The fund balance of the Debt Management Fund decreased by \$199,676 during the current fiscal year. This decrease was due to an excess of transfers to the general fund over revenues earned.

Capital Projects Fund

The fund balance of the Capital Projects Fund increased by \$394,273 during the current fiscal year. This increase was primarily due to transfers received from general fund for future expected capital outlays. In addition, there was a increase in beginning fund balance of \$104,790, as a result of prior period adjustments outlined in Note O, resulting in an overall increase in fund balance of \$499,063.

Land Acquisition Fund

The fund balance of the Land Acquisition Fund increased by \$66,156. This increase was primarily due to state grant funding and transfers received from the general fund exceeding the costs of the land purchased during the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was an increase of \$249,638 in the current fiscal year. Expenditures were \$148,132 less than budgeted and total budgetary revenues and other financing sources were \$466,423 more than expected primarily due to tax collections exceeding budgetary expectations. In addition, there was an adjustment to fund balance in the amount of \$209,809, pertaining to a prior-period adjustment relating to cash. During the year ended June 30, 2012, the Board of Finance and Town Meeting approved additional appropriations of \$364,917 for additional transfers to the Capital Project Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2012 and 2011 totaled \$56,199,977 and \$55,645,499, respectively (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure. The total decrease in the Town's investment in capital assets for the current fiscal year was \$554,478 or 1.0%. This decrease is attributed to depreciation expense of \$1,824,331 offset by capital asset additions and disposals. Major capital asset events during the current fiscal year included the following:

- Purchase of land in the amount of \$141,440
- Outlays for various ongoing construction projects totaling \$636,386, including Peter's House, Main Street and the school roofs.
- Outlays for various machinery and equipment purchases totaling \$371,526, primarily for the purchase of a backhoe, dump truck, and pick-up truck, and computers.

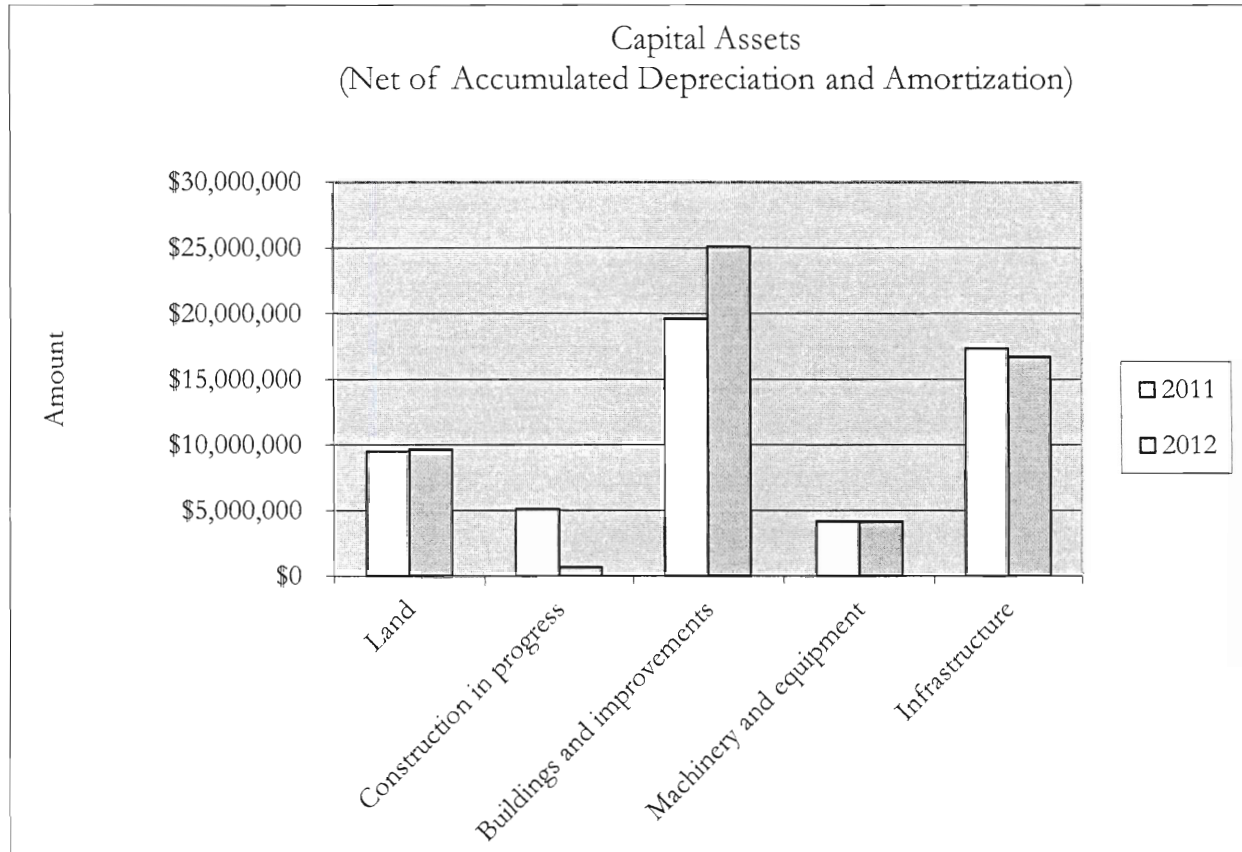
The following table is a two year comparison of the investment in capital assets:

Town of Hebron, Connecticut
Capital Assets, Net
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Land	\$ 9,617,724	\$ 9,476,284
Construction in progress	656,435	5,098,136
Buildings and improvements	25,090,662	19,577,812
Machinery and equipment	4,133,157	4,168,256
Infrastructure	16,701,999	17,325,011
Totals	<u>\$56,199,977</u>	<u>\$55,645,499</u>

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



Additional information on the Town's capital assets can be found in Note E on page 36 of this report.

Long-term Debt

At the end of the current fiscal year, the Town had total debt outstanding of \$7,240,000. This entire amount is comprised of debt backed by the full faith and credit of the Town. The Town's total debt decreased by \$1,511,088 or 17.3% during the current fiscal year due to current year principal repayments. The Town's rating is a AA by Standard & Poor's.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$184,461,291, which is significantly in excess of the Town's outstanding general obligation debt.

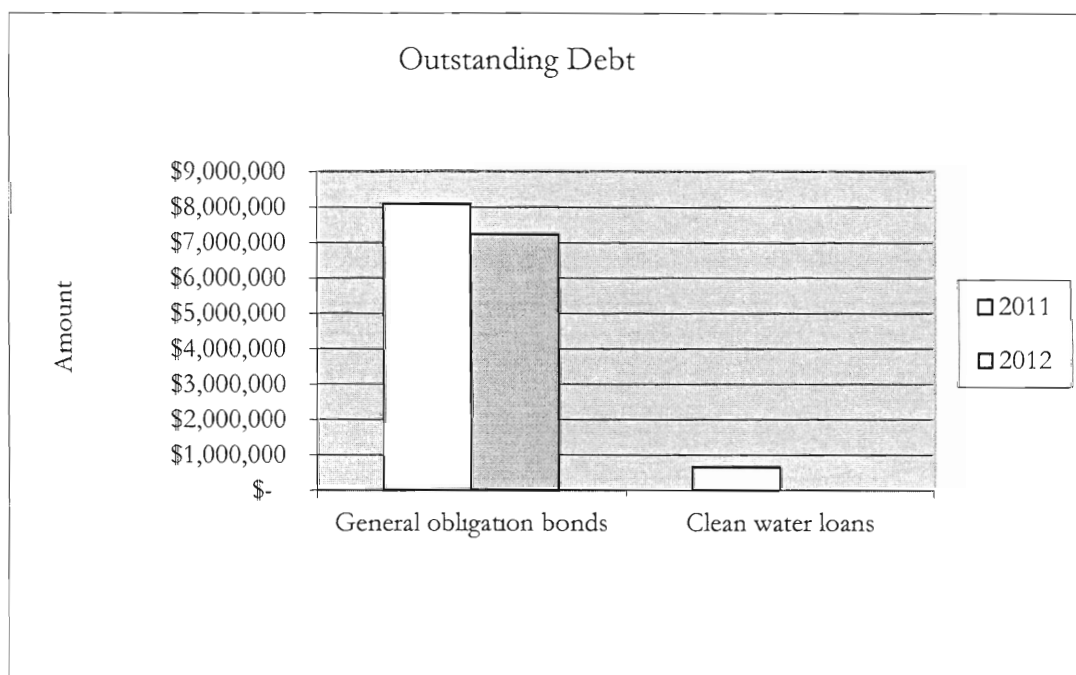
CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt (Continued)

The following table is a two year comparison of long-term debt:

Town of Hebron, Connecticut
Long-term Debt
June 30, 2012 and 2011

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 7,240,000	\$ 8,100,000
Clean water loans	-	651,088
Totals	<u>\$ 7,240,000</u>	<u>\$ 8,751,088</u>



Additional information on the Town's long-term debt can be found in Note I on pages 38-40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The unemployment rate for the Town is currently 5.2%. This compares favorably to the state's average unemployment rate of 8.1% and the national unemployment rate of 8.2%.
- Significant estimates affecting next year's budget that are subject to change in the near term consist of the following:
 - For purposes of calculating property tax revenues for fiscal year 2013, the assessor's grand list was used along with an estimated tax rate, and an estimated rate of collection, with deductions for taxes to be paid by the State on behalf of certain taxpayers.
 - Intergovernmental grants were based on estimates from the State.
 - It is unknown how the weakened economy will impact real estate activity and related revenues collected by the Land Use Department, the Town Clerk, the Building Department and the amount of conveyance taxes and interest income.

All of these factors were considered in preparing the Town's budget for fiscal year 2013.

REQUESTS FOR INFORMATION

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

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

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 5,611,344
Investments	501,705
Receivables:	
Property taxes and interest, net	1,030,520
Assessments and user fees, net	321,523
Intergovernmental	202,874
Other	2,108
Inventories	4,924
Loans receivable, long-term portion	152,246
Capital assets:	
Non-depreciable	10,274,159
Depreciable, net	45,925,818
Total assets	<u>64,027,221</u>
LIABILITIES	
Accounts payable	570,593
Accrued liabilities:	
Accrued interest	109,821
Unearned revenue	404,825
Other liabilities	37,497
Noncurrent liabilities:	
Due within one year	974,772
Due in more than one year	7,388,717
Total liabilities	<u>9,486,225</u>
NET ASSETS	
Invested in capital assets, net of related debt	49,016,212
Restricted for:	
Endowments:	
Expendable	5,792
Nonexpendable	5,945
Other purposes	297,965
Unrestricted	5,215,082
Total net assets	<u>\$ 54,540,996</u>

The accompanying notes are an integral part of these financial statements.

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

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets - Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,113,942	\$ 452,726	\$ -	\$ -
Public safety	1,248,307	224,688	80,678	-
Public works	1,458,867	6,642	-	854,104
Civic and Human services	1,638,036	726,716	85,614	120,000
Planning and land use	100,104	11,079	-	-
Sewer fees	579,075	620,627	-	-
Education	27,626,247	237,789	8,719,424	-
Interest expense	410,111	-	-	-
Total governmental activities	\$ 37,174,689	\$ 2,280,267	\$ 8,885,716	\$ 974,104
General revenues:				
Property taxes, levied for general purposes				26,170,302
Grants and contributions not restricted to specific programs				104,092
Unrestricted investment earnings				16,150
Total general revenues				26,290,544
Change in net assets				1,255,942
Net assets - beginning, as originally reported				52,119,825
Prior period adjustments (<i>See Note O</i>)				1,165,229
Net assets - beginning, as adjusted				53,285,054
Net assets - ending				\$ 54,540,996

The accompanying notes are an integral part of these financial statements.

TOWN OF HEBRON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Debt Management Fund	Capital Projects Fund	Land Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,776,804	\$ 220,458	\$ 266,634	\$ 44,001	\$ 303,447	\$ 5,611,344
Investments	501,705	-	-	-	-	501,705
Receivables:						
Property taxes, net of allowance of \$67,000	811,978	-	-	-	-	811,978
Interest receivable, net of allowance of \$28,000	218,542	-	-	-	-	218,542
Sewer usage charges, net of allowance of \$12,000	-	-	-	-	43,605	43,605
Intergovernmental	17,051	-	175,771	-	10,052	202,874
Loans receivable	-	-	-	-	152,246	152,246
Assessments, net of allowance of \$22,000	-	-	-	-	277,918	277,918
Other	2,108	-	-	-	-	2,108
Due from other funds	120,291	-	940,682	426,321	285,379	1,772,673
Inventories	-	-	-	-	4,924	4,924
Total assets	\$ 6,448,479	\$ 220,458	\$ 1,383,087	\$ 470,322	\$ 1,077,571	\$ 9,599,917
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 496,105	\$ -	\$ 46,201	\$ 6,200	\$ 22,087	\$ 570,593
Due to other funds	1,652,382	-	69,362	-	50,929	1,772,673
Unearned/deferred revenue	983,153	-	-	-	418,056	1,401,209
Other liabilities	37,497	-	-	-	-	37,497
Total liabilities	3,169,137	-	115,563	6,200	491,072	3,781,972
Fund Balances:						
Nonspendable:						
Inventory	-	-	-	-	4,924	4,924
Long-term portion of loans receivable	-	-	-	-	152,246	152,246
Permanent fund principal	-	-	-	-	5,945	5,945
Restricted for:						
Long-term debt repayments	-	220,458	-	-	-	220,458
Donor purpose restrictions	-	-	-	-	5,792	5,792
Education	-	-	-	-	72,583	72,583
Committed to:						
Public safety	-	-	-	-	47,281	47,281
Civic and human services	-	-	-	-	145,626	145,626
Sewer operations	-	-	-	-	161,105	161,105
Capital outlay	-	-	1,267,524	464,122	-	1,731,646
Assigned to:						
General government	4,529	-	-	-	-	4,529
Public safety	23,340	-	-	-	-	23,340
Civic and human services	2,392	-	-	-	-	2,392
Planning and land use	760	-	-	-	-	760
Public works	71,232	-	-	-	-	71,232
Education	92,143	-	-	-	-	92,143
Unassigned	3,084,946	-	-	-	(9,003)	3,075,943
Total fund balances	3,279,342	220,458	1,267,524	464,122	586,499	5,817,945
Total liabilities and fund balances	\$ 6,448,479	\$ 220,458	\$ 1,383,087	\$ 470,322	\$ 1,077,571	\$ 9,599,917

TOWN OF HEBRON, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances for governmental funds	\$	5,817,945
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Land	\$	9,617,724	
Construction in progress		656,435	
Buildings and improvements		39,294,646	
Machinery and equipment		9,385,837	
Infrastructure		34,279,082	
Less accumulated depreciation and amortization		<u>(37,033,747)</u>	
Total capital assets, net			56,199,977

Some of the Town's taxes, loans receivable, sewer usage fees and sewer assessments will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.

996,384

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Accrued interest payable	(109,821)	
Long-term debt:		
Bonds and notes payable	(7,240,000)	
Deferred amount on refunding	216,445	
Capital lease obligations	(160,210)	
Other long-term liabilities:		
Compensated absences	(454,724)	
Net OPEB obligation	<u>(725,000)</u>	
Total long-term liabilities		<u>(8,473,310)</u>

Net assets of governmental activities	\$	<u>54,540,996</u>
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TOWN OF HEBRON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Debt Management Fund	Capital Projects Fund	Land Acquisition Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 26,356,371	\$ -	\$ -	\$ -	\$ -	\$ 26,356,371
Intergovernmental	8,531,099	-	727,305	120,000	565,188	9,943,592
Charges for services	717,224	-	-	-	1,406,148	2,123,372
Investment earnings	13,595	324	676	473	1,082	16,150
Other	111,246	-	750	-	23,918	135,914
Total revenues	35,729,535	324	728,731	120,473	1,996,336	38,575,399
EXPENDITURES						
Current:						
General government	2,705,413	-	-	-	3,250	2,708,663
Public safety	848,375	-	-	-	7,571	855,946
Public works	840,028	-	-	-	-	840,028
Civic and human services	623,832	-	-	-	658,632	1,282,464
Planning and land use	87,989	-	-	-	-	87,989
Sewer fees	10,150	-	-	-	363,204	373,354
Education	26,592,584	-	-	-	529,697	27,122,281
Insurance and benefits	1,105,978	-	-	-	-	1,105,978
Capital outlays	55,756	-	1,314,383	154,317	-	1,524,456
Miscellaneous	-	-	-	-	-	-
Debt service						
Principal payments	1,610,354	-	-	-	-	1,610,354
Interest and fiscal charges	320,378	-	-	-	-	320,378
Total expenditures	34,800,837	-	1,314,383	154,317	1,562,354	37,831,891
Excess of revenues over expenditures	928,698	324	(585,652)	(33,844)	433,982	743,508
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	55,756	-	-	-	-	55,756
Sale of capital assets	-	-	-	-	-	-
Transfers in	474,029	-	991,544	100,000	-	1,565,573
Transfers out	(1,091,544)	(200,000)	(11,619)	-	(262,410)	(1,565,573)
Total other financing sources (uses)	(561,759)	(200,000)	979,925	100,000	(262,410)	55,756
Fund balances - beginning, as originally reported	3,122,212	420,134	768,461	397,966	233,453	4,942,226
Prior period adjustments (See Note O)	(209,809)	-	104,790	-	181,474	76,455
Fund balances - beginning, as adjusted	2,912,403	420,134	873,251	397,966	414,927	5,018,681
Fund balances - ending	\$ 3,279,342	\$ 220,458	\$ 1,267,524	\$ 464,122	\$ 586,499	\$ 5,817,945

The accompanying notes are an integral part of these financial statements

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, 2012

Net change in fund balances - total governmental funds	\$	799,264
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Total change in net assets reported for governmental activities in the statement of activities is different because:

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 amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$	1,149,352	
Depreciation and amortization expense		<u>(1,824,331)</u>	
Net adjustment			(674,979)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:			
Capital lease financing		(55,756)	
Principal repayments:			
Bonds and notes payable		1,511,088	
Deferred amount on refunding		(30,921)	
Capital lease financing		<u>99,266</u>	
Net adjustment			1,523,677

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	(58,812)	
Compensated absences	(71,440)	
Net pension obligation	<u>(117,000)</u>	
		(247,252)

Certain revenues reported in the statement of activities do not provide current financial resources and therefor are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue.

Change in net assets of governmental activities	\$	<u>1,255,942</u>
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The accompanying notes are an integral part of these financial statements.

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

	Budgeted Amounts			Variance With
	Original	Final		Final Budget
	Budget	Budget	Actual	Over (Under)
REVENUES				
Property taxes	\$ 26,058,615	\$ 26,058,615	\$ 26,356,371	\$ 297,756
Licenses and permits	484,580	484,580	580,913	96,333
Intergovernmental	7,129,144	7,129,144	7,185,030	55,886
Investment earnings	20,000	20,000	13,595	(6,405)
Other revenues	117,800	117,800	129,034	11,234
Total revenues	<u>33,810,139</u>	<u>33,810,139</u>	<u>34,264,943</u>	<u>454,804</u>
EXPENDITURES				
Current:				
General government	2,615,367	2,619,378	2,567,256	(52,122)
Public safety	833,648	858,076	837,908	(20,168)
Civic and human services	644,356	644,356	622,568	(21,788)
Planning and land use	106,060	106,060	88,478	(17,582)
Public works	1,013,681	1,013,681	887,386	(126,295)
Sewer fees	9,280	10,150	10,150	-
Insurance and benefits	1,121,876	1,118,477	1,105,978	(12,499)
Education	25,158,425	25,121,570	25,223,892	102,322
Debt service	1,858,819	1,869,764	1,869,764	-
Total expenditures	<u>33,361,512</u>	<u>33,361,512</u>	<u>33,213,380</u>	<u>(148,132)</u>
Excess of revenues over expenditures	448,627	448,627	1,051,563	602,936
OTHER FINANCING SOURCES (USES)				
Transfers in	278,000	278,000	289,619	11,619
Transfers out	<u>(726,627)</u>	<u>(1,091,544)</u>	<u>(1,091,544)</u>	<u>-</u>
Total other financing sources (uses)	<u>(448,627)</u>	<u>(813,544)</u>	<u>(801,925)</u>	<u>11,619</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (364,917)</u>	249,638	<u>\$ 614,555</u>
Fund balances - beginning as originally reported			3,045,117	
Prior period adjustments (See Note O)			<u>(209,809)</u>	
Fund balances - beginning, as adjusted			<u>2,835,308</u>	
Fund balances - ending			<u>\$ 3,084,946</u>	

The accompanying notes are an integral part of these financial statements.

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

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 100,250
Investments, at fair value:		
Pooled separate accounts	2,331,189	-
Other assets	-	20,997
Total assets	<u>2,331,189</u>	<u>\$ 121,247</u>
LIABILITIES		
Due to student groups	-	28,198
Due to others	-	93,049
Total liabilities	<u>-</u>	<u>\$ 121,247</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ 2,331,189</u>	

The accompanying notes are an integral part of these financial statements .

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

	Pension Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 224,417
Total contributions	<u>224,417</u>
Investment earnings:	
Interest	17,892
Net increase in the fair value of investments	<u>557</u>
Net investment earnings	<u>18,449</u>
Total additions	<u>242,866</u>
DEDUCTIONS	
Benefit payments	<u>192,723</u>
Total deductions	<u>192,723</u>
Change in net assets	50,143
Net assets - beginning	<u>2,281,046</u>
Net assets - ending	<u><u>\$ 2,331,189</u></u>

The accompanying notes are an integral part of these financial statements .

Basic Financial Statements

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Hebron, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

Financial Reporting Entity

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 2009. 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 the 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 the 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 the primary government and its component units, entities for which the government is considered to be financially accountable, and other organizations which by nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and Fund Financial Statements (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The Town reports the following major governmental funds:

General Fund - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those not accounted for and reported in another fund.

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

Capital Projects Fund - This fund is used to account for the financial resources for the acquisition and construction of major capital facilities.

Land Acquisition Fund - This fund is used to account for the financial resources for the acquisition of open space.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Fund – This fund type is used to account for resources held in trust for the members and beneficiaries of the Town's defined contribution pension plan, which accumulates resources for pension benefit payments to qualified employees. This plan is discussed more fully in Note J.

Agency Funds – These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets held for student activities, performance bonds, employees and others.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities and Fund Equity

Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Town are reported at fair value (generally based on quoted market prices) except as described below.

The Town invests in the State Treasurer's Short-Term Investment Fund (STIF), which is an investment pool managed by the State Treasurer's Office, and the Cooperative Liquid Asset Security Systems Fund (CLASS), which is an investment pool managed by Cutwater Asset Management. STIF and CLASS operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, STIF and CLASS qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. STIF and CLASS are subject to regulatory oversight even though they are not registered by the SEC.

Property Taxes, Sewer Assessment and Usage Charges

Property taxes are assessed as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Sewer assessments are levied by the Water Pollution Control Authority and assessed to the users as projects are completed. Assessment charges are billed annually in May. Usage charges are billed annually in October, unless there are more than 1 EDU which is billed semi-annually in October and April for flat rate fees and metered fees. Assessments and user charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Liens are filed on all properties until the assessment is paid in full.

Inventories and Prepaid Items

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities and Fund Equity (Continued)

Loans Receivable

The Town records loans receivable in the special revenue and capital projects funds as the loan proceeds are advanced, net of an allowance for uncollectible amounts.

Capital Assets

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

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

Capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25 - 50
Building improvements	25 - 50
System infrastructure	20 - 50
Furniture and equipment	5 - 25

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Assets, Liabilities and Fund Equity *(Continued)*

Compensated Absences

Town and noncertified Board of Education employees are granted vacation and sick leave, and certified employees of the Board of Education are granted sick leave based upon length of employment. In the event of termination, employees are compensated for accumulated vacation and sick time.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or when the vested amount is expected to be paid with available resources.

Long-term Obligations

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

In the fund financial statements, governmental funds 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.

Net Assets and Fund Balance

The government-wide statement of net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt – This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets – This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This category consists of net assets which do not meet the definition of the two preceding categories.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Net Assets and Fund Balance (Continued)

The Town's governmental funds report the following fund balance categories:

Nonspendable – Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed – Amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Finance (the highest level of decision making authority of the Town) and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action. The formal action required to be taken by the Board of Finance to commit fund balance includes formal voting procedures regulated by the Town Charter that of which is consistent with the Town's budgeting procedures as described in Note B.

Assigned – Amounts are constrained by the government's intent to be used for specific purposes, but are not restricted or committed. The Town Treasurer has been authorized by the Board of Finance to assign Fund Balance as needed to meet the obligations of the Town, with the exception of those amounts assigned by the Board of Finance during the Town's annual budgeting process as described in Note B.

Unassigned – Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The Town does not have a formal policy over the use of fund balance. In accordance with GASB Statement No. 54, the Town will use restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain an unassigned fund balance in the General Fund of at least 7.5% of current budgetary expenditures.

Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interfund Activities (Continued)

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures, or expenses, to the funds that initially paid for them.

Use of 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 and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- 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.
- Expenditures are budgeted by function, department and object. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY *(Continued)*

- 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, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE B - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY *(Continued)*

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2012:

	Total Revenues and Other Financing Sources	Total Expenditures and Other Financing Uses	Net Change in Fund Balance
Budgetary basis	\$ 34,554,562	\$ 34,304,924	\$ 249,638
"On-behalf" payments - State Teachers Retirement Fund <i>(see Note J)</i>	1,212,625	1,212,625	-
Encumbrances outstanding:			
June 30, 2011	-	77,095	(77,095)
June 30, 2012	-	(194,396)	194,396
Capital leases not recorded for budgetary purposes	55,756	55,756	-
Miscellaneous reimbursements netted against expenditures	136,311	136,311	-
Intergovernmental grants netted against expenditures	300,066	300,066	-
GAAP basis	<u>\$ 36,259,320</u>	<u>\$ 35,892,381</u>	<u>\$ 366,939</u>

Expenditures Which Exceed Appropriations

As discussed above, the legal level of control at which expenditures may not legally exceed appropriations is at the department level. During the year ended June 30, 2012, expenditures exceeded appropriations in the following amounts:

<u>Department</u>	<u>Budget Line</u>	<u>Amount</u>
Education	HES Education	\$ 102,322

Deficit Fund Equity

The Miscellaneous Grants Fund has a deficit fund balance as of June 30, 2012 of \$9,003, which does not constitute a violation of statutory provisions. The deficit arose due to expenditures exceeding revenues received. This deficit is expected to be funded by grant reimbursements and other revenue sources.

TOWN OF HEBRON, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE C - CASH DEPOSITS AND INVESTMENTS

A reconciliation of the Town's cash deposits as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 5,611,344
Statement of fiduciary net assets:	
Cash and cash equivalents	100,250
 Plus: certificates of deposit considered cash under GASB Statement No. 40	 501,705
Less: cash equivalents considered investments under GASB Statement No. 40	 (1,704,440)
	<u>\$ 4,508,859</u>

Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$2,581,512 of the Town's bank balance of \$4,841,920 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,323,360
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	 258,151
	<u>\$ 2,581,512</u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF HEBRON, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)***Investments**

A reconciliation of the Town's investments as of June 30, 2012 is as follows:

Government-wide statement of net assets:	
Investments	\$ 501,705
Statement of fiduciary net assets:	
Investments	2,331,189
Plus: cash equivalents considered investments under GASB Statement No. 40	1,704,440
Less: certificates of deposit considered cash under GASB Statement No. 40	(501,705)
	<u>\$ 4,035,629</u>

As of June 30, 2012, the Town's investments consisted of the following:

<u>Investment type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years) Less Than 1</u>
Debt Securities:			
Cooperative Liquid Asset Security System (CLASS)	AAA	\$ 256,407	\$ 256,407
Short-term Investment Fund (STIF)	AAA	1,448,033	1,448,033
		<u>1,704,440</u>	<u>\$ 1,704,440</u>
Other investments:			
Pooled separate accounts		<u>2,331,189</u>	
		<u>\$ 4,035,629</u>	

Because the CLASS and STIF had weighted average maturities of less than 90 days, they were presented as cash equivalents.

Interest Rate Risk

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

NOTE C - CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. The Town's investments consist primarily of investments in external investment pools which are not exposed to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Concentrations of Credit Risk

The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer. More than 5 percent of the Town's investments are in STIF and pooled separate accounts. Investments in these types of accounts are considered to be diversified by nature.

NOTE D - REHABILITATION LOANS

Rehabilitation loans consist of deferred loans made to certain qualifying individuals for home improvements in connection with funding received by the Town under a Small Cities Development Block Grant to administer the Town's Housing Rehabilitation Program. The loans bear no interest during their term.

TOWN OF HEBRON, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2012

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 consisted of the following:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 9,476,284	\$ 141,440	\$ -	\$ 9,617,724
Construction in progress	5,098,136	636,386	(5,078,087)	656,435
Total capital assets, not being depreciated	<u>14,574,420</u>	<u>777,826</u>	<u>(5,078,087)</u>	<u>10,274,159</u>
Capital assets, being depreciated:				
Buildings and improvements	34,228,395	5,066,251	-	39,294,646
Machinery and equipment	9,002,475	383,362	-	9,385,837
Infrastructure	34,279,082	-	-	34,279,082
Total capital assets, being depreciated	<u>77,509,952</u>	<u>5,449,613</u>	<u>-</u>	<u>82,959,565</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	(13,607,856)	(596,128)	-	(14,203,984)
Machinery and equipment	(4,710,059)	(542,621)	-	(5,252,680)
Infrastructure	(16,891,501)	(685,582)	-	(17,577,083)
Total accumulated depreciation and amortization	<u>(35,209,416)</u>	<u>(1,824,331)</u>	<u>-</u>	<u>(37,033,747)</u>
Total capital assets, being depreciated, net	<u>42,300,536</u>	<u>3,625,282</u>	<u>-</u>	<u>45,925,818</u>
Governmental activities capital assets, net	<u>\$ 56,874,956</u>	<u>\$ 4,403,108</u>	<u>\$ (5,078,087)</u>	<u>\$ 56,199,977</u>

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:	
General government	\$ 802,339
Public safety	239,019
Public works	131,559
Civic and human services	147,448
Education	503,966
Total depreciation and amortization expense - governmental activities	<u>\$ 1,824,331</u>

TOWN OF HEBRON, CONNECTICUT
Notes to Financial Statements *(Continued)*
June 30, 2012

NOTE F - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds		
General Fund	Capital Projects Fund	\$ 69,362
	Other Governmental Funds	50,929
		<u>120,291</u>
Capital Projects Fund	General Fund	<u>940,682</u>
Land Acquisition Fund	General Fund	<u>426,321</u>
Other Governmental Funds	General Fund	<u>285,379</u>
		<u>\$ 1,772,673</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE G - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
General Fund	Debt Management Fund	\$ 200,000
	Capital Projects Fund	11,619
	Other Governmental Funds	262,410
		<u>474,029</u>
Capital Projects Fund	General Fund	<u>991,544</u>
Land Acquisition Fund	General Fund	<u>100,000</u>
Total transfers		<u>\$ 1,565,573</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements (Continued)

June 30, 2012

NOTE H - UNEARNED/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 also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
General Fund:			
Delinquent property taxes receivable	\$ 955,083	\$ -	\$ 955,083
Advance collection of property taxes	-	28,070	28,070
	<u>955,083</u>	<u>28,070</u>	<u>983,153</u>
Nonmajor Governmental Funds:			
Sewer usage fees	41,301	-	41,301
Park and recreation fees paid in advance	-	68,856	68,856
Charges for services collected in advance	-	2,799	2,799
Grant drawdowns prior to meeting eligibility	-	29,384	29,384
Special assessments	-	275,716	275,716
	<u>41,301</u>	<u>376,755</u>	<u>418,056</u>
Total	<u>\$ 996,384</u>	<u>\$ 404,825</u>	<u>\$ 1,401,209</u>

NOTE I - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 8,100,000	\$ -	\$ (860,000)	\$ 7,240,000	\$ 855,000
Deferred amount on refunding	(247,366)	-	30,921	(216,445)	-
Other liabilities:					
Clean water fund notes	651,088	-	(651,088)	-	-
Capital leases	203,720	55,756	(99,266)	160,210	77,002
Compensated absences	383,284	71,440	-	454,724	42,770
Net OPEB obligation (Note K)	608,000	117,000	-	725,000	-
	<u>\$ 9,698,726</u>	<u>\$ 244,196</u>	<u>\$ (1,579,433)</u>	<u>\$ 8,363,489</u>	<u>\$ 974,772</u>

Long - term liabilities above typically have been liquidated by the General Fund for governmental activities.

TOWN OF HEBRON, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE I - LONG-TERM LIABILITIES *(Continued)***General Obligation Bonds**

A summary of general obligation bonds outstanding at June 30, 2012 is as follows:

Purpose of Bonds	Original Issue	Interest Rates	Maturity Date	Amount Outstanding
Governmental Activities				
1997 General Obligation Bonds	\$ 1,535,000	4.3-5.0%	11/15/2012	\$ 100,000
2004 General Obligation Bonds	1,800,000	3.875-4.5%	7/15/2024	1,170,000
2008 General Obligation Bonds	4,300,000	3.2-4.0%	7/15/2023	3,430,000
School Obligation Bonds	5,720,000	2.0-4.9%	12/1/2019	2,540,000
				<u>\$ 7,240,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2012:

Year ending June 30:	Governmental Activities		
	General Obligation Bonds		
	Principal	Interest	Totals
2013	\$ 855,000	\$ 265,078	\$ 1,120,078
2014	755,000	235,308	990,308
2015	745,000	208,883	953,883
2016	740,000	182,414	922,414
2017	735,000	156,121	891,121
2018-2022	2,570,000	404,443	2,974,443
2023-2025	840,000	41,025	881,025
	<u>\$ 7,240,000</u>	<u>\$ 1,493,272</u>	<u>\$ 8,733,272</u>

Overlapping Debt

The Town is contingently liable for its pro-rata share of Regional School District No. 8's outstanding bonds. At June 30, 2012, the District's total outstanding bonds were \$23,250,000. The Town of Hebron's share will be approximately 54.22% of the total, or \$12,606,150. Such outstanding indebtedness represents general obligations of the Regional School District No. 8 and its member towns, however, the Town is not required to record its share in the accompanying statement of net assets. Regional School District No. 8 has no authorized, unissued bonds, for which the Town of Hebron would be contingently liable.

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$184,461,291 as of June 30, 2012. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2012.

TOWN OF HEBRON, CONNECTICUT
Notes to Financial Statements (Continued)
June 30, 2012

NOTE I - LONG-TERM LIABILITIES (Continued)

Authorized, Unissued Bonds

The amount of authorized, unissued bonds at June 30, 2012 totaled \$500,000 for general purposes and \$8,550,940 for school purposes.

Capital Leases

A summary of assets acquired through capital leases is as follows as of June 30, 2012:

	Governmental Activites
Furniture and Equipment	\$ 451,735
Less: accumulated amortization	215,320
	<u>\$ 236,415</u>

Amortization expense relative to leased property under capital leases totaled \$84,771 for the year ended June 30, 2012 and is included in depreciation and amortization expense disclosed in Note E.

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2012 is as follows:

Year Ending June 30:	Governmental Activites
2013	\$ 93,649
2014	47,976
2015	31,116
2016	12,241
Thereafter	-
Total minimum lease payments	<u>184,983</u>
Less: amount representing interest	<u>24,773</u>
Present value of minimum lease payments	<u>\$ 160,210</u>

NOTE J - EMPLOYEE RETIREMENT PLANS

Town of Hebron Retirement Plan

The Town established a single employer defined contribution money accumulation pension plan (the "Plan") to provide retirement benefits for all Town and non-certified Board of Education employees. Under the provisions of the Plan, all employees must be at least twenty-one years of age and have completed one year of service to participate. The Town is required to contribute an amount equal to 5% of employee covered payroll for Board of Education non-certified employees and 7% of employee covered payroll for all Town employees. Plan participants are not eligible to contribute to the Plan.

The Plan does not issue stand alone financial statements and is part of the Town's financial reporting entity since the Town has trustee responsibilities related to the participant accounts which contain employer contributions. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

The Plan is accounted for using the accrual basis of accounting. Town contributions are recognized when due and the Town has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Employer contributions totaled \$224,417 for the year ended June 30, 2012.

Contribution requirements of the Town are established and may be amended by the Board of Selectmen.

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 Teachers Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

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

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE J - EMPLOYEE RETIREMENT PLANS *(Continued)*

Connecticut State Teachers' Retirement System *(Continued)*

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.

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 \$1,212,625 for the year ended June 30, 2012.

NOTE K - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Town provides healthcare insurance benefits for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members (the "Plan"). Benefit provisions are established by various collective bargaining and employment agreements with the Town. The Plan is considered to be part of the Town's financial reporting entity. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

Funding Policy

Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, Board of Education employees and spouses who are age 55 with 20 years of service or any age with 25 years of service in the Hebron School System are eligible to receive benefits. Those who choose to participate must pay 100% of the premium cost. Town employees and spouses who are age 62 with 15 years of service in the Town are eligible to receive benefits. Those who choose to participate must pay 100% of the spouses premium cost. For fiscal year 2012, the Town contributions were \$66,000 on a pay-as-you-go basis.

The Town has not established a trust fund as of June 30, 2012, to irrevocably segregate assets to fund the liability for post-employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

TOWN OF HEBRON, CONNECTICUTNotes to Financial Statements *(Continued)*

June 30, 2012

NOTE K - OTHER POST-EMPLOYMENT BENEFITS *(Continued)***Annual OPEB Cost and Net OPEB Obligation**

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 over a period not to exceed thirty years. The Town's annual OPEB cost and net OPEB obligation are primarily attributed to an implicit rate subsidy, whereby retirees are considered to be receiving a benefit from the Town for access to insurance rates offered to the Town's active employees. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 190,000
Interest on net OPEB obligation	28,000
Adjustment to annual required contribution	<u>(35,000)</u>
Annual OPEB cost (expense)	183,000
Contributions made	<u>66,000</u>
Increase in net OPEB obligation	117,000
Net OPEB obligation, beginning of year	<u>608,000</u>
Net OPEB obligation, end of year	<u><u>\$ 725,000</u></u>

Three-year Trend Information

Year Ended June 30	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2010	\$ 296,000	\$ 42,000	14.2%	\$ 501,000
2011	180,000	73,000	40.6%	608,000
2012	183,000	66,000	36.1%	725,000

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 (the date of the most recent actuarial valuation) was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost Method (B)	(Overfunded) Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
\$ -	\$ 1,717,000	\$ 1,717,000	0.0%	\$ 8,243,000	20.8%

NOTE K - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in 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 Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2011
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level Dollar, open
Remaining amortization period:	30 years
Asset valuation method:	N/A
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost trend rate	10% initial 5% final

NOTE L - DEFERRED COMPENSATION PLAN

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is required to contribute up to a maximum of 4.5% if the employee elects to contribute 7% of their wages into the plan on a before-tax basis. The Town is required to contribute 50% of the dollar amount contributed by the employee if the employee elects to contribute less than 7%. If an employee elects to contribute 10% of their before-tax wages, the Town is required to contribute 5%. Contribution requirements of the Town are established and may be amended by the Board of Selectmen. Town contributions totaled \$68,291 for the year ended June 30, 2012. Deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE L - DEFERRED COMPENSATION PLAN *(Continued)*

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for exclusive benefit of the plan participants and their beneficiaries. In addition, it is the opinion of the Town's legal counsel that the Town has no liability for the losses under the plans. Therefore, the accounts of the deferred compensation plans are not reported in the basic financial statements of the Town.

NOTE M - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God. The Town purchases commercial insurance for all risks of loss except health coverage. During 2012, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years.

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

NOTE N - COMMITMENTS AND CONTINGENCIES

There are several legal matters pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

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

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

Inter-municipal Agreements and Commitments

Inter-municipal Agreement for Septic Waste Disposal

The Town is part of an inter-municipal agreement for septic waste disposal with the Town of East Hampton. The Town of East Hampton has agreed to accept septic from the Town of 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 this agreement. 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. 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.

NOTE N - COMMITMENTS AND CONTINGENCIES (Continued)

Inter-municipal Agreements and Commitments (Continued)

Inter-municipal Agreement for an Equalization Tank and Sewerage Study

The Town is part of 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 due from the Town of Colchester is based on the cost divided by twenty years times a percentage of the Town of Colchester's annual flow. The total revenue received for the year ended June 30, 2012 was \$20,050.

NOTE O - ADJUSTMENTS – CORRECTION OF PRIOR PERIODS

The financial statement accounts described below have been restated to correct for the impact of the errors identified in connection with the Town's financial statement close process as of June 30, 2012. The effect of the prior period adjustments on the change in net assets and the change in fund balances (deficits) for the year ended June 30, 2011 cannot be readily determined. Net assets and fund balances as of July 1, 2011 has been adjusted as follows:

Description:	Government-wide Governmental Activities	Governmental Funds		
		General Fund	Capital Projects Fund	Non-major Governmental Funds
Adjustment to record capital lease obligations not capitalized in prior periods	\$ (140,683)	\$ -	\$ -	\$ -
Adjustment to record capital assets obtained through capital leases, net accumulated depreciation	265,432	-	-	-
Adjustment to record cash balance of Education Grant Fund not previously reported	10,252	-	-	10,252
Adjustment to record Small Cities loans receivable not previously reported	152,246	-	-	152,246
Adjustment for clerical error in prior years depreciation expense calculation	964,025	-	-	-
Adjustment to remove journal entries which were posted twice to cash general ledger account in error	(209,809)	(209,809)	-	-
Adjustment to remove accounts payable which do not represent valid liabilities to the Town	123,766	-	104,790	18,976
	<u>\$ 1,165,229</u>	<u>\$ (209,809)</u>	<u>\$ 104,790</u>	<u>\$ 181,474</u>

NOTE O - ADJUSTMENTS – CORRECTION OF PRIOR PERIODS (Continued)

	Government-wide Governmental Activities	Governmental Funds		
		General Fund	Capital Projects Fund	Non-major Governmental Funds
Fund balance - beginning, as originally reported	\$ 1,255,942	\$ 3,122,212	\$ 768,461	\$ 233,453
Prior period adjustments	1,165,229	(209,809)	104,790	181,474
Fund balance - beginning, as adjusted	<u>\$ 2,421,171</u>	<u>\$ 2,912,403</u>	<u>\$ 873,251</u>	<u>\$ 414,927</u>

NOTE P - RECENTLY ISSUED ACCOUNTING STANDARDS

The GASB has issued several new accounting standards that will become effective in future years. Management is currently evaluating the effect implementation of these standards, as applicable, will have on its financial statements. A summary of recently issued accounting standards that will become effective in future years is as follows:

In December 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Statement No. 62 incorporates into the GASB authoritative literature certain accounting and financial reporting guidance that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The provisions of GASB 62 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

The GASB has issued GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which 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). GASB 63 requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. GASB 63 also amends certain provisions of GASB Statement No. 34, Basic Financial 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. The provisions of GASB 63 are effective for financial statements for periods beginning after December 15, 2011 and early adoption is permitted.

TOWN OF HEBRON, CONNECTICUT

Notes to Financial Statements *(Continued)*

June 30, 2012

NOTE P - RECENTLY ISSUED ACCOUNTING STANDARDS *(Continued)*

The GASB has issued GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of GASB 65 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 66, Technical Corrections – 2012, which amends GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for 1) operating lease payments that vary from a straight-line basis, 2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and 3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. The provisions in GASB 66 are effective for periods beginning after December 15, 2012 and early adoption is permitted.

The GASB has issued Statement No. 67, Financial Reporting for Pension Plans - An amendment of GASB Statement No. 25, which replaces the requirements of GASB Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and GASB Statement No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. The provisions in GASB 67 are effective for financial statements for periods beginning after June 15, 2013 and early adoption is permitted.

The GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27, which replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, and GASB Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The provisions in GASB 68 are effective for fiscal years beginning after June 15, 2014 and early adoption is permitted.

Required Supplementary Information

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2012

Other Post Employment Benefits Program						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
July 1, 2007	\$ -	\$ 2,657,000	\$ 2,657,000	0.0%	\$ 9,812,000	27.1%
July 1, 2009	-	1,794,000	1,794,000	0.0%	9,833,000	18.2%
July 1, 2011	-	1,717,000	1,717,000	0.0%	8,243,000	20.8%

Combining and Individual Fund Statements and Schedules

General Fund

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

	Budgeted Amounts			Variance With Final Budget
	Original Budget	Final Budget	Actual	Over (Under)
REVENUES				
Property taxes:				
Taxes, interest and lien fees	\$ 26,058,615	\$ 26,058,615	\$ 26,356,371	\$ 297,756
Licenses and permits				
ZBA	500	500	779	279
Wetland fees	5,000	5,000	2,092	(2,908)
Building	75,000	75,000	84,963	9,963
Notary fees	1,500	1,500	1,695	195
Town clerk fees	13,000	13,000	21,742	8,742
Recording fees	47,000	47,000	55,791	8,791
Sportsmen's licenses	100	100	199	99
Conveyance tax	50,000	50,000	67,859	17,859
Marriage licenses	50	50	209	159
Records	50	50	28	(22)
Planning and zoning fees	8,000	8,000	8,148	148
Compactor/recycling	60,000	60,000	79,558	19,558
Dog fund	5,500	5,500	6,805	1,305
Animal population control	2,000	2,000	2,638	638
Library	27,000	27,000	29,715	2,715
Engineering fees	25,000	25,000	-	(25,000)
Health department	5,000	5,000	188	(4,812)
Blasting permits	30	30	60	30
Xerox	2,000	2,000	1,939	(61)
Soil and water conservation fund	1,000	1,000	2,146	1,146
Education fee assessment	150	150	20	(130)
Legal/foreclosure fees	-	-	356	356
PA CIP funding	5,400	5,400	5,892	492
Ambulance service	150,000	150,000	206,800	56,800
Plotter/copier fees	1,300	1,300	787	(513)
Farmland preservation	-	-	504	504
Total licenses and permits	484,580	484,580	580,913	96,333
Intergovernmental revenue				
Education equalization grants	6,870,000	6,870,000	6,855,458	(14,542)
Transportation of school children	41,222	41,222	40,913	(309)
Miscellaneous	2,000	2,000	2,289	289
Payment in lieu of taxes on state owned property	13,356	13,356	13,810	454
Property tax relief for totally disabled	694	694	757	63
Property tax relief for veterans	2,600	2,600	3,305	705
Property tax relief	28,700	28,700	32,216	3,516
Pequot grant	27,895	27,895	29,087	1,192
Municipal revenue sharing	-	-	862	862
Town aid road	120,077	120,077	120,249	172
Emergency management performance frant	4,600	4,600	1,111	(3,489)
Telecommunications funding	18,000	18,000	21,769	3,769
FEMA reimbursement	-	-	63,204	63,204
Total intergovernmental	7,129,144	7,129,144	7,185,030	55,886

(Continued)

TOWN OF HEBRON, CONNECTICUT

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (Continued)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Investment earnings	\$ 20,000	\$ 20,000	\$ 13,595	\$ (6,405)
Other revenues				
Constable fees	8,000	8,000	7,645	(355)
DUI grant	-	-	5,408	5,408
Housing authority	-	-	12,169	12,169
Elderly van	8,000	8,000	2,414	(5,586)
Fire marshal special duty	3,000	3,000	-	(3,000)
State trooper private duty	3,500	3,500	800	(2,700)
Hebron harvest fair	12,000	12,000	10,715	(1,285)
Elderly demand respond	22,000	22,000	12,380	(9,620)
HIHS social worker	29,200	29,200	25,253	(3,947)
Miscellaneous	5,000	5,000	6,589	1,589
Senior center transportation fees	-	-	3,817	3,817
Parking ticket fines	100	100	-	(100)
Colchester interim agreement	19,000	19,000	20,050	1,050
Senior center physical fitness	8,000	8,000	6,273	(1,727)
RHAM surplus	-	-	6,700	6,700
Other	-	-	8,821	8,821
Total other	<u>117,800</u>	<u>117,800</u>	<u>129,034</u>	<u>11,234</u>
Total revenues	<u>33,810,139</u>	<u>33,810,139</u>	<u>34,264,943</u>	<u>454,804</u>
OTHER FINANCING SOURCES				
Transfer in:				
Capital Projects Fund - Firehouse	-	-	11,619	11,619
WPCA	10,000	10,000	10,000	-
Hebron Park	40,000	40,000	40,000	-
Debt Management	200,000	200,000	200,000	-
Recreation	28,000	28,000	28,000	-
Total other financing sources	<u>278,000</u>	<u>278,000</u>	<u>289,619</u>	<u>11,619</u>
Total revenue and other financing sources	<u>\$ 34,088,139</u>	<u>\$ 34,088,139</u>	<u>\$ 34,554,562</u>	<u>\$ 466,423</u>

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

	Budgeted Amounts			Variance With Original Budget Over (Under)
	Original Budget	Final Budget	Actual	
General government				
Payroll:				
Clerical	\$ 377,909	\$ 385,162	\$ 385,162	\$ -
Administration	655,016	659,043	659,043	-
Health and welfare	128,226	123,526	123,523	(3)
Public safety	94,640	94,640	94,640	-
Recreation	146,305	151,089	151,089	-
Public works	626,185	608,093	600,300	(7,793)
Library	137,987	138,415	138,415	-
Elected officials	55,300	55,300	55,300	-
Contractual commitments	2,400	8,700	8,700	-
Total payroll	2,223,968	2,223,968	2,216,172	(7,796)
Selectman's office	35,900	35,900	34,301	(1,599)
Central services	39,240	39,240	34,370	(4,870)
Legal	36,000	36,000	30,584	(5,416)
Central computer services	35,470	39,481	36,727	(2,754)
Tricentennial commission	100	100	75	(25)
Town buildings	55,058	55,058	53,441	(1,617)
Board of finance	38,350	38,350	33,950	(4,400)
Financial administrator	10,725	10,725	8,343	(2,382)
Tax collector	19,093	19,093	17,558	(1,535)
Assessor	41,984	41,984	35,449	(6,535)
Board of tax review	270	270	-	(270)
Town clerk's office	31,825	31,825	25,046	(6,779)
Registrar of voters	47,384	47,384	41,240	(6,144)
Total general government	2,615,367	2,619,378	2,567,256	(52,122)
Public safety				
Police administration	274,388	274,388	268,119	(6,269)
Fire administration	353,965	353,965	346,957	(7,008)
Fire marshal	44,653	44,836	44,730	(106)
Burning official	1,980	1,980	1,955	(25)
Emergency management	10,038	10,038	9,430	(608)
Animal control	30,910	30,910	28,985	(1,925)
Ambulance service	117,714	141,959	137,732	(4,227)
Total public safety	833,648	858,076	837,908	(20,168)
Civic and human services				
Community agency donations	152,201	152,201	152,201	-
Regional health district assessment	76,758	76,758	76,758	-
Library	225,513	225,513	221,405	(4,108)
Van- disabled	55,228	55,228	49,963	(5,265)
Senior center	36,267	36,267	27,634	(8,633)
Probate court	1,650	1,650	1,650	-
St. Peter's lease	800	800	800	-
Recreation programs	94,589	94,589	91,458	(3,131)
Memorial Day	1,350	1,350	699	(651)
Total civic and human services	644,356	644,356	622,568	(21,788)

TOWN OF HEBRON, CONNECTICUT

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

	Budgeted Amounts			Variance With Original Budget Over (Under)
	Original Budget	Final Budget	Actual	
Planning and land use				
Economic Development	\$ 4,700	\$ 4,700	\$ 3,277	\$ (1,423)
Planning and development	101,360	101,360	85,201	(16,159)
Total planning and land use	<u>106,060</u>	<u>106,060</u>	<u>88,478</u>	<u>(17,582)</u>
Public works				
Highways and grounds administration	240,235	240,235	214,830	(25,405)
Town yard and garage	57,030	57,030	46,960	(10,070)
Street services	501,545	501,545	417,103	(84,442)
Solid waste, recycling, bulky	214,871	214,871	208,493	(6,378)
Total public works	<u>1,013,681</u>	<u>1,013,681</u>	<u>887,386</u>	<u>(126,295)</u>
Sewer fees				
Town property user fee	9,280	10,150	10,150	-
Insurance and benefits				
Insurance	185,589	199,232	197,126	(2,106)
Employee benefits	936,287	919,245	908,852	(10,393)
Total insurance and benefits	<u>1,121,876</u>	<u>1,118,477</u>	<u>1,105,978</u>	<u>(12,499)</u>
Debt service:				
Town	669,888	669,888	669,888	-
School	487,713	487,713	487,713	-
Sewers	671,218	682,163	682,163	-
Computer	30,000	30,000	30,000	-
Total debt service	<u>1,858,819</u>	<u>1,869,764</u>	<u>1,869,764</u>	<u>-</u>
Education				
RHAM assessment	13,364,245	13,327,390	13,327,390	-
HES education	11,794,180	11,794,180	11,896,502	102,322
Total education	<u>25,158,425</u>	<u>25,121,570</u>	<u>25,223,892</u>	<u>102,322</u>
Total expenditures	<u>33,361,512</u>	<u>33,361,512</u>	<u>33,213,380</u>	<u>(148,132)</u>
Other financing uses				
Transfers out:				
Land Acquisition Fund	100,000	100,000	100,000	-
Capital Improvement Fund	626,627	626,627	626,627	-
Modular Classrooms Fund	-	364,917	364,917	-
Total other financing uses	<u>726,627</u>	<u>1,091,544</u>	<u>1,091,544</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 32,634,885</u>	<u>\$ 32,269,968</u>	<u>\$ 32,121,836</u>	<u>\$ (148,132)</u>

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2012

Grand List Year	Balance Uncollected June 30, 2011	Current Levy	Lawful Corrections		Balance To Be Collected	Collections			Balance Uncollected June 30, 2012
			Additions	Deductions		Taxes	Interest and Lien Fees	Total	
1994	\$ 1,487	\$ -	\$ -	\$ 1,487	\$ -	\$ -	\$ -	\$ -	\$ -
1995	1,568	-	-	-	1,568	-	-	-	1,568
1996	1,592	-	-	-	1,592	-	-	-	1,592
1997	1,592	-	-	-	1,592	-	-	-	1,592
1998	1,624	-	-	-	1,624	-	-	-	1,624
1999	4,690	-	-	-	4,690	-	-	-	4,690
2000	4,808	-	-	-	4,808	-	-	-	4,808
2001	6,400	-	-	-	6,400	-	-	-	6,400
2002	8,552	-	-	-	8,552	-	-	-	8,552
2003	10,077	-	-	-	10,077	-	-	-	10,077
2004	11,158	-	-	28	11,130	28	69	97	11,102
2005	17,651	-	-	-	17,651	3,295	1,925	5,220	14,356
2006	36,678	-	-	1,819	34,859	9,452	5,758	15,210	25,407
2007	84,317	-	5,644	-	89,961	32,982	19,611	52,593	56,979
2008	174,160	-	3,656	487	177,329	60,935	31,116	92,051	116,394
2009	344,291	-	241	5,094	339,438	120,434	26,163	146,597	219,004
Suspense Collections	-	-	-	-	-	1,025	1,195	2,220	-
Total prior years	710,645	-	9,541	8,915	711,271	228,151	85,837	313,988	484,145
2010	-	26,398,547	13,030	41,280	26,370,297	25,975,464	62,161	26,037,625	394,833
Total	\$ 710,645	\$ 26,398,547	\$ 22,571	\$ 50,195	\$ 27,081,568	\$ 26,203,615	\$ 147,998	\$ 26,351,613	\$ 878,978

TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2012

Total cash collections for the year ended June 30, 2012:						
Taxes	\$	26,203,615				
Interest and lien fees		147,998				
		<u>26,351,613</u>				
Reimbursement for revenue loss:						
Tax relief for elderly (CGS 12-129d)		-				
Base	\$	<u>26,351,613</u>				
	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt limitation:						
2-1/4 times base	\$ 59,291,129	\$ -	\$ -	\$ -	\$ -	
4-1/2 times base	-	118,582,259	-	-	-	
3-3/4 times base	-	-	98,818,549	-	-	
3-1/4 times base	-	-	-	85,642,742	-	
3 times base	-	-	-	-	79,054,839	
Total debt limitation	59,291,129	118,582,259	98,818,549	85,642,742	79,054,839	
Indebtedness:						
Bonds payable	4,700,000	15,146,150	-	-	-	
Clean water loans	-	-	-	-	-	
Farmington WPCA loan	-	-	-	-	-	
Authorized but not issued	500,000	8,550,940	-	-	-	
	5,200,000	23,697,090	-	-	-	
Less: school building grant	-	-	-	-	-	
Total indebtedness	5,200,000	23,697,090	-	-	-	
Debt limitation in excess of outstanding and authorized debt	\$ 54,091,129	\$ 94,885,169	\$ 98,818,549	\$ 85,642,742	\$ 79,054,839	
Total capacity of borrowing (7 times base)	\$ 184,461,291					
Total present indebtedness	28,897,090					
Margin for additional borrowing	\$ 155,564,201					

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of specific revenue sources that are restricted, committed, or assigned for specified purposes. Nonmajor special revenue funds include the following:

Hebron Park Fund – A fund created to account for revenue from the cell tower antenna.

Miscellaneous Grants Fund – A fund created to account for revenues and expenditures of miscellaneous State and Federal grants.

WPCA Sewer Operations Fund – A fund created to account for the operations of the WPCA.

Marion Celio Angel Fund – A fund created to account for donations to support seniors who have a hardship.

WPCA Operations Fund – A fund established to account for the collection of sewer use charges and inspection fees that finance the operating expenditures of the wastewater treatment facility.

Douglas Library Fund – A fund created too account for small donations made to benefit the Library.

Recreation Fund – A fund created to account for recreational, social and cultural programs to meet the needs of all segments of the community.

EMS Fund – A fund created to account for the operations of the ambulance services.

Tri-centennial Commission Fund – A fund created to account for a Town-wide celebration for the 100th anniversary of Hebron's establishment in 1708.

Small Cities Gran Fund – A fund created to account for U.S. Housing and Urban Development grants relating to the Community Development Block Grants.

Historic Records Preservation Fund – A fund created to account fees collected by the Town Clerk for historic records preservation.

Education Grants Fund – A fund created to account for the revenues and expenditures of State and Federal education grants.

Cafeteria Fund – A fund created to account for the operations of the school lunch program.

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 reporting government's programs.

Cemetery Fund – A fund established to account for funds donated for the upkeep of various cemeteries in Town.

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

	Nonmajor Special Revenue Funds							
	Hebron Park Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	WPCA Sewer Operation	Marion Celio Angel	Douglas Library	Recreation	EMS Fund
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 186,086	\$ -	\$ -	\$ -	\$ -
Receivables:								
Sewer user charges, net allowance of \$12,000	-	-	-	43,605	-	-	-	-
Assessments, net allowance of \$22,000	-	-	277,918	-	-	-	-	-
Intergovernmental	-	2,805	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Due from other funds	9,356	-	16,384	-	15,968	18,450	171,531	47,281
Inventories	-	-	-	-	-	-	-	-
Total assets	<u>\$ 9,356</u>	<u>\$ 2,805</u>	<u>\$ 294,302</u>	<u>\$ 229,691</u>	<u>\$ 15,968</u>	<u>\$ 18,450</u>	<u>\$ 171,531</u>	<u>\$ 47,281</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,232	\$ -
Due to other funds	-	5,058	-	45,871	-	-	-	-
Unearned/deferred revenue	-	6,750	275,716	41,301	-	-	68,856	-
Total liabilities	<u>-</u>	<u>11,808</u>	<u>275,716</u>	<u>87,172</u>	<u>-</u>	<u>-</u>	<u>76,088</u>	<u>-</u>
Fund Balances (deficit):								
Nonspendable:								
Inventory	-	-	-	-	-	-	-	-
Permanent fund principal	-	-	-	-	-	-	-	-
Restricted for:								
Education	-	-	-	-	-	-	-	-
Donor purpose restrictions	-	-	-	-	-	-	-	-
Committed to:								
Public safety	-	-	-	-	-	-	-	47,281
Civic and human services	9,356	-	-	-	15,968	18,450	95,443	-
Sewer operations	-	-	18,586	142,519	-	-	-	-
Unassigned	-	(9,003)	-	-	-	-	-	-
Total fund balances (deficit)	<u>9,356</u>	<u>(9,003)</u>	<u>18,586</u>	<u>142,519</u>	<u>15,968</u>	<u>18,450</u>	<u>95,443</u>	<u>47,281</u>
Total liabilities and fund balances	<u>\$ 9,356</u>	<u>\$ 2,805</u>	<u>\$ 294,302</u>	<u>\$ 229,691</u>	<u>\$ 15,968</u>	<u>\$ 18,450</u>	<u>\$ 171,531</u>	<u>\$ 47,281</u>

(Continued)

TOWN OF HEBRON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2012

	Nonmajor Special Revenue Funds						Permanent Fund		Total Nonmajor Governmental Funds
	Tri-Centennial Commission Fund	Small Cities Grant	Historic Records Preservation	Education Grant Fund	Cafeteria Fund	Total	Cemetery Fund		
ASSETS									
Cash and cash equivalents	\$ -	\$ 1,751	\$ -	\$ 32,886	\$ 70,987	\$ 291,710	\$ 11,737	\$	\$ 303,447
Receivables:									
Sewer user charges, net allowance of \$12,000	-	-	-	-	-	43,605	-	-	43,605
Assessments, net allowance of \$22,000	-	-	-	-	-	277,918	-	-	277,918
Intergovernmental	-	-	-	-	7,247	10,052	-	-	10,052
Loans receivable	-	152,246	-	-	-	152,246	-	-	152,246
Due from other funds	1,468	-	4,941	-	-	285,379	-	-	285,379
Inventories	-	-	-	-	4,924	4,924	-	-	4,924
Total assets	\$ 1,468	\$ 153,997	\$ 4,941	\$ 32,886	\$ 83,158	\$ 1,065,834	\$ 11,737	\$	\$ 1,077,571
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 14,855	\$ 22,087	\$ -	\$	\$ 22,087
Due to other funds	-	-	-	-	-	50,929	-	-	50,929
Unearned/deferred revenue	-	1,751	-	22,634	1,048	418,056	-	-	418,056
Total liabilities	-	1,751	-	22,634	15,903	491,072	-	-	491,072
Fund Balances (deficit):									
Nonspendable:									
Inventory	-	-	-	-	4,924	4,924	-	-	4,924
Long-term portion of loans receivable	-	152,246	-	-	-	152,246	-	-	152,246
Permanent fund principal	-	-	-	-	-	-	5,945	-	5,945
Restricted for:									
Education	-	-	-	10,252	62,331	72,583	-	-	72,583
Donor purpose restrictions	-	-	-	-	-	-	5,792	-	5,792
Committed to:									
Public safety	-	-	-	-	-	47,281	-	-	47,281
Civic and Human services	1,468	-	4,941	-	-	145,626	-	-	145,626
Sewer operations	-	-	-	-	-	161,105	-	-	161,105
Unassigned	-	-	-	-	-	(9,003)	-	-	(9,003)
Total fund balances (deficit)	\$ 1,468	\$ 152,246	\$ 4,941	\$ 10,252	\$ 67,255	\$ 574,762	\$ 11,737	\$	\$ 586,499
Total liabilities and fund balances	\$ 1,468	\$ 153,997	\$ 4,941	\$ 32,886	\$ 83,158	\$ 1,065,834	\$ 11,737	\$	\$ 1,077,571

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

	Hebron Park Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	WPCA Sewer Operation	Marion Celio Angel	Douglas Library	Recreation	EMS Fund
REVENUES								
Intergovernmental	\$ -	\$ 63,682	\$ -	\$ 9,934	\$ -	\$ -	\$ -	\$ -
Charges for services	74,055	-	190,071	358,907	-	-	570,358	-
Investment earnings	-	-	-	299	-	622	-	-
Other revenues	-	-	10,298	-	10,801	2,819	-	-
Total revenues	74,055	63,682	200,369	369,140	10,801	3,441	570,358	-
EXPENDITURES								
Current:								
General government	-	3,250	-	-	-	-	-	-
Public safety	-	7,571	-	-	-	-	-	-
Civic and human services	39,824	56,822	-	-	5,578	5,767	537,044	-
Sewer fees	-	-	-	363,204	-	-	-	-
Education	-	52	-	-	-	-	-	-
Total expenditures	39,824	67,695	-	363,204	5,578	5,767	537,044	-
Excess (deficiency) of revenues over expenditures	34,231	(4,013)	200,369	5,936	5,223	(2,326)	33,314	-
OTHER FINANCING SOURCES								
Transfers out	(40,000)	-	-	(10,000)	-	-	(28,000)	-
Total other financing sources	(40,000)	-	-	(10,000)	-	-	(28,000)	-
Net change in fund balances	(5,769)	(4,013)	200,369	(4,064)	5,223	(2,326)	5,314	-
Fund balances (deficit) - beginning, as originally reported	15,125	(4,990)	(181,783)	130,483	10,745	20,776	87,253	47,281
Prior period adjustments (See Note O)	-	-	-	16,100	-	-	2,876	-
Fund balance (deficit) - beginning, as restated	15,125	(4,990)	(181,783)	146,583	10,745	20,776	90,129	47,281
Fund balances (deficit) - ending	\$ 9,356	\$ (9,003)	\$ 18,586	\$ 142,519	\$ 15,968	\$ 18,450	\$ 95,443	\$ 47,281

(Continued)

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

	Nonmajor Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
	Tri-Centennial Commission Fund	Small Cities Grant	Historic Records Preservation	Education Grant	Cafeteria Fund	Cemetery Fund	
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 3,500	\$ 419,191	\$ 68,881	\$ -	\$ 565,188
Charges for services	-	-	3,928	-	208,829	-	1,406,148
Investment earnings	-	-	-	-	27	134	1,082
Miscellaneous	-	-	-	-	-	-	23,918
Total revenues	-	-	7,428	419,191	277,737	134	1,996,336
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	3,250
Public safety	-	-	-	-	-	-	7,571
Civic and Human services	3,797	-	9,800	-	-	-	658,632
Sewer fees	-	-	-	-	-	-	363,204
Education	-	-	-	234,781	294,864	-	529,697
Total expenditures	3,797	-	9,800	234,781	294,864	-	1,562,354
Excess (deficiency) of revenues over expenditures	(3,797)	-	(2,372)	184,410	(17,127)	134	433,982
OTHER FINANCING SOURCES							
Transfers out	-	-	-	(184,410)	-	-	(262,410)
Total other financing sources	-	-	-	(184,410)	-	-	(262,410)
Net change in fund balances	(3,797)	-	(2,372)	-	(17,127)	134	171,572
Fund balances (deficit) - beginning, as originally reported	5,265	-	7,313	-	84,382	11,603	233,453
Prior period adjustments (See Note O)	-	152,246	-	10,252	-	-	181,474
Fund balance (deficit) - beginning, as restated	5,265	152,246	7,313	10,252	84,382	11,603	414,927
Fund balances (deficit) - ending	\$ 1,468	\$ 152,246	\$ 4,941	\$ 10,252	\$ 67,255	\$ 11,737	\$ 586,499

Fiduciary

Funds

AGENCY FUNDS

Agency funds are used to report resources held by the Town in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Agency funds include the following:

Student Activities Funds - To account for monies from various self-funding school activity funds.

Performance Bonds - To account for cash bonds and other cash and investments held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

Senior Center - To account for monies from self-funding senior center activities.

Escrow Fund - To account for monies from various self-funding Town Hall activities.

TOWN OF HEBRON, CONNECTICUT

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2012

	Student Activities	Performance Bonds	Senior Center	Escrow Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 28,198	\$ 38,996	\$ 33,056	\$ -	\$ 100,250
Other assets	-	-	-	20,997	20,997
Total assets	<u>\$ 28,198</u>	<u>\$ 38,996</u>	<u>\$ 33,056</u>	<u>\$ 20,997</u>	<u>\$ 121,247</u>
LIABILITIES					
Due to student groups	\$ 28,198	\$ -	\$ -	\$ -	\$ 28,198
Due to others	-	38,996	33,056	20,997	93,049
Total liabilities	<u>\$ 28,198</u>	<u>\$ 38,996</u>	<u>\$ 33,056</u>	<u>\$ 20,997</u>	<u>\$ 121,247</u>

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

	Balance, July 1, 2011	Additions	Deletions	Balance, June 30, 2012
Student Activities				
Assets				
Cash and cash equivalents	\$ 19,270	\$ 156,599	\$ 147,671	\$ 28,198
Total assets	<u>\$ 19,270</u>	<u>\$ 156,599</u>	<u>\$ 147,671</u>	<u>\$ 28,198</u>
Liabilities				
Due to student groups	\$ 19,270	\$ 156,599	\$ 147,671	\$ 28,198
Total liabilities	<u>\$ 19,270</u>	<u>\$ 156,599</u>	<u>\$ 147,671</u>	<u>\$ 28,198</u>
Performance Bonds				
Assets				
Cash and cash equivalents	\$ 34,826	\$ 11,170	\$ 7,000	\$ 38,996
Total assets	<u>\$ 34,826</u>	<u>\$ 11,170</u>	<u>\$ 7,000</u>	<u>\$ 38,996</u>
Liabilities				
Due to others	\$ 34,826	\$ 11,170	\$ 7,000	\$ 38,996
Total liabilities	<u>\$ 34,826</u>	<u>\$ 11,170</u>	<u>\$ 7,000</u>	<u>\$ 38,996</u>
Senior Center				
Assets				
Cash and cash equivalents	\$ 32,301	\$ 25,051	\$ 24,296	\$ 33,056
Total assets	<u>\$ 32,301</u>	<u>\$ 25,051</u>	<u>\$ 24,296</u>	<u>\$ 33,056</u>
Liabilities				
Due to others	\$ 32,301	\$ 25,051	\$ 24,296	\$ 33,056
Total liabilities	<u>\$ 32,301</u>	<u>\$ 25,051</u>	<u>\$ 24,296</u>	<u>\$ 33,056</u>
Escrow Fund				
Assets				
Cash and cash equivalents	\$ 1,998	\$ -	\$ 1,998	\$ -
Other assets	-	23,872	2,875	20,997
Total assets	<u>\$ 1,998</u>	<u>\$ 23,872</u>	<u>\$ 4,873</u>	<u>\$ 20,997</u>
Liabilities				
Due to others	\$ 1,998	\$ 23,872	\$ 4,873	\$ 20,997
Total liabilities	<u>\$ 1,998</u>	<u>\$ 23,872</u>	<u>\$ 4,873</u>	<u>\$ 20,997</u>
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 88,395	\$ 192,820	\$ 180,965	\$ 100,250
Other assets	-	23,872	2,875	20,997
Total assets	<u>\$ 88,395</u>	<u>\$ 216,692</u>	<u>\$ 183,840</u>	<u>\$ 121,247</u>
Liabilities				
Due to student groups	\$ 19,270	\$ 156,599	\$ 147,671	\$ 28,198
Due to others	69,125	60,093	36,169	93,049
Total liabilities	<u>\$ 88,395</u>	<u>\$ 216,692</u>	<u>\$ 183,840</u>	<u>\$ 121,247</u>

Capital Asset Schedule

TOWN OF HEBRON, CONNECTICUT

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -
SCHEDULE BY CATEGORY - HISTORICAL COST
FOR THE YEAR ENDED JUNE 30, 2012**

Governmental funds capital assets:

Land	\$ 9,617,724
Construction in progress	656,435
Buildings and improvements	39,294,646
Machinery and equipment	9,385,837
Infrastructure	34,279,082
	<u>\$ 93,233,724</u>

Statistical Section

STATISTICAL SECTION

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

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	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	66
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.	71
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	75
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	78
Operating Information	
These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	80

Sources: Unless otherwise noted, the information in the accompanying tables is derived from the comprehensive annual financial reports for the relevant year. The Town implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments* in fiscal year 2003; tables presenting government-wide information include information beginning in that year. The Town implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* in fiscal year 2011: tables presenting fund balance of governmental funds will be adjusted prospectively.

TOWN OF HEBRON, CONNECTICUT
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

(Actual Basis of Accounting - Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 17,299,050	\$ 20,003,688	\$ 22,707,909	\$ 25,359,165	\$ 44,095,965	\$ 46,007,316	\$ 46,088,678	\$ 47,008,061	\$ 47,141,777	\$ 49,016,212
Restricted	3,826	3,826	10,451	10,160	10,432	10,860	11,176	11,420	95,985	309,702
Unrestricted	10,607,073	10,227,718	9,106,078	7,659,232	7,905,728	7,648,658	7,743,736	6,339,484	4,882,063	5,215,082
Total governmental activities net assets	\$ 27,909,949	\$ 30,235,232	\$ 31,824,438	\$ 33,028,557	\$ 52,012,125	\$ 53,666,834	\$ 53,843,590	\$ 53,358,965	\$ 52,119,825	\$ 54,540,996

Source: Town CAFR

TOWN OF HEBRON, CONNECTICUT
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Actual Basis of Accounting - Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 2,212,572	\$ 2,259,507	\$ 3,204,086	\$ 3,034,214	\$ 3,387,354	\$ 3,634,827	\$ 3,206,614	\$ 3,590,461	\$ 3,090,619	\$ 4,113,942
Public safety	848,411	1,194,861	595,449	1,106,363	1,025,330	430,714	1,297,154	1,134,939	1,110,617	1,248,307
Public works	1,983,301	983,186	1,195,059	1,182,723	1,415,397	2,052,382	2,088,890	1,854,797	2,326,772	1,458,867
Civic and human services	951,237	909,621	947,381	1,088,213	1,306,503	1,188,062	1,328,244	1,447,189	1,618,626	1,638,036
Planning and land use	199,523	195,955	124,598	141,343	168,871	75,869	188,966	146,868	127,342	100,104
Sewer fees	372,309	289,876	263,122	399,457	387,373	270,891	414,558	439,769	381,677	579,075
Education	16,592,272	18,266,488	19,380,264	21,179,900	22,300,802	24,006,912	25,088,292	26,846,945	27,946,945	27,626,247
Interest on long-term debt	498,286	513,406	331,254	320,479	489,084	360,099	528,928	412,400	375,805	410,111
Total governmental activities expenses	23,657,911	24,612,900	26,041,213	28,452,692	30,480,714	32,019,756	34,141,646	35,872,509	36,978,403	37,174,689
Program Revenues										
Governmental activities:										
Charges for services										
General government	576,177	702,880	757,664	739,841	578,297	694,680	399,100	165,998	143,971	452,726
Public safety	138,140	145,052	130,362	158,018	18,999	23,822	156,190	158,127	200,145	224,688
Public works	464,307	368,740	391,648	423,401	442,088	393,785	406,485	131,756	509,237	6,642
Civic and human services	107,206	417,296	424,401	469,445	702,997	750,773	606,802	564,552	634,002	726,716
Planning and land use	54,221	56,569	50,238	39,977	57,494	41,006	55,523	15,620	15,119	11,079
Sewer fees	36,671	442,549	88,690	113,019	59,497	298,909	4,912	409,105	414,457	620,627
Education	181,841	54,456	20,699	22,421	233,331	253,016	99,890	263,378	266,019	237,789
Operating grants and contributions										
General government	20,079	28,497	25,425	27,811	35,542	35,969	-	27,936	152,393	-
Public safety	2,878	401,851	5,882	1,725	15,597	1,737	28,842	66,180	6,740	80,678
Public works	165,943	-	-	50,000	-	-	-	-	2,218	-
Civic and human services	488,590	42,013	46,313	51,585	43,711	45,744	45,317	2,080	79,841	85,614
Planning and land use	47,456	-	50,020	-	-	-	-	-	-	-
Sewer fees	-	-	-	-	-	-	-	671	-	-
Education	6,047,791	5,562,522	5,864,425	5,721,448	5,761,297	6,669,226	6,946,829	8,106,903	8,071,672	8,719,424
Capital grants and contributions										
General government	-	-	836,000	-	-	-	443,146	316,866	-	-
Public safety	-	566,772	139,300	157,635	168,934	630,374	9,531	-	-	-
Public works	58,850	48,560	77,037	679,819	221,346	119,856	190,677	334,525	249,641	854,104
Civic and human services	-	12,000	-	-	-	-	-	125,000	-	120,000
Education	-	97,262	-	3,200	-	-	-	-	-	-
Total governmental activities program revenues	8,390,150	8,047,019	8,908,104	8,659,345	8,339,130	9,958,897	9,393,244	10,688,697	10,745,455	12,140,087
Net (Expense)/Revenue	(15,267,761)	(15,665,881)	(17,133,109)	(19,793,347)	(22,141,584)	(22,060,859)	(24,748,402)	(25,183,812)	(26,232,948)	(25,034,602)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	15,295,941	16,694,553	17,854,964	20,118,860	21,457,967	22,310,176	23,631,881	24,384,815	25,098,307	26,170,302
Grants and contributions not restricted to specific programs	387,636	570,579	670,633	540,871	895,606	1,051,342	1,116,089	267,740	81,152	104,092
Unrestricted investment earnings	246,876	102,932	196,718	337,735	488,997	354,050	177,188	46,632	36,275	16,150
Loss on disposal	-	-	-	-	-	-	-	-	(221,926)	-
Total governmental activities general revenues and other changes in net assets	15,930,453	17,368,064	18,722,315	20,997,466	22,842,570	23,715,568	24,925,158	24,699,187	24,993,808	26,290,544
Change in Net Assets	\$ 662,692	\$ 1,702,183	\$ 1,589,206	\$ 1,204,119	\$ 700,986	\$ 1,654,709	\$ 176,756	\$ (484,625)	\$ (1,239,140)	\$ 1,255,942

Source: Town CAFR

TOWN OF HEBRON, CONNECTICUT
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting Unaudited)

Function/Program	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental activities:											
General government	\$ 596,256	\$ 731,377	\$ 1,619,089	\$ 767,652	\$ 613,839	\$ 730,649	\$ 842,246	\$ 510,800	\$ 296,364	\$ 452,726	
Public safety	141,018	1,113,675	275,544	317,378	203,530	655,933	194,563	224,307	206,885	305,366	
Civic and human services	595,796	471,309	470,714	521,030	746,708	796,517	652,119	691,632	713,843	932,330	
Planning and land use	101,677	56,569	100,258	39,977	57,494	41,006	55,523	15,620	15,119	11,079	
Public works	689,100	417,300	468,685	1,153,220	663,434	513,641	597,162	466,281	761,096	860,746	
Sewer fees	36,671	442,549	88,690	113,019	59,497	298,909	4,912	409,776	414,457	620,627	
Education	6,229,632	5,714,240	5,885,124	5,747,069	5,994,628	6,922,242	7,046,719	8,370,281	8,337,691	8,957,213	
Total governmental activities	\$ 8,390,150	\$ 8,947,019	\$ 8,908,104	\$ 8,659,345	\$ 8,339,130	\$ 9,958,897	\$ 9,393,244	\$ 10,688,697	\$ 10,745,455	\$ 12,140,087	

Source: Town CAFR

TOWN OF HEBRON, CONNECTICUT
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified - Accrual Basis of Accounting - Unaudited)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	\$ 15,515,740	\$ 17,221,736	\$ 18,153,603	\$ 20,016,475	\$ 21,310,125	\$ 22,473,200	\$ 23,457,532	\$ 24,234,224	\$ 25,122,507	\$ 26,356,371
Intergovernmental	5,746,164	5,673,008	6,089,563	6,694,079	6,776,104	7,967,184	8,233,521	8,098,555	8,184,027	9,943,592
Charges for services	691,481	809,934	755,233	766,632	538,062	430,935	466,833	550,077	545,393	2,123,372
Interest and investment income	80,988	62,780	118,258	253,272	279,337	195,189	111,851	19,090	26,140	16,150
Miscellaneous	348,896	111,787	66,087	220,358	325,535	347,158	191,653	191,653	129,380	135,914
Total revenues	22,383,269	23,879,245	25,182,744	27,950,816	29,229,163	31,413,666	32,473,380	33,093,599	34,007,447	38,575,399
Expenditures										
General government	2,020,975	2,747,131	2,883,601	2,879,816	3,043,270	3,182,595	3,371,375	3,339,989	2,890,079	2,688,835
Public safety	620,773	603,779	566,611	665,976	559,211	629,060	750,671	849,513	809,348	855,946
Public works	1,406,689	814,819	922,383	883,238	853,377	886,391	1,080,910	969,220	971,170	840,028
Civic and human services	-	-	-	-	-	-	-	-	692,084	1,282,464
Planning and land use	-	-	-	-	-	-	-	-	108,318	87,989
Sewer fees	-	-	-	-	-	-	-	-	9,280	373,354
Recreation, library, health and welfare	-	-	454,255	502,302	539,306	666,092	715,392	771,594	-	-
Education	15,181,367	17,284,521	18,643,775	20,721,940	21,795,507	23,537,458	24,770,356	25,224,497	26,052,515	27,122,281
Interest and benefits	-	-	-	-	-	-	-	-	1,127,567	1,105,078
Capital outlays	-	71,125	106,075	-	-	845	-	121,813	92,709	1,524,456
Debt service:										
Principal	1,773,776	1,009,396	1,070,485	1,181,795	1,206,575	1,208,487	1,220,489	1,513,841	1,524,220	1,630,182
Interest	-	451,459	300,333	390,682	444,027	313,214	390,048	396,141	351,050	320,378
Total expenditures	21,673,663	23,436,485	24,947,518	27,225,749	28,441,273	30,424,142	32,299,241	33,186,608	34,628,340	37,831,891
Excess of revenues over (under) expenditures	709,606	442,760	235,226	725,067	787,890	989,524	174,139	(93,009)	(620,893)	743,508
Other Financing Sources (Uses)										
Transfers in	797,639	897,000	1,264,183	1,205,000	530,000	1,130,000	1,490,000	1,230,000	950,000	1,565,573
Transfers out	(1,861,783)	(813,397)	(1,761,796)	(1,455,660)	(2,335,281)	(1,021,339)	(2,119,786)	(1,107,522)	(726,627)	(1,565,573)
Issuance of long-term debt	-	-	5,720,000	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(5,663,813)	-	-	-	-	-	-	-
Capital leases	-	71,125	106,025	-	-	-	-	-	92,709	55,756
Total other financing sources (uses)	(1,064,144)	154,728	(335,401)	(250,660)	(1,805,281)	108,661	(629,786)	122,478	316,082	55,756
Net change in fund balances	(354,538)	597,488	(100,175)	474,407	(1,017,391)	1,098,185	(455,647)	29,469	(304,811)	799,264
Debt service as a percentage of noncapital expenditures	8.18%	6.25%	5.52%	5.78%	5.80%	5.00%	4.99%	5.78%	5.43%	5.37%
Total debt service	\$ 1,773,776	\$ 1,460,855	\$ 1,370,818	\$ 1,572,477	\$ 1,650,602	\$ 1,521,701	\$ 1,610,537	\$ 1,909,982	\$ 1,875,270	\$ 1,950,560
Noncapital expenditures	21,673,663	23,365,360	24,841,443	27,225,749	28,441,273	30,423,297	32,299,241	33,064,795	34,535,631	36,307,435

Source: Town CAFR

TOWN OF HEBRON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Real Property		Other ¹	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 Property									
2003	\$ 461,931,165	\$ 20,601,922	\$ 2,021,939	\$ 9,453,933	\$ 52,461,128	\$ 546,470,087	\$ 544,133,299	28.13%	27.69	\$ 777,333,284	70.00%
2004	472,744,810	19,414,460	1,347,130	9,199,770	55,730,092	558,436,262	556,177,997	2.21%	30.34	916,316,258	60.70%
2005	482,596,242	22,349,299	1,314,665	10,460,158	54,872,958	571,593,322	569,409,266	2.38%	31.48	1,028,567,014	55.36%
2006	492,242,131	22,859,359	1,296,150	12,431,250	60,329,855	589,158,745	586,823,996	3.06%	33.24	1,156,166,163	50.76%
2007	509,006,398	18,383,978	1,269,946	12,457,564	63,618,241	604,736,127	602,335,588	2.64%	34.89	1,213,821,076	49.62%
2008	739,146,521	28,705,541	1,439,511	13,040,275	64,439,284	846,771,132	844,164,284	40.15%	26.27	1,205,948,977	70.00%
2009	750,490,568	26,133,077	1,370,916	12,680,969	66,146,674	856,822,204	854,338,977	1.21%	27.20	1,190,523,436	71.76%
2010	755,672,933	24,888,717	1,373,170	13,130,943	63,165,847	858,231,610	855,742,310	0.16%	28.17	1,137,741,681	75.21%
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%
2012	763,852,380	24,972,620	1,365,670	13,713,060	67,696,700	871,600,430	868,272,830	0.81%	30.26	1,115,238,901	77.86%

Source: Town of Hebron, Assessor Office

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

Note: By State law, property is assessed at 70% of actual value with periodic revaluation of real property.

The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

1 Represents land with a use assessment and 10 mill land

Table 7

TOWN OF HEBRON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Grand List Year	Real Estate	Motor Vehicle	Personal Property	Total	Total Direct Tax Rate
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
2012	2010	23,302,802	2,229,168	385,972	25,917,942	30.26

Source: Town of Hebron, Town Tax Records

Note: Data not available by source for Fiscal years 2003-2008
The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

Table 8

TOWN OF HEBRON, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Taxpayer</u>	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Grand List
CONNECTICUT LIGHT & POWER CO	\$ 6,423,170	1	0.58%	N/A		N/A
VILLAGE SHOPPES LLC	1,995,070	2	0.18%	N/A		N/A
BLACKLEDGE COUNTRY CLUB INC	1,881,660	3	0.17%	N/A		N/A
CONNECTICUT WATER COMPANY	1,620,080	4	0.15%	N/A		N/A
HEBRON PROPERTIES LLC	1,470,000	5	0.13%	N/A		N/A
HEBRON COUNTRY MANOR LLC	1,309,770	6	0.12%	N/A		N/A
B.I.S.S. INC	1,242,120	7	0.11%	N/A		N/A
DEBORAH HOLLAND	857,920	8	0.08%	N/A		N/A
HAYDEN O HOUSTON JR	857,440	9	0.08%	N/A		N/A
FOOTEHILLS FARM INC	719,640	10	0.06%	N/A		N/A
RIVERA JORGE L & MARIE R	640,010	-	0.06%	N/A		N/A
BLACKLEDGE EAST LLC	571,890	-	0.05%	N/A		N/A
SCHADTLE ROBERT A & MARY J	567,630	-	0.05%	N/A		N/A
WILLIAM W LANDON & SANDRA C	564,340	-	0.05%	N/A		N/A
KENYON OIL COMPANY INC.	557,200	-	0.05%	N/A		N/A
	<u>\$ 21,277,940</u>		<u>1.91%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Town of Hebron, Offices of the Tax Collector and the Assessor

N/A: Information not available

TOWN OF HEBRON, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year Ended June 30,	Grand List Year	Taxes Levied for the Fiscal 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
2003	2001	\$ 15,217,997	\$ 14,990,901	98.51%	\$ 214,189	\$ 15,205,090	99.92%
2004	2002	17,057,580	16,882,110	98.97%	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	99.27%	85,670	19,741,396	99.70%
2007	2005	21,278,613	21,081,196	99.07%	168,719	21,249,915	99.87%
2008	2006	22,354,646	22,115,292	98.93%	281,005	22,396,297	100.19%
2009	2007	23,418,756	22,991,894	98.18%	357,863	23,349,757	99.71%
2010	2008	24,222,438	23,838,518	98.42%	170,639	24,009,157	99.12%
2011	2009	25,010,853	24,666,561	98.62%	120,434	24,786,995	99.10%
2012	2010	26,398,547	25,975,464	98.40%	-	25,975,464	98.40%

Source: Town of Hebron, Office of the Tax Collector.

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.

Table 10

TOWN OF HEBRON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Obligation Bonds and Notes ¹	Less Amount Available in Debt Service	Total Primary Government	Percentage of Actual Property Value ²	Debt Per Capita ³
2003	\$ 28,473,024	\$ 1,773,776	\$ 26,699,248	3.43%	2,958
2004	25,811,184	1,460,855	24,350,329	2.66%	2,698
2005	26,175,655	1,370,818	24,804,837	2.41%	2,742
2006	29,130,677	1,309,526	27,821,151	2.41%	2,992
2007	27,821,151	1,561,551	26,259,600	2.16%	2,843
2008	26,259,600	1,639,776	24,619,824	2.04%	2,667
2009	26,550,151	2,020,489	24,529,662	2.06%	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	1.96%	2,255
2012	19,846,150	220,458	20,066,608	1.80%	2,068

Source: Town CAFR

- 1** General Obligation Bonds includes over-lapping debt for the Town of Hebron's share of RHAM Regional School District No. 8 debt. The amount for Fiscal Year 2012 is \$12,606,150. It also includes debt owed for the CT Clean Water Fund Notes Payable. These notes have been fully defeased as of fiscal year 2012
- 2** See Table 6 for taxable property value data.
- 3** See Table 13 for population data. These ratios are calculated using personal income and population.

Table 11

TOWN OF HEBRON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2012
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Debt repaid with property tax: RHAM Regional 8 School District	\$ 23,250,000	54.22%	\$ 12,606,150
Direct general obligation debt - Hebron			7,240,000
			<u>\$ 19,846,150</u>

Source: Town CAFR

Note: Overlapping governmenta 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 Regional 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.

- 1** The percentage of overlapping debt applicable is calculated using the total percentage of Town of Hebron students enrolled in RHAM. 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 TYOE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Net Bonded Debt		Clean Water Fund Notes		Total Net Bonded Debt		Capital Leases		Total Primary Government		Ratio of Net Bonded Debt to Est. Actual Taxable Value ¹		Percentage of Personal Income ²		Debt Per Capita ³	
	\$		\$		\$		\$		\$		%		%			
2003		21,286,895		5,412,353		26,699,248		-		26,699,248		3.43%		N/A		2,958
2004		19,492,372		4,857,957		24,350,329		-		24,350,329		2.66%		N/A		2,698
2005		20,512,365		4,292,472		24,804,837		-		24,804,837		2.41%		7.60%		2,742
2006		24,105,474		3,715,677		27,821,151		-		27,821,151		2.41%		8.22%		2,992
2007		23,132,254		3,127,346		26,259,600		-		26,259,600		2.16%		7.72%		2,843
2008		22,092,575		2,527,249		24,619,824		-		24,619,824		2.04%		7.25%		2,667
2009		22,616,511		1,915,151		24,531,662		-		24,531,662		2.06%		6.89%		2,582
2010		22,345,962		1,290,810		23,636,772		-		23,636,772		2.08%		5.82%		2,488
2011		21,190,503		651,088		21,841,591		63,037		21,904,628		1.96%		6.00%		2,262
2012		19,846,150		-		19,846,150		160,210		20,006,360		1.79%		5.34%		2,062

Source: Town CAFR

- ¹ See Table 6 for taxable property value data.
² See Table 13 for population data. These ratios are calculated using personal income.
³ See Table 13 for population data. These ratios are calculated using personal income and population.

TOWN OF HEBRON, CONNECTICUT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Population	Personal Income (000)s		Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate ¹
2003	9,025	N/A	N/A	N/A	38	1,839	3.0%
2004	9,025	N/A	N/A	N/A	38.5	1,928	3.2%
2005	9,047	\$	326,497	\$ 36,089	39	1,959	3.8%
2006	9,298		338,459	36,401	39.5	2,019	3.1%
2007	9,238		339,931	36,797	39.5	2,089	2.9%
2008	9,232		339,710	36,797	39	2,093	4.4%
2009	9,500		356,108	37,485	39	2,105	6.5%
2010	9,500		406,325	42,771	38.3	2,019	7.5%
2011	9,685		365,058	37,693	39	2,102	6.8%
2012	9,704		374,972	38,641	41	2,118	5.6%

Source: Various Town records

1 State of Connecticut, Labor Department, By Town, Not Seasonally Adjusted

Table 14

TOWN OF HEBRON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	2012			2003		
	(1) <u>Employees¹</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
RHAM	247	1	7.35%	N/A	N/A	N/A
Town of Hebron & Education	216	2	6.43%	N/A	N/A	N/A
Ted's Supermarket	88	3	2.62%	N/A	N/A	N/A
Blackledge Country Club	49	4	1.46%	N/A	N/A	N/A
CVS Pharmacy	26	5	0.77%	N/A	N/A	N/A
Country Carpenters	25	6	0.74%	N/A	N/A	N/A
Fireside Supply	17	7	0.51%	N/A	N/A	N/A
Tallwood Country Club	17	8	0.51%	N/A	N/A	N/A
Staff Mates	13	9	0.39%	N/A	N/A	N/A
Kindericare	9	10	0.27%	N/A	N/A	N/A
	-		-	N/A	N/A	N/A
Total	<u>3,361</u>		<u>21.04%</u>	<u>2,480</u>		<u>0.00%</u>

Source: Various Town Records

1 Full time equivalent
N/A Information not available

TOWN OF HEBRON, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

(Unaudited)

Function/Program	Full-Time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government:										
General government:										
Town manager	1	1	1	1	1	1	1	1	1	1
Town clerk	2	2	2	2	2	2	2	2	2	2
Personnel	2	2	2	2	2	2	2	2	2	2
Finance and tax	6	7	7	7	7	7	7	7	7	7
Building safety	2	2	2	2	2	2	2	2	2	2
Planning	2	2	2	2	2	2	2	2	2	2
Facility management	1	1	1	1	1	1	1	1	1	1
Community development	-	-	-	-	-	-	-	-	-	-
Parks and recreation:										
General and administrative	2	2	2	2	2	2	2	2	2	2
Recreation	1	1	1	1	1	1	2	2	3	3
Fire:										
Firefighter and officers	2	2	2	2	2	2	2	2	2	2
Public works:										
Administration	1	1	2	2	2	2	2	2	2	2
Street maintenance	12	12	12	12	12	12	12	12	12	12
Water:										
Administration	1	1	1	1	1	1	1	1	1	1
Library:										
Administration	3	3	3	3	3	3	3	3	3	3
Senior Center:										
Administration	2	2	2	2	3	3	3	3	3	3
Total	40	41	42	42	43	43	44	44	45	45

Source: Various Town Records

TOWN OF HEBRON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(If "nailed")

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Calls for service	N/A	N/A	3,529	2,433	3,690	4,366	4,750	5,217	5,211	4,358
Adult arrest	N/A	N/A	101	93	87	84	72	89	99	73
Juvenile arrest	N/A	N/A	1	5	5	10	10	9	10	6
Traffic citations	N/A	N/A	895	231	486	383	466	871	1,457	1,019
Fire:										
Total fire runs	188	204	244	236	243	266	237	367	302	226
Total rescue runs	466	422	421	420	433	446	424	429	450	437
Building safety:										
Total building permits	484	488	542	486	478	568	434	438	394	521
Total value all permits	N/A	N/A	N/A	N/A	N/A	\$ 8,258,492	\$ 7,157,558	\$ 8,510,149	\$ 5,368,058	\$ 7,145,131
Total building permits - new homes	60	39	59	63	30	13	8	11	7	9
Total value all permits - new homes	\$ 11,275,614	\$ 7,603,240	\$ 16,128,701	\$ 14,378,935	\$ 6,303,706	\$ 7,210,619	\$ 2,047,216	\$ 3,202,802	\$ 1,608,801	\$ 1,937,260
Library										
Volumes in collection	N/A	41,393	40,520	38,307	38,645	35,866	40,292	39,169	39,233	39,329

Source: Various Town departments and records
Source: CT State Police Troop K Data

TOWN OF HEBRON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Police:</u>										
Stations	1	1	1	1	1	1	1	1	1	1
<u>Fire:</u>										
Fire stations (Volunteer)	3	3	3	3	3	3	3	3	3	3
<u>Public Works:</u>										
Buildings	5	5	5	5	5	5	5	5	5	5.0
Streets (miles)	72	76	80	84	88	92	96	98	98	98
Traffic lights	2	2	2	2	2	2	2	2	2	2
Street lights	197	197	197	197	197	197	199	200	201	201
<u>Parks and recreation:</u>										
Acreage	440	440	440	500	500	850	850	850	900	900
Parks	3	3	3	3	3	3	3	4	4	4
Baseball diamonds	7	7	7	7	7	7	7	9	9	9
Soccer fields	4	4	4	4	4	4	4	8	8	8
Basketball courts	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	8	8	8	8	8	8	8
Skate park	1	1	1	1	1	1	1	1	1	1
Parks with playground equipment	1	1	1	1	1	1	1	1	1	1
Picnic shelters	1	1	1	1	1	1	1	2	2	2
Office and maintenance building	1	1	1	1	1	1	1	1	1	1
Rest room facilities	1	1	1	1	1	1	1	2	2	2
<u>Public Buildings:</u>										
Town buildings	3	3	3	3	3	3	3	3	3	3
Schools	2	2	2	2	2	2	2	2	2	2
Regional school district	2	2	2	2	2	2	2	2	2	2
<u>Library:</u>										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	N/A	41,393	40,520	38,307	38,465	35,866	40,292	39,169	39,223	39,329
<u>Water:</u>										
Lakes	1	1	1	1	1	1	1	1	1	1
<u>Sewer:</u>										
Number of miles	18	18	18	18	18	18	18	18	18	18

Source: Various Town departments