

TOWN OF SUFFIELD, CONNECTICUT

JUNE 30, 2007

TOWN OF SUFFIELD, CONNECTICUT

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Independent Auditors' Report

Board of Finance
Town of Suffield
Suffield, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Suffield, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Suffield, Connecticut, as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2008 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 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.

Management's discussion and analysis on pages 3 through 11 and budgetary comparison information on pages 41 through 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blum, Shapiro & Company, P.C.

March 10, 2008

TOWN OF SUFFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2007

This discussion and analysis of the Town of Suffield, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2007. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts are reported in thousands unless otherwise noted.

Financial Highlights

- The Town's net assets increased as a result of this year's operations. While net assets of our business-type activities increased by \$171, or 0.8%, net assets of our governmental activities increased by \$3,453, or 4.8%.
- During the year, the Town had expenses that were \$3,453 less than the \$49,422 generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues decreased by \$1,660 while expenses increased by \$324. The increase was primarily due to capital grants.
- Total cost of all of the Town's programs was \$48,209 with no new programs added this year.
- The General Fund reported a fund balance this year of \$8,305.
- The resources available for appropriation were \$1,006 more than budgeted for the General Fund. Expenditures were kept within spending limits.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other

nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, planning and development, health and social services, library, recreation and parks, and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Water Pollution Control Authority (WPCA) activities are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Grant Funds, Assessment Fund, Insurance Fund, School Building Project Fund and the Pension Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State and Federal governments and accounted for in the Special Revenue Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. In fact the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities - such as the Town's Insurance and Gas/Diesel Internal Service Funds.

- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net assets increased 3.8% from a year ago going from \$94,578, as restated, to \$98,202. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1
NET ASSETS
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006*	2007	2006	2007	2006*
Current and other assets	\$ 17,783	\$ 16,751	\$ 125	\$ 1,353	\$ 17,908	\$ 18,104
Capital assets	83,941	83,449	23,670	22,332	107,611	105,781
Total assets	101,724	100,200	23,795	23,685	125,519	123,885
Long-term debt outstanding	23,398	25,470	902		24,300	25,470
Other liabilities	2,968	2,825	49	1,012	3,017	3,837
Total liabilities	26,366	28,295	951	1,012	27,317	29,307
Net assets:						
Invested in capital assets, net of debt	61,534	58,958	22,768	22,332	84,302	81,290
Restricted	450	443			450	443
Unrestricted	13,374	12,504	76	341	13,450	12,845
Total Net Assets	\$ 75,358	\$ 71,905	\$ 22,844	\$ 22,673	\$ 98,202	\$ 94,578

*As restated to reflect retrospective infrastructure reporting.

Net assets of the Town's governmental activities increased by \$3,453 or 4.8% (\$71,905, as restated, compared to \$75,358). The primary factor contributing to the increase in net assets is \$1,744 of additional property taxes received, \$1,009 in additional operating grants and contributions, and \$229 in unrestricted investment earnings. Capital grants increased by \$503 due to an increase in infrastructure grants. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, changed from \$12,504 at June 30, 2006 to \$13,374 at the end of this year.

The net assets of business-type activities increased by \$171 or 0.8% (\$22,673 compared to \$22,844) in 2007. The Town generally can only use these net assets to finance the continuing operations of the WPCA.

Table 2
CHANGES IN NET ASSETS
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 3,650	\$ 3,849	\$ 1,997	\$ 1,830	\$ 5,647	\$ 5,679
Operating grants and contributions	9,097	8,140			9,097	8,140
Capital grants and contributions	2,553	2,050	379	2,109	2,932	4,159
General revenues:						
Property taxes	27,680	25,936			27,680	25,936
Grants and contributions not restricted to specific purposes	5,601	4,592			5,601	4,592
Unrestricted investment earnings	841	612	35	35	876	647
Other general revenues				97		97
Total revenues	<u>49,422</u>	<u>45,179</u>	<u>2,411</u>	<u>4,071</u>	<u>51,833</u>	<u>49,250</u>
Program expenses:						
Administration	3,506	3,139			3,506	3,139
Planning and development	532	350			532	350
Public safety	3,126	2,874			3,126	2,874
Public works	4,769	4,530			4,769	4,530
Health and social services	668	604			668	604
Library, recreation and parks	1,873	932			1,873	932
Education	30,415	28,063			30,415	28,063
Miscellaneous	30	30			30	30
Interest on long-term debt	1,050	902			1,050	902
Sewer			2,240	1,916	2,240	1,916
Total program expenses	<u>45,969</u>	<u>41,424</u>	<u>2,240</u>	<u>1,916</u>	<u>48,209</u>	<u>43,340</u>
Increase in Net Assets	\$ <u>3,453</u>	\$ <u>3,755</u>	\$ <u>171</u>	\$ <u>2,155</u>	\$ <u>3,624</u>	\$ <u>5,910</u>

The Town's total revenues were \$51,833. The total cost of all programs and services was \$48,209. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The greatest increases were again primarily in the area of property taxes. Property taxes accounted for over 56% of the Town's governmental activities. Investment income increased by \$229 or 37.4%. The Town utilized available grants in addition to budgeted funds to make infrastructure improvements.

Snow and ice removal continued to provide a challenge to the overtime budget of the Highway Department. Energy and utility costs were increased during the year. Insurance costs continue to increase primarily in the area of medical insurance and pension plan contributions. Education expenses increased by almost 8.4%. All other expenditures remained about the same as the prior year.

Table 3 presents the cost of each of the Town's four largest programs - administration, public safety, public works and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
GOVERNMENTAL ACTIVITIES
(in thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Administration	\$ 3,506	\$ 3,139	\$ 2,602	\$ 2,206
Public safety	3,126	2,874	2,733	2,684
Public works	4,769	4,530	302	718
Education	30,415	28,063	21,155	19,162

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) decreased by \$1,660 primarily due to capital grants of \$1,730. Expenses increased by \$324 or 17%. The WPCA is also utilizing grants to fund the expansion of the plant.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$12,192, which is an increase from last year's total of \$11,157. Included in this year's total change in fund balance is an increase of \$329 in the Town's General Fund. In addition, these other changes in fund balances should be noted: an increase of \$200 in the Capital Projects funds and an increase of \$506 in other governmental funds.

General Fund Budgetary Highlights

Actual final budgetary expenditures results (including encumbrances) totaled \$42,507. Unexpended appropriations in all areas resulted in an increase to the General Fund Balance of \$336. On the revenue side, final actual revenues exceeded the original budget by \$1,006 due to increases in the following categories: property taxes contributed \$335 due to a higher rate of collection and additional supplemental motor vehicles taxes; intergovernmental revenues added \$374 due to increases in payment in lieu of taxes and Mashantucket Pequot grants. Interest income added another \$269.

The Town's General Fund balance of \$8,305 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$8,258. This is principally because the budgetary fund balance does not include \$47 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

Proprietary Funds

The Town's Water Pollution Control Authority Enterprise Fund accounts for sewer services for a designated area in Town. An increase in operating expenses resulted in an operating loss of \$244. The increases were in plant maintenance and utilities. The other two funds, Insurance Fund and Gas/Diesel Fund, are Internal Service Funds. Unrestricted net assets of both funds totaled \$577, an increase of \$80 from the prior year. This increase is due primarily to the performance of the Insurance Fund. There was operating income of \$111 and investment income of \$25. The Gas/Diesel Fund is used to allocate the expense of the gas and diesel fuels to the departments that use them. This year there was an operating loss of \$55.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the Town had \$108 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$1.8 million, or 1.7%, over last year.

Table 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(in thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 9,356	\$ 7,231	\$ 16,038	\$ 16,038	\$ 25,394	\$ 23,269
Land improvements	142	178			142	178
Buildings and improvements	50,542	51,675	1,745	2,055	52,287	53,730
Plant and equipment	2,036	2,126	5,708	156	7,744	2,282
Infrastructure	20,940	21,314			20,940	21,314
Construction in progress	925	925	179	4,083	1,104	5,008
Totals	\$ <u>83,941</u>	\$ <u>83,449</u>	\$ <u>23,670</u>	\$ <u>22,332</u>	\$ <u>107,611</u>	\$ <u>105,781</u>

For the year ended June 30, 2007, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 34 which require reporting of infrastructure assets acquired before July 1, 2002. This resulted in a restatement of beginning capital assets. The above amounts are restated.

This year's major additions included (in thousands):

Development Rights for three farms	\$2,124
Middle School Roof Project	258

The Town's fiscal-year 2007-08 capital budget calls for it to spend another \$2,236 for capital projects, principally for school roof repair, road repairs, municipal finance software, public works equipment and technology upgrades. More detailed information about the Town's capital assets is presented in Note 1 and Note 6 to the financial statements.

Long-Term Debt

At June 30, 2007, the Town had \$22,407 in bonds and notes outstanding versus \$24,490 last year - a decrease of \$2,083 or 8.5%.

The Town's general obligation bond rating continues to carry the Aa3 Moody's rating which was reaffirmed in June 2001 with the issuance of the debt for the School Building and Renovation Project. The debt rating from Standard & Poor's was upgraded to AA from AA- in October 2004 and reaffirmed in September 2005. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$193,102 state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2007 budget tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. Unemployment in the Town as of October 2007 stands at 3.8% versus 3.1% a year ago. This compares with the State's unemployment rate of 4.2% and the national rate of 4.7%.

These indicators were taken into account when adopting the General Fund budget for 2007-08. Amounts available for appropriation in the General Fund budget are \$45,384, an increase of 5.9% over the original 2007 budget of \$42,842. Property taxes (benefiting from the 2007 rate increases and increases in assessed valuations) and State of Connecticut revenue are expected to lead this increase.

The Town designated \$850 of its \$8,305 General Fund balance to finance its 2007-08 budget leaving an unreserved, undesignated General Fund balance at June 30, 2007 of \$7,408 or 16.3% of the 2007-08 budget.

The Town will use increases in revenues to finance programs currently offered and to off-set the effect that we expect inflation to have on program costs. Budgeted expenditures are expected to rise nearly 5.9% to \$45,384 from \$42,842 in 2007. Increases in education and general government operations are the largest increments. The Town has added no major new programs or initiatives to the 2008 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by June 30, 2008.

The Water Pollution Control Authority approved a budget with a decrease of 1% in expenditures which required a decrease in the per unit charge of \$10.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Suffield, 83 Mountain Road, Suffield, Connecticut 06078.

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 9,890,136	\$ 57,626	\$ 9,947,762
Receivables, net	7,770,343	66,657	7,837,000
Inventory	39,286		39,286
Pension asset	79,010		79,010
Other assets	4,643	554	5,197
Capital assets not being depreciated	10,280,911	16,217,252	26,498,163
Capital assets being depreciated, net	73,660,075	7,452,418	81,112,493
Total assets	<u>101,724,404</u>	<u>23,794,507</u>	<u>125,518,911</u>
Liabilities:			
Accounts and other payables	2,019,233	15,591	2,034,824
Unearned revenue	854,940		854,940
Due to Fiduciary Funds	110,410	17,691	128,101
Internal balances	(15,996)	15,996	-
Noncurrent liabilities:			
Due within one year	2,685,347	350,000	3,035,347
Due in more than one year	20,712,406	551,778	21,264,184
Total liabilities	<u>26,366,340</u>	<u>951,056</u>	<u>27,317,396</u>
Net Assets:			
Invested in capital assets, net of related debt	61,533,930	22,767,892	84,301,822
Restricted for:			
Trust purposes:			
Nonexpendable	450,214		450,214
Unrestricted	13,373,920	75,559	13,449,479
Total Net Assets	<u>\$ 75,358,064</u>	<u>\$ 22,843,451</u>	<u>\$ 98,201,515</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Administration	\$ 3,506,147	\$ 821,481	\$ 82,250	\$	\$ (2,602,416)	\$	\$ (2,602,416)
Planning and development	531,750				(531,750)		(531,750)
Public safety	3,125,934	132,020	209,455	51,376	(2,733,083)		(2,733,083)
Public works	4,769,320	1,129,105	836,509	2,501,390	(302,316)		(302,316)
Health and social services	668,132	18,163	45,136		(604,833)		(604,833)
Library, recreation and parks	1,873,445	192,722	19,668		(1,661,055)		(1,661,055)
Education	30,414,612	1,356,387	7,903,482		(21,154,743)		(21,154,743)
Miscellaneous	30,000				(30,000)		(30,000)
Interest on long-term debt	1,049,946				(1,049,946)		(1,049,946)
Total governmental activities	45,969,286	3,649,878	9,096,500	2,552,766	(30,670,142)	-	(30,670,142)
Business-type activities:							
Sewer	2,240,260	1,996,697		378,769		135,206	135,206
Total	\$ 48,209,546	\$ 5,646,575	\$ 9,096,500	\$ 2,931,535	(30,670,142)	135,206	(30,534,936)
General revenues:							
Property taxes					27,680,480		27,680,480
Grants and contributions not restricted to specific programs					5,601,433		5,601,433
Unrestricted investment earnings					841,398	34,980	876,378
Total general revenues					34,123,311	34,980	34,158,291
Change in net assets					3,453,169	170,186	3,623,355
Net Assets at Beginning of Year, as Restated					71,904,895	22,673,265	94,578,160
Net Assets at End of Year					\$ 75,358,064	\$ 22,843,451	\$ 98,201,515

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,061,845	\$ 168,346	\$ 1,444,952	\$ 9,675,143
Receivables, net	2,091,388	3,283,648	1,280,658	6,655,694
Due from other funds	5,786,270	2,974,614	1,547,193	10,308,077
Inventories			39,286	39,286
Other			4,643	4,643
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>15,939,503</u>	\$ <u>6,426,608</u>	\$ <u>4,316,732</u>	\$ <u>26,682,843</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 1,733,542	\$ 99,648	\$ 64,435	\$ 1,897,625
Due to other funds	4,989,998	4,849,570	916,918	10,756,486
Deferred revenue	910,828	12,622	912,850	1,836,300
Total liabilities	<u>7,634,368</u>	<u>4,961,840</u>	<u>1,894,203</u>	<u>14,490,411</u>
Fund balances:				
Reserved	46,754	357,110	489,500	893,364
Unreserved, reported in:				
General Fund	8,258,381			8,258,381
Special Revenue Funds			1,933,029	1,933,029
Capital Project Funds		1,107,658		1,107,658
Total fund balances	<u>8,305,135</u>	<u>1,464,768</u>	<u>2,422,529</u>	<u>12,192,432</u>
Total Liabilities and Fund Balances	\$ <u>15,939,503</u>	\$ <u>6,426,608</u>	\$ <u>4,316,732</u>	
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				83,940,986
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				1,713,947
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.				576,502
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the fund.				<u>(23,065,803)</u>
Net Assets of Governmental Activities (Exhibit I)				\$ <u>75,358,064</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SUFFIELD, CONNECTICUT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007**

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 27,703,347	\$	\$	\$ 27,703,347
Intergovernmental	13,029,884		1,955,164	14,985,048
Charges for services	2,765,180		963,541	3,728,721
Interest income	718,743	4,771	93,033	816,547
Miscellaneous	209,022	29,663	65,697	304,382
Total revenues	44,426,176	34,434	3,077,435	47,538,045
Expenditures:				
Current:				
Administration	3,295,634		13,990	3,309,624
Planning and development	317,596			317,596
Public safety	2,821,911		139,987	2,961,898
Public works	2,884,945		676,103	3,561,048
Health and social services	607,825		34,368	642,193
Library, recreation and parks	388,499		1,044,769	1,433,268
Education	27,630,468		1,316,301	28,946,769
Miscellaneous	30,000			30,000
Debt service	3,142,126			3,142,126
Capital outlay	1,059,255	723,398	375,786	2,158,439
Total expenditures	42,178,259	723,398	3,601,304	46,502,961
Excess (Deficiency) of Revenues over Expenditures	2,247,917	(688,964)	(523,869)	1,035,084
Other Financing Sources (Uses):				
Transfers in	527,350	1,038,243	1,472,616	3,038,209
Transfers out	(2,445,859)	(150,000)	(442,350)	(3,038,209)
Total other financing sources (uses)	(1,918,509)	888,243	1,030,266	-
Net Change in Fund Balances	329,408	199,279	506,397	1,035,084
Fund Balances at Beginning of Year	7,975,727	1,265,489	1,916,132	
Fund Balances at End of Year	\$ 8,305,135	\$ 1,464,768	\$ 2,422,529	
Amounts reported for governmental activities in the statement of activities (Exhibit II) are 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 as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.				(1,621,733)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. This is the net cost of assets sold or disposed.				(10,476)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.				1,866,832
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond debt repayment.				2,060,771
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.				42,261
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI).				80,430
Change in Net Assets of Governmental Activities (Exhibit II)				\$ 3,453,169

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Business-Type Activities</u> WPCA <u>Enterprise Fund</u>	<u>Governmental Activities</u> Internal <u>Service Funds</u>
Assets:		
Cash and cash equivalents	\$ 57,626	\$ 214,993
Receivables, net	66,657	461,072
Due from other funds	4,837	470,134
Other assets	554	
Capital assets not being depreciated	16,217,252	
Capital assets, net of accumulated depreciation	7,452,418	
Total assets	<u>23,799,344</u>	<u>1,146,199</u>
Liabilities:		
Accounts and other payables	15,591	453,558
Due to other funds	38,524	116,139
Loans payable - current	350,000	
Loans payable - noncurrent	551,778	
Total liabilities	<u>955,893</u>	<u>569,697</u>
Net Assets:		
Invested in capital assets, net of related debt	22,767,892	
Unrestricted	75,559	576,502
Total Net Assets	<u>\$ 22,843,451</u>	<u>\$ 576,502</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities</u> WPCA <u>Enterprise Fund</u>	<u>Governmental Activities</u> Internal <u>Service Funds</u>
Operating Revenues:		
Charges for services	\$ 1,801,297	\$ 5,109,543
Other	195,400	
Total operating revenues	<u>1,996,697</u>	<u>5,109,543</u>
Operating Expenses:		
Administrative expense	40,875	368,929
Payroll and employee benefits	663,609	
Sludge disposal	190,998	
Plant maintenance and materials	333,357	
Insurance and program services	179,517	4,382,704
Utilities	340,859	
Other operating expense	16,778	302,331
Depreciation	474,267	
Total operating expenses	<u>2,240,260</u>	<u>5,053,964</u>
Operating Income (Loss)	(243,563)	55,579
Nonoperating Revenue:		
Income on investments	34,980	24,851
Capital Contributions	<u>378,769</u>	
Change in Net Assets	170,186	80,430
Net Assets at Beginning of Year	<u>22,673,265</u>	<u>496,072</u>
Net Assets at End of Year	<u>\$ 22,843,451</u>	<u>\$ 576,502</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activities	Governmental Activities
	WPCA	Internal
	Enterprise Fund	Service Funds
Cash Flows from Operating Activities:		
Cash received from operating funds	\$	\$ 4,143,406
Cash received from customers	1,752,190	
Cash payments to employees for services	(663,609)	
Cash payments to supplies for goods and services	(1,164,372)	(4,977,738)
Other operating revenues	195,400	
Net cash provided by (used in) operating activities	<u>119,609</u>	<u>(834,332)</u>
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(1,811,638)	
Capital contributions	295,687	
Loans from Town	1,060,000	
Loans repaid	(158,222)	
Net cash used in capital financing activities	<u>(614,173)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>34,980</u>	<u>24,851</u>
Net Decrease in Cash and Cash Equivalents	(459,584)	(809,481)
Cash and Cash Equivalents at Beginning of Year	<u>517,210</u>	<u>1,024,474</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>57,626</u></u>	\$ <u><u>214,993</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (243,563)	\$ 55,579
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	474,267	
(Increase) decrease in accounts receivables	(49,107)	(184,379)
(Increase) decrease in due from other funds	(2,700)	(241,020)
(Increase) decrease in other assets	(554)	
Increase (decrease) in accounts payable	(55,493)	5,622
Increase (decrease) in due to other funds	<u>(3,241)</u>	<u>(470,134)</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>119,609</u></u>	\$ <u><u>(834,332)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 215,487
Common stock	6,762,490	
U.S. government and agency bonds	1,986,698	
Corporate bonds	1,106,328	
Mutual funds	8,474,322	
Receivables:		
Other	35,396	
Due from other funds	<u>110,410</u>	<u>17,691</u>
Total assets	18,475,644	\$ <u><u>233,178</u></u>
Liabilities:		
Accounts and other payables	<u>20,387</u>	\$ <u><u>233,178</u></u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 18,455,257</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

FIDUCIARY FUNDS - PENSION TRUST FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

Additions:	
Contributions:	
Employer	\$ 731,981
Employee	427,045
Total contributions	<u>1,159,026</u>
Investment income:	
Interest and dividends	559,241
Net appreciation in fair value of investments	1,857,608
Investment expenses	<u>(42,662)</u>
Net investment income	<u>2,374,187</u>
Total additions	<u>3,533,213</u>
Deductions:	
Benefits payments and withdrawals	817,944
Administration	<u>65,384</u>
Total deductions	<u>883,328</u>
Net Increase	2,649,885
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>15,805,372</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u><u>\$ 18,455,257</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Suffield, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated in 1749 under the General Statutes of the State of Connecticut. The Town adopted its original charter effective January 7, 1985 with the most recent revisions on November 6, 2001. The Town operates under a Selectman/Town Meeting form of government and provides the following services as authorized by the General Statutes and its charter: public safety (police and fire), public works, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

General Fund is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

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

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Enterprise Funds account for operations that are financed in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Water Pollution Control Authority (WPCA) Fund is the Town's only enterprise fund.

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis and for self-insured activities.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Fund accounts for the Suffield Retirement System.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for agency funds, which have no measurement focus). Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

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

The Town reports the following major proprietary funds:

The WPCA Fund is used to account for the activities of the Authority.

Additionally, the Town reports the following fund types:

The Internal Service Funds are used to account for self insured activities and purchases of gasoline by various departments.

The Pension Trust Fund accounts for the activities of the Suffield Retirement System, which accumulates resources for pension benefit payments to qualified Town employees.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 4.

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Interest on delinquent balances is computed at 1.5% per month. Liens are filed on delinquent real estate taxes within one year. An amount of \$83,153 has been established as an allowance for uncollectible taxes. At June 30, 2007, this represents 16% of all property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-45
Public domain infrastructure	35
System infrastructure	50
Vehicles	5-20
Office equipment	5-10
Computer equipment	7-10

H. Compensated Absences

Town employees earn and carryover various amounts of vacation and leave time based upon Town policy or bargaining unit contracts. At June 30, 2007, the total amount of the liability was \$324,481. The liability is reported in the government-wide statement of net assets.

I. Long-Term Obligations

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

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this \$23,065,803 difference are as follows:

Bonds and notes payable	\$ 22,191,773
Deferred amounts on refunding	215,283
Compensated absences	324,481
Landfill closure	275,400
Accrued interest payable	<u>58,866</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	\$ <u>23,065,803</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$(1,621,733) difference are as follows:

Capital outlay	\$ 601,062
Depreciation expense	<u>(2,222,795)</u>
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u>(1,621,733)</u>

Another element of that reconciliation states that some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. The details of this \$1,866,832 difference are as follows:

Property taxes	\$ (24,035)
Accrued interest	1,168
Net pension asset change	(1,143)
Assessments	(16,167)
Hood participation	(217,859)
Contribution from developers	<u>2,124,868</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u>1,866,832</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

As set forth in the Town Charter, the Board of Finance adopts an annual budget for the General Fund. The annual budget for the General Fund is prepared on the modified accrual basis of accounting. The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to a public budget hearing, at which taxpayer comments are obtained. The Board of Finance then prepares the recommended Town budget which it presents at a Town meeting. The operating budget includes proposed expenditures and the means of financing them.

Expenditures are budgeted by department, function and object. Management may not exceed appropriations at the department level and must seek approval from the Board of Selectmen to reassign resources between departments. The legal level of budgetary control is the department level. Subsequent to adoption of the budget, any requests for supplemental appropriations or transfers are required to be submitted in writing to the Board of Selectmen, whom, upon consideration, will forward to the Board of Finance for approval. Any transfers which alter the total budget in an amount equal to or greater than .025% of the total budget must be also approved by a Town meeting resolution. Any additional appropriations would also require Town meeting approval. During the year ended June 30, 2007, there were no additional appropriations from fund balance.

Formal budgetary integration is employed as a management control device during the year.

The Town includes the following Water Pollution Control Authority funds as part of the Town's overall approved budget: 1) Enterprise Fund; 2) Special Revenue Fund - Sewer Assessment Fund; and 3) Capital Projects Fund - Sewer Project Fund. However, the legally adopted budget does not provide for line item revenue and expenditures detail for these funds. Instead, a summary total for revenues and expenditures for each of these three funds is presented. A budgetary schedule is not presented.

All unencumbered appropriations lapse at year-end. Appropriations for capital outlays are continued until completion of applicable projects, even when projects extend more than one fiscal year.

The Town does not maintain legally adopted budgets for the other Special Revenue Funds, since budgetary control is generally maintained on an individual grant basis. In addition, the Town does not adopt annual budgets for Capital Projects Funds.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2007:

Nonmajor Governmental Funds:	
Special Revenue Funds:	
Municipal Grant	\$ 302
Education Enforcement Grant	20
Kent Memorial Library	1,113
Internal Service Funds:	
Gas/Diesel Fund	113,243

The deficits of Special Revenue Funds will be funded by contribution from the General Fund or future revenues. The Internal Service Fund deficit will be funded by future charges to users.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

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

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

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:	
Demand accounts	\$ 1,793,085
Certificates of deposit	10,000
Money market	<u>2,188,941</u>
Total deposits	3,992,026
Petty cash	50
Cash equivalents:	
State Short-Term Investment Fund (STIF)	6,158,378
State Tax Exempt Proceeds Fund (TEPF)	<u>12,795</u>
Total Cash and Cash Equivalents	\$ <u>10,163,249</u>

Deposits

At June 30, 2007, the carrying amount of the Town deposits was \$3,992,026, and the bank balance was \$4,668,578.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2007 bank balance, \$240,063 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in

an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio. A minimum of \$1,288,599, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$3,139,916 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007, the Town's cash equivalents amounted to \$6,171,173. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
State Tax Exempt Proceeds Fund (TEPF)*	

*Not rated

B. Investments

Investments as of June 30, 2007 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
U.S. government and agency obligations	\$ 1,986,698	8.04
Corporate bonds	1,106,328	6.65
Other investments:		
Common stock	6,762,490	
Mutual funds	<u>8,474,322</u>	
Total	<u>\$ 18,329,838</u>	
Portfolio weighted average maturity for interest-bearing Investments		7.53

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.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Fair Value</u>	<u>Standard And Poor's</u>
Corporate bonds	\$ 1,072,170	A- to AAA
Corporate bonds	34,158	BBB+

Concentration of Credit Risk - The Town has no investment policy restricting investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007, the Town had \$9,855,516 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

5. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>WPCA Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 170,260	\$	\$	\$	\$ 170,260
Taxes	505,409				505,409
Accounts	587,885	125	66,657	461,072	1,115,739
Special assessments				345,766	345,766
Intergovernmental	9,209	3,283,523		558,701	3,851,433
Loans	901,778			191,002	1,092,780
Other				220,585	220,585
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross receivables	2,174,541	3,283,648	66,657	1,777,126	7,301,972
Less allowance for uncollectibles	<u>(83,153)</u>	<hr/>	<hr/>	<hr/>	<u>(83,153)</u>
Net Total Receivables	<u>\$ 2,091,388</u>	<u>\$ 3,283,648</u>	<u>\$ 66,657</u>	<u>\$ 1,777,126</u>	<u>\$ 7,218,819</u>

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 274,332	\$
Accrued interest on delinquent property tax	170,260	
Special assessments not yet due	345,766	
Grant drawdowns prior to meeting all eligibility requirements		388,704
Cell phone tower - unearned		462,223
Loans receivable	191,002	
Unearned program revenues	<hr/>	<hr/>
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 981,360</u>	<u>\$ 854,940</u>

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,231,069	\$ 2,124,868	\$	\$ 9,355,937
Construction in progress	<u>924,974</u>			<u>924,974</u>
Total capital assets not being depreciated	<u>8,156,043</u>	<u>2,124,868</u>	<u>-</u>	<u>10,280,911</u>
Capital assets being depreciated:				
Buildings	60,816,754	389,360		61,206,114
Land improvements	417,322			417,322
Furniture and equipment	5,487,253	211,702	42,338	5,656,617
Infrastructure	<u>23,981,153</u>			<u>23,981,153</u>
Total capital assets being depreciated	<u>90,702,482</u>	<u>601,062</u>	<u>42,338</u>	<u>91,261,206</u>
Less accumulated depreciation for:				
Buildings	9,141,769	1,522,321		10,664,090
Land improvements	239,816	35,219		275,035
Furniture and equipment	3,361,438	291,419	31,862	3,620,995
Infrastructure	<u>2,667,175</u>	<u>373,836</u>		<u>3,041,011</u>
Total accumulated depreciation	<u>15,410,198</u>	<u>2,222,795</u>	<u>31,862</u>	<u>17,601,131</u>
Total capital assets being depreciated, net	<u>75,292,284</u>	<u>(1,621,733)</u>	<u>10,476</u>	<u>73,660,075</u>
Governmental Activities Capital Assets, Net	<u>\$ 83,448,327</u>	<u>\$ 503,135</u>	<u>\$ 10,476</u>	<u>\$ 83,940,986</u>

The beginning capital assets balance is restated to include previously acquired infrastructure assets that were not reported. In accordance with the transition provisions of GASB Statement No. 34, the Town had until June 30, 2007 to report all infrastructure assets acquired prior to July 1, 2002 that were not reported. The net amount of restatement is an increase of \$18,701,664.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 16,038,335	\$	\$	\$ 16,038,335
Construction in progress	<u>4,083,209</u>	<u>1,797,442</u>	<u>5,701,734</u>	<u>178,917</u>
Total capital assets not being depreciated	<u>20,121,544</u>	<u>1,797,442</u>	<u>5,701,744</u>	<u>16,217,252</u>
Capital assets being depreciated:				
Buildings	9,672,629			9,672,629
Equipment	10,455,298	5,715,930		16,171,228
Vehicles	<u>75,921</u>			<u>75,921</u>
Total capital assets being depreciated	<u>20,203,848</u>	<u>5,715,930</u>	<u>-</u>	<u>25,919,778</u>
Less accumulated depreciation for:				
Buildings	7,617,365	310,412		7,927,777
Equipment	10,323,056	158,545		10,481,601
Vehicles	<u>52,672</u>	<u>5,310</u>		<u>57,982</u>
Total accumulated depreciation	<u>17,993,093</u>	<u>474,267</u>	<u>-</u>	<u>18,467,360</u>
Total capital assets being depreciated, net	<u>2,210,755</u>	<u>5,241,663</u>	<u>-</u>	<u>7,452,418</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,332,299</u>	<u>\$ 7,039,105</u>	<u>\$ 5,701,734</u>	<u>\$ 23,669,670</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 40,185
Planning and development	8,250
Public safety	174,004
Public works	489,156
Health and social services	21,765
Library, recreation and parks	67,882
Education	<u>1,421,553</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,222,795</u>
Business-type activities:	
Sewer	<u>\$ 474,267</u>

Construction Commitments

The Town has several active construction projects as of June 30, 2007. The projects include High School construction and code renovations to various schools. At year end, the Town's commitments with contractors in the school projects are as follows:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures and Encumbrances</u>	<u>Remaining Commitment</u>
High school and agri-science building	\$ 56,113,070	\$ 51,875,957	\$ 4,237,113

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2007, amounts due to and due from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 4,848,633
	Nonmajor Governmental Funds	821,498
	Internal Service Funds	116,139
Capital Project Funds	General Fund	2,861,521
	Nonmajor Governmental Funds	92,260
	WPCA	20,833
Nonmajor Governmental Funds	General Fund	1,546,256
	Capital Project Fund	937
WPCA	General Fund	1,677
	Nonmajor Governmental Funds	3,160
	Internal Service Funds	470,134
Agency Funds	WPCA	17,691
Pension Trust Fund	General Fund	110,410
Total		\$ <u>10,911,149</u>

Interfund receivables and payables represent temporary balances occurring when one fund pays for transactions and is later repaid.

Interfund transfers:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 973,243	\$ 1,472,616	\$ 2,445,859
Nonmajor Governmental Funds	377,350	65,000		442,350
Capital Projects Fund	150,000			150,000
Total Transfers In	\$ <u>527,350</u>	\$ <u>1,038,243</u>	\$ <u>1,472,616</u>	\$ <u>3,038,209</u>

Transfers represent annual recurring transactions which move resources between funds.

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds and notes	\$ 24,252,544	\$	\$ 2,060,771	\$ 22,191,773	\$ 2,063,082
Unamortized amounts:					
Deferred amounts on refunding	<u>237,878</u>	<u> </u>	<u>22,595</u>	<u>215,283</u>	<u> </u>
Total bonds payable	24,490,422	-	2,083,366	22,407,056	2,063,082
Landfill closure and postclosure	291,600		16,200	275,400	16,200
Compensated absences	319,133	221,015	215,667	324,481	215,249
Risk management claims	<u>368,961</u>	<u>4,382,704</u>	<u>4,360,849</u>	<u>390,816</u>	<u>390,816</u>
Governmental Activity Long-Term Liabilities	<u>\$ 25,470,116</u>	<u>\$ 4,603,719</u>	<u>\$ 6,676,082</u>	<u>\$ 23,397,753</u>	<u>\$ 2,685,347</u>

General long-term debt transactions are summarized as follows for the year ended June 30, 2007:

<u>Description</u>	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2007</u>
Bonds payable:				
School bonds issued 2001, amount \$27,700,000, interest rate 3.75%- 5.125%, maturity date 2021	\$ 7,300,000	\$	\$ 1,460,000	\$ 5,840,000
Refunding bonds issued 2005, amount \$14,305,000, interest rate 3.0%- 5.0%, maturity date 2021	14,065,000			14,065,000
Clean Water Fund notes payable, treatment plant construction loan issued in 1990, amount \$9,725,849, interest rate 2.0%, maturity date November 2009	1,945,168		486,292	1,458,876
Pollution abatement facilities loan issued in 1994, amount \$1,589,472, interest rate 2.0%, maturity date November 2013	658,401		83,185	575,216
Pollution abatement facilities loan issued in 1995, amount \$610,016, interest rate 2.0%, maturity date November 2014	<u>283,975</u>	<u> </u>	<u>31,294</u>	<u>252,681</u>
Total	<u>\$ 24,252,544</u>	<u>\$ -</u>	<u>\$ 2,060,771</u>	<u>\$ 22,191,773</u>

Funds from the Sewer Assessment Fund are transferred to the General Fund to repay sewer bonds. All other repayments of debt are made by the General Fund.

The annual requirements to amortize all bonds and notes as of June 30, 2007, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,063,082	\$ 1,010,919	\$ 3,074,001
2009	2,065,439	940,436	3,005,875
2010	2,067,844	866,255	2,934,099
2011	1,584,005	779,251	2,363,256
2012	1,546,508	701,922	2,248,430
2013-2017	7,274,895	2,456,938	9,731,833
2018-2021	<u>5,590,000</u>	<u>699,250</u>	<u>6,289,250</u>
Total	<u>\$ 22,191,773</u>	<u>\$ 7,454,971</u>	<u>\$ 29,646,744</u>

As of June 30, 2007, the Town had authorized unissued bonds of \$21,800,000 available to finance school building projects.

Outside Participation

The Town has an agreement with H.P. Hood, Inc. (Hood) whereby Hood reimburses the Town a percentage of the debt service required on the Treatment Plant Construction Loan incurred to construct the Town's wastewater treatment plant under the State of Connecticut Clean Water Fund. Under the agreement, Hood will reimburse the Town 44.8% of the Town's required annual principal and interest payment up through the year ending June 30, 2010. For the year ended June 30, 2007, the Town was reimbursed \$230,931 (\$217,859 principal, \$13,072 interest) from Hood.

At June 30, 2007, the following amount was receivable:

Total outside participation	\$ 4,357,180
Collected by the Town through June 30, 2007	<u>3,703,603</u>
Remaining Balance to be Provided	<u>\$ 653,577</u>

Landfill Postclosure Care Costs

The Town's landfill facility ceased being a depository for solid waste effective April 8, 1994. Closure was effectively completed by October 9, 1994.

Consulting engineers contracted by the Town developed a formal plan for landfill closure, including postclosure monitoring and maintenance for a 30-year period in accordance with state and federal law.

A consulting engineering firm developed an updated plan of costs and assumptions with respect to postclosure monitoring and maintenance which included 1) ground water and surface water monitoring, 2) methane monitoring, and 3) landfill inspection and maintenance. The annual cost estimate is \$16,200 for the postclosure care period of 30 years. Current costs are recognized in the General Fund landfill expenditure line item. The balance of the postclosure care costs of \$275,400 is recognized in the statement of net assets. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

Prior Year Advance Refunding

On September 15, 2005, the Town refunded \$14,560,000 from the September 2001 general obligation issue and placed the proceeds of new bonds in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased, and the liability for those bonds has been removed from the statement of net assets. The balance of the defeased bonds at June 30, 2007 is \$14,560,000.

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 62,069	\$	\$ 62,069
Schools	124,137	22,705	101,432
Sewers	103,448	2,287	101,161
Urban renewal	89,655		89,655
Pension deficit	82,758		82,758

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$193,102).

* Includes bonds authorized unissued of \$21,800. Authorizations have been reduced by grant revenues and commitments of \$19,000.

WPCA Loan from Town

The WPCA entered into an agreement with the Town for temporary financing of its current construction project. The WPCA can borrow up to \$2.2 million. The WPCA will repay the loan in an amount not to exceed \$350,000 per year. The interest rate paid will equal the average rate earned by the Town on its short-term investments plus .25%. The current balance of the loan is \$901,778. The WPCA repaid \$158,222 of principal and \$16,778 of interest this year.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

Effective July 1, 2001, the Town created a separate fund to account for its self-insured medical plan. Prior to this year, the activity was reported in the General Fund. The Town has assumed all risk associated with providing health insurance up to a maximum of 110% of the premium it would have been charged had it purchased health insurance from Anthem Blue Cross/Blue Shield. In addition, the Town has purchased a combined stop-loss policy which limits individual loss claims to \$150,000 for hospitalization and for major medical. The Town pays an administration fee to Anthem Blue Cross/Blue Shield for administering the fund.

Claims expense as reported in the Health Insurance Fund (Internal Service Fund) amounted to \$4,382,704. This amount includes the Administrator's estimate of claims incurred but not reported at June 30, 2007 of \$390,816.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The following table reflects the activity of the past year:

	<u>Claims Payable July 1</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Claims Payable June 30</u>
2006-07	\$ 368,961	\$ 4,382,704	\$ 4,360,849	\$ 390,816
2005-06	325,898	4,138,690	4,095,627	368,961

10. CONTINGENT LIABILITIES

The Town is involved in various litigations involving zoning matters, property damage and personal injury. It is the opinion of counsel and management that any unfavorable outcomes would not have a material adverse effect on the Town's financial position.

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to pension benefits (Note 12), the Town provides post-employment health care benefits in accordance with union contracts and agreements for retirees. Retirees become eligible after reaching 10 years of service and age 55 or 25 years of service regardless of age. Premiums paid by the Town are determined by the following schedule:

<u>Years of Service</u>	<u>Premium Paid</u>
25 or more	100%
20 - 25	85
15 - 20	75
10 - 15	50

Other retirees with at least 10 years but less than 25 years of service and under the age of 55 are eligible to continue participation in health plans at the retirees' expense. Currently, 33 retirees participate, including 27 whose premiums are paid at least in part by the Town. During the year ended June 30, 2007, expenditures for postretirement health care benefits totaled \$231,212.

12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Employee's Retirement System

A. Plan Description

The Town is the administrator of a single-employer public employee retirement system (PERS) defined benefit contributory pension plan established and administered to provide pension benefits for its municipal and Board of Education employees other than teachers. The PERS does not issue stand alone financial statements and is considered to be part of the Town's financial reporting entity. As such, the PERS is included in the Town's financial statements as a pension trust fund.

Under the PERS, all employees who work at least 20 hours a week and agree to make contributions are eligible. The retirement benefit is calculated at 2% (2.25% for police officers and firefighters) of the average of the annual salaries during the 3 highest years out of the final 7 years of employment multiplied by service. Participants are 100% vested after 5 years of continuous service if their contributions remain in the fund. Benefits and contributions are established by contract and may be amended by union negotiations.

As of July 1, 2005, the date of the latest actuarial valuation, PERS membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	70
Terminated plan members entitled to benefits but not yet receiving them	23
Active plan members	<u>153</u>
Total	<u><u>246</u></u>

The latest actuarial valuation reflects no material changes in plan provisions or coverage.

B. Summary of Significant Accounting Policies

The PERS financial statements are prepared using the accrual basis of accounting. PERS participant contributions are recognized in the period in which the contributions are due. Town contributions to the PERS 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 PERS. Plan administrative costs are paid by the General Fund through a contribution to the Plan.

Investments are recorded at fair value. Investment income is recognized when earned, and gains and losses on sales or exchanges of investments are recognized on the transaction date.

C. Funding Policy

Contributions

Employees are required to contribute 5.25% of their salary to the PERS except for police and firefighters who contribute 6%. The Town is required to contribute the remaining amounts necessary to finance coverage.

D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the PERS for the current year were as follows:

Annual required contribution	\$ 690,693
Interest on net pension obligation	(6,412)
Adjustment to annual required contribution	<u>7,562</u>
Annual pension cost	691,843
Contributions made	<u>690,700</u>
Increase in net pension obligation	1,143
Net pension obligation (asset), July 1, 2006	<u>(80,153)</u>
Net Pension Obligation (Asset), June 30, 2007	<u><u>\$ (79,010)</u></u>

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

Actuarial valuation date	July 1, 2005
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	20 years
Asset valuation method	Adjusted market value
Actuarial assumptions:	
Investment rate of return	8%*
Projected salary increases	4.5%

*Includes no inflation

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/07	\$ 691,843	99.8%	\$ (79,010)
6/30/06	581,166	99.8	(80,153)
6/30/05	448,950	98.9	(81,319)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Funded (Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/05	\$ 14,331,924	\$ 16,719,595	\$ (2,387,671)	85.7%	\$ 6,079,011	(39.3)%
7/1/03	13,325,241	14,573,055	(1,247,814)	91.4	6,036,895	(20.7)
7/1/01	13,796,514	12,836,835	959,679	107.5	5,019,750	19.1

Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Actual Contribution</u>
6/30/06	\$ 580,000	100%	\$ 580,000
6/30/05	443,950	100	443,950
6/30/04	476,561	83	396,561
6/30/03	235,504	96	225,504
6/30/02	218,800	100	218,800
6/30/01	193,659	100	193,659

G. Teachers' Retirement System

All teachers employed by the Town of Suffield participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' and administrators' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$13,672,291 or 59.1% of the total Town payroll of \$23,138,959.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2007, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,717,244 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher 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.

13. RESTATEMENT OF NET ASSETS

In accordance with the provisions of GASB Statement No. 34, net assets have been restated to adjust for infrastructure assets that were not included in prior fiscal years.

	<u>Amount as Previously Reported</u>	<u>Restatement</u>	<u>Amount as Restated</u>
Net Assets, July 1, 2006	\$ 53,203,231	\$ 18,701,664	\$ 71,904,895

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Property taxes, interest and lien fees:				
Current list	\$ 26,768,054	\$ 26,768,054	\$ 27,035,876	\$ 267,822
Supplemental motor vehicle	300,000	300,000	289,105	(10,895)
Interest and fees	125,000	125,000	106,520	(18,480)
Taxes, prior years	175,000	175,000	271,846	96,846
Total property taxes, interest and lien fees	<u>27,368,054</u>	<u>27,368,054</u>	<u>27,703,347</u>	<u>335,293</u>
Intergovernmental revenues:				
State of Connecticut:				
Payment in lieu of taxes - State Property	2,722,846	2,722,846	2,836,029	113,183
Mashantucket Pequot	1,925,951	1,925,951	2,465,268	539,317
Payment in lieu of taxes, vessels	5,656	5,656	5,656	-
Payment in lieu of taxes, manufacturing equipment	120,000	120,000	151,739	31,739
Payment in lieu of taxes, disabled tax relief	800	800	912	112
Veterans' exemption	11,000	11,000	8,816	(2,184)
Elderly tax relief - circuit breaker	63,000	63,000	79,590	16,590
Elderly tax relief - freeze	7,000	7,000	8,000	1,000
Bridge grant	192,000	192,000	20,584	(171,416)
LOCIP reimbursement	87,980	87,980		(87,980)
Fuel assistance grant	145,000	145,000		(145,000)
Miscellaneous	72,386	72,386	170,896	98,510
Town Aid Road	161,832	161,832	141,697	(20,135)
Total	<u>5,515,451</u>	<u>5,515,451</u>	<u>5,889,187</u>	<u>373,736</u>
Federal grants	<u>201,250</u>	<u>201,250</u>	<u>185,639</u>	<u>(15,611)</u>
Education:				
Education cost sharing	4,529,296	4,529,296	4,537,509	8,213
Vocational agriculture grant	114,000	114,000	117,977	3,977
Other educational grants	5,710	5,710	18,227	12,517
Pupil transportation	181,494	181,494	176,726	(4,768)
Total	<u>4,830,500</u>	<u>4,830,500</u>	<u>4,850,439</u>	<u>19,939</u>
Total intergovernmental revenues	<u>10,547,201</u>	<u>10,547,201</u>	<u>10,925,265</u>	<u>378,064</u>
Investment income:				
Interest income	<u>450,000</u>	<u>450,000</u>	<u>718,743</u>	<u>268,743</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Current services and fees:				
Licenses, permits and fines:				
Building Department	\$ 315,000	\$ 315,000	\$ 296,433	\$ (18,567)
Zoning and Planning	30,000	30,000	38,999	8,999
Zoning Board of Appeals	3,360	3,360	4,200	840
Police permits	3,000	3,000	3,395	395
Conservation	15,000	15,000	17,403	2,403
Historic District fees	800	800	550	(250)
Total	<u>367,160</u>	<u>367,160</u>	<u>360,980</u>	<u>(6,180)</u>
Charges for current services:				
Bulky waste	900	900	1,617	717
Assessor's map sales	1,000	1,000	1,632	632
Real estate conveyance tax	200,000	200,000	234,309	34,309
Mini-bus transportation	4,000	4,000	4,163	163
Police alarm fees	5,000	5,000	3,425	(1,575)
Town Clerk historic document fees	3,500	3,500	3,087	(413)
Town Clerk recording fees	174,000	174,000	110,739	(63,261)
Total	<u>388,400</u>	<u>388,400</u>	<u>358,972</u>	<u>(29,428)</u>
Landfill:				
Operating	30,000	30,000	60,682	30,682
Residential permits	681,840	681,840	682,637	797
Permits	16,000	16,000	16,574	574
Total	<u>727,840</u>	<u>727,840</u>	<u>759,893</u>	<u>32,053</u>
Recreation:				
Camps	40,385	40,385	37,072	(3,313)
Activity	83,591	83,591	87,287	3,696
Total	<u>123,976</u>	<u>123,976</u>	<u>124,359</u>	<u>383</u>
Revenue from other agencies:				
Hood share, secondary treatment	232,000	232,000	233,545	1,545
Telecommunications grant	50,000	50,000	45,423	(4,577)
Tuition, Vo-ag	755,000	755,000	731,901	(23,099)
Tuition, other	100,000	100,000	150,107	50,107
Total	<u>1,137,000</u>	<u>1,137,000</u>	<u>1,160,976</u>	<u>23,976</u>
Total current services and fees	<u>2,744,376</u>	<u>2,744,376</u>	<u>2,765,180</u>	<u>20,804</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Miscellaneous:				
Rent - Town property	\$ 64,000	\$ 64,000	\$ 60,719	\$ (3,281)
Cell tower	45,000	45,000	50,285	5,285
Miscellaneous Town income	75,000	75,000	59,552	(15,448)
Resource Officer	8,044	8,044	21,759	13,715
Youth Services	14,000	14,000	14,000	-
Miscellaneous school income			2,793	2,793
Total	<u>206,044</u>	<u>206,044</u>	<u>209,108</u>	<u>3,064</u>
 Total revenues	<u>41,315,675</u>	<u>41,315,675</u>	<u>42,321,643</u>	<u>1,005,968</u>
 Other financing sources:				
Sewer Assessment Fund	377,300	377,300	377,350	50
Industrial Park	150,000	150,000	150,000	-
Total other financing sources	<u>527,300</u>	<u>527,300</u>	<u>527,350</u>	<u>50</u>
 Total Revenues and Other Financing Sources	<u>\$ 41,842,975</u>	<u>\$ 41,842,975</u>	42,848,993	<u>\$ 1,006,018</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted.

1,717,244

Under liquidation of prior year encumbrance is recorded as miscellaneous revenue

for budgetary reporting. This amount is excluded for financial reporting purposes.

(86)

The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.

387,375

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)

\$ 44,953,526

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Administration:				
Board of Selectmen	\$ 167,385	\$ 187,385	\$ 182,366	\$ 5,019
Human Resources	73,619	73,619	72,121	1,498
Probate Court	4,160	6,786	5,283	1,503
Election	23,187	24,169	24,166	3
Board of Finance	12,998	12,998	12,737	261
Assessors	123,723	123,723	120,061	3,662
Board of Assessment Appeals	1,304	1,304	948	356
Tax Collector	141,261	140,975	140,864	111
Tax Rebates	45,000	47,372	47,372	-
Finance	241,450	241,450	226,670	14,780
Information Technology	259,401	260,331	258,528	1,803
Town Counsel	95,000	95,000	33,288	61,712
Town Clerk	178,692	178,692	169,664	9,028
Town Hall	101,531	118,447	118,276	171
Insurance and bonds	1,977,558	1,887,902	1,874,009	13,893
Total	3,446,269	3,400,153	3,286,353	113,800
Planning and development:				
Zoning and Planning	182,807	182,807	139,207	43,600
Zoning Board of Appeals	5,147	5,147	3,618	1,529
Economic Development	143,576	143,685	143,685	-
Historic District Commission	1,685	1,685	1,179	506
Conservation Commission	36,963	36,963	33,577	3,386
Total	370,178	370,287	321,266	49,021
Public safety:				
Fire Commission	645,685	649,333	641,480	7,853
Police Commission	1,844,217	1,868,475	1,868,472	3
Civil Preparedness	1,627	11,316	11,059	257
Building Department	186,196	188,965	188,963	2
Town Engineer	119,986	119,986	105,817	14,169
Total	2,797,711	2,838,075	2,815,791	22,284
Public works:				
Public works	399,946	406,883	406,799	84
Highway	1,047,466	1,091,521	1,091,522	(1)
State aid road funds	161,832	161,832	161,832	-
Public utilities	391,500	402,058	402,058	-
Town landfill	837,819	838,544	822,961	15,583
Total	2,838,563	2,900,838	2,885,172	15,666
Health and social services:				
Health and social services	112,560	112,560	108,857	3,703
Social Services Commission	1,807	1,807	1,277	530
Senior Center	102,006	102,006	99,858	2,148
Mini-bus transportation	168,422	168,422	158,263	10,159

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Health and social services (continued):				
EMS/Ambulance	\$ 175,037	\$ 194,130	\$ 194,130	\$ -
Social worker	45,440	45,440	45,440	-
Total	<u>605,272</u>	<u>624,365</u>	<u>607,825</u>	<u>16,540</u>
Library, Recreation and Parks:				
Recreation	224,658	224,658	219,441	5,217
Recreation activity	111,315	111,315	93,259	18,056
Tree Warden	7,000	17,400	17,400	-
Youth Services	58,157	58,157	57,325	832
Total	<u>401,130</u>	<u>411,530</u>	<u>387,425</u>	<u>24,105</u>
Miscellaneous:				
Cemeteries	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Board of Education	<u>25,528,033</u>	<u>25,528,033</u>	<u>25,525,849</u>	<u>2,184</u>
Capital outlays	<u>1,944,100</u>	<u>1,060,857</u>	<u>1,059,255</u>	<u>1,602</u>
Debt service	<u>3,142,126</u>	<u>3,142,126</u>	<u>3,142,126</u>	<u>-</u>
Contingency	<u>250,000</u>	<u>90,852</u>	<u>-</u>	<u>90,852</u>
Total expenditures	<u>41,353,382</u>	<u>40,397,116</u>	<u>40,061,062</u>	<u>336,054</u>
Other financing uses:				
Transfers out:				
Dog Fund	21,623	21,798	21,798	-
School Cafeteria	40,000	40,000	40,000	-
Kent Memorial Library	402,970	410,818	410,818	-
Open Space	500,000	500,000	500,000	-
Town Improvement	25,000	25,000	25,000	-
CNR Fund		948,243	948,243	-
OPEB Fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing uses	<u>1,489,593</u>	<u>2,445,859</u>	<u>2,445,859</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 42,842,975</u>	<u>\$ 42,842,975</u>	42,506,921	<u>\$ 336,054</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for
Town teachers are not budgeted.

1,717,244

Encumbrances for purchases and commitments ordered but not received are reported in the year the order
is placed for budgetary purposes, but in the year received for financial reporting purposes.

12,578

The Board of Education does not budget for certain intergovernmental grants which are credited against
education expenditures for budgetary reporting. These amounts are recorded as revenues and
expenditures for financial reporting purposes.387,375Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)\$ 44,624,118

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 8,061,845	\$ 6,779,798
Receivables:		
Property taxes, net	592,516	359,114
Other	1,498,872	325,327
Due from other funds	<u>5,786,270</u>	<u>6,510,435</u>
Total Assets	<u>\$ 15,939,503</u>	<u>\$ 13,974,674</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,733,542	\$ 1,398,032
Due to other funds	4,989,998	3,629,698
Deferred revenues	910,828	971,217
Total liabilities	<u>7,634,368</u>	<u>5,998,947</u>
Fund balance:		
Reserved for encumbrances	46,754	59,418
Unreserved:		
Designated for subsequent year	850,000	1,000,000
Undesignated	<u>7,408,381</u>	<u>6,916,309</u>
Total fund balance	<u>8,305,135</u>	<u>7,975,727</u>
Total Liabilities and Fund Balance	<u>\$ 15,939,503</u>	<u>\$ 13,974,674</u>

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2007

Grand List	Uncollected Taxes July 1, 2006	Current Year Levy	Lawful Corrections		Transfers To Suspense	Refunds	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2007		
			Additions	Deductions				Taxes	Interest	Lien Fees		Total	
2005	\$	\$ 27,480,920	\$ 176,181	\$ (126,086)	\$	\$ 27,037	\$ 27,558,052	\$ 27,269,991	\$ 92,813	\$ 354	\$ 27,363,158	\$ 288,061	
2004		233,620	527	(8,846)		5,438	230,739	163,652	30,528	1,536	195,716	67,087	
2003		52,698	211	(2,625)	(103)	1,685	51,866	21,441	6,931	216	28,588	30,425	
2002		39,157		(38)	(15,579)	3,918	27,458	3,782	2,080	24	5,886	23,676	
2001		28,807	862		(13,247)	586	17,008	2,110	1,329		3,439	14,898	
2000		17,451	265		(1,736)		15,980	3,297	3,157		6,454	12,683	
1999		9,870	314		(498)		9,686	1,384	1,514		2,898	8,302	
1998		8,991	362		(117)		9,236	922	1,643		2,565	8,314	
1997		8,414	445		(54)		8,805	1,318	1,983	24	3,325	7,487	
1996		11,036	209		(1,759)		9,486	655	1,025	24	1,704	8,831	
1995		8,025	191				8,216	191	359		550	8,025	
1994		7,166	384				7,550	384	782		1,166	7,166	
1993		6,843	422				7,265	422	934		1,356	6,843	
1992		6,587					6,587				-	6,587	
1991		7,024					7,024				-	7,024	
Total	\$	\$ 445,689	\$ 27,480,920	\$ 180,373	\$ (137,595)	\$ (33,093)	\$ 38,664	\$ 27,974,958	\$ 27,469,549	\$ 145,078	\$ 2,178	\$ 27,616,805	\$ 505,409

TOWN OF SUFFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007

48

<u>Special Revenue Funds</u>									
	<u>Dog</u>	<u>Off Duty</u>	<u>School Cafeteria</u>	<u>Town Donations</u>	<u>Special Education Grants</u>	<u>CADAC Grant</u>	<u>Sewer Assessment</u>	<u>Asset Forfeiture</u>	<u>Recreation</u>
Assets									
Cash and cash equivalents	\$ 12,106	\$	\$ 22,949	\$	\$	\$	\$ 378,363	\$	\$
Receivables:									
Assessments							345,766		
Intergovernmental			13,640		109,319				
Loans receivables									
Other	220	4,836	3,179		141,183				
Due from other funds	48,650	28,324		30,075	1,167	185		5,574	14,867
Inventory			39,286						
Other							4,643		
Total Assets	\$ 60,976	\$ 33,160	\$ 79,054	\$ 30,075	\$ 251,669	\$ 185	\$ 728,772	\$ 5,574	\$ 14,867
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ 1,585	\$ 1,442	\$ 3,825	\$ 2,360	\$ 10,053	\$	\$	\$	\$
Due to other funds				39	28,324		377,349		
Deferred revenue					52,905		345,766		
Total liabilities	1,585	1,442	3,825	2,399	91,282	-	723,115	-	-
Fund balances:									
Reserved:									
Inventory			39,286						
Unreserved:									
Undesignated	59,391	31,718	35,943	27,676	160,387	185	5,657	5,574	14,867
Total fund balance	59,391	31,718	75,229	27,676	160,387	185	5,657	5,574	14,867
Total Liabilities and Fund Balances	\$ 60,976	\$ 33,160	\$ 79,054	\$ 30,075	\$ 251,669	\$ 185	\$ 728,772	\$ 5,574	\$ 14,867

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2007

	Special Revenue Funds								
	Senior Center Activity	Municipal Grant	Emergency Food and Shelter	Small Cities Grant	Drug Education and Enforcement Grant	Sunrise Park	Farmington Canal Trail	Veterans Memorial	Kent Memorial Library
Assets									
Cash and cash equivalents	\$	\$ 28,202	\$ 4,201	\$ 200,662	\$	\$	\$	\$ 1	\$
Receivables:									
Assessments									
Intergovernmental		435,742							
Loans receivables				191,002					
Other									35,771
Due from other funds	417	39		92,424	1,147	6,666	23,465	2,671	
Inventory									
Other									
Total Assets	<u>\$ 417</u>	<u>\$ 463,983</u>	<u>\$ 4,201</u>	<u>\$ 484,088</u>	<u>\$ 1,147</u>	<u>\$ 6,666</u>	<u>\$ 23,465</u>	<u>\$ 2,672</u>	<u>\$ 35,771</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 7,385	\$	\$	\$	\$	\$	\$	\$ 19,837
Due to other funds		332,509		92,260	1,167				17,047
Deferred revenue		124,391		389,788					
Total liabilities	<u>-</u>	<u>464,285</u>	<u>-</u>	<u>482,048</u>	<u>1,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,884</u>
Fund balances:									
Reserved:									
Inventory									
Permanent funds									
Unreserved:									
Undesignated	417	(302)	4,201	2,040	(20)	6,666	23,465	2,672	(1,113)
Total fund balance	<u>417</u>	<u>(302)</u>	<u>4,201</u>	<u>2,040</u>	<u>(20)</u>	<u>6,666</u>	<u>23,465</u>	<u>2,672</u>	<u>(1,113)</u>
Total Liabilities and Fund Balances	<u>\$ 417</u>	<u>\$ 463,983</u>	<u>\$ 4,201</u>	<u>\$ 484,088</u>	<u>\$ 1,147</u>	<u>\$ 6,666</u>	<u>\$ 23,465</u>	<u>\$ 2,672</u>	<u>\$ 35,771</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2007

	Special Revenue Funds				Permanent Funds			Interfund Eliminations	Total Nonmajor Governmental Funds	
	Capital Reserve	Kent Farm Sewer District	Open Space	Other Post Employment Benefits	Total	Memorial	Cemetery			Total
Assets										
Cash and cash equivalents	\$ 125,482	\$ 149,262	\$	\$	\$ 921,228	\$ 54,611	\$ 469,113	\$ 523,724	\$	\$ 1,444,952
Receivables:										
Assessments					345,766			-		345,766
Intergovernmental					558,701			-		558,701
Loans receivables					191,002			-		191,002
Other					185,189			-		185,189
Due from other funds			808,364	500,000	1,564,035			-	(16,842)	1,547,193
Inventory					39,286			-		39,286
Other					4,643			-		4,643
Total Assets	<u>\$ 125,482</u>	<u>\$ 149,262</u>	<u>\$ 808,364</u>	<u>\$ 500,000</u>	<u>\$ 3,809,850</u>	<u>\$ 54,611</u>	<u>\$ 469,113</u>	<u>\$ 523,724</u>	<u>\$ (16,842)</u>	<u>\$ 4,316,732</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued liabilities	\$	\$	\$	\$	\$ 46,487	\$	\$ 17,948	\$ 17,948	\$	\$ 64,435
Due to other funds	23,299	6,204			878,198	12,005	43,557	55,562	(16,842)	916,918
Deferred revenue					912,850			-		912,850
Total liabilities	<u>23,299</u>	<u>6,204</u>	<u>-</u>	<u>-</u>	<u>1,837,535</u>	<u>12,005</u>	<u>61,505</u>	<u>73,510</u>	<u>(16,842)</u>	<u>1,894,203</u>
Fund balances:										
Reserved:										
Inventory					39,286			-		39,286
Permanent funds						42,606	407,608	450,214		450,214
Unreserved:										
Undesignated	102,183	143,058	808,364	500,000	1,933,029			-		1,933,029
Total fund balance	<u>102,183</u>	<u>143,058</u>	<u>808,364</u>	<u>500,000</u>	<u>1,972,315</u>	<u>42,606</u>	<u>407,608</u>	<u>450,214</u>	<u>-</u>	<u>2,422,529</u>
Total Liabilities and Fund Balances	<u>\$ 125,482</u>	<u>\$ 149,262</u>	<u>\$ 808,364</u>	<u>\$ 500,000</u>	<u>\$ 3,809,850</u>	<u>\$ 54,611</u>	<u>\$ 469,113</u>	<u>\$ 523,724</u>	<u>\$ (16,842)</u>	<u>\$ 4,316,732</u>

TOWN OF SUFFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

Special Revenue Funds

	<u>Dog</u>	<u>Off Duty</u>	<u>School Cafeteria</u>	<u>Town Donations</u>	<u>Special Education Grants</u>	<u>CADAC Grant</u>	<u>Sewer Assessment</u>	<u>Asset Forfeiture</u>	<u>Recreation</u>
Revenues:									
Intergovernmental	\$	\$	\$ 109,957	\$	\$ 838,467	\$	\$	\$ 664	\$
Current services and fees	5,330	119,870	471,586				257,310		
Assessments							75,840		
Interest income	592		1,891				8,001		
Donations and program income				48,769					469
Total revenues	<u>5,922</u>	<u>119,870</u>	<u>583,434</u>	<u>48,769</u>	<u>838,467</u>	<u>-</u>	<u>341,151</u>	<u>664</u>	<u>469</u>
Expenditures:									
Administration									
Public safety	28,267	107,376		2,814				1,530	
Public works				39,875					
Health and social services									
Library, recreation and parks									66
Education			638,221		678,080				
Capital outlay									
Total expenditures	<u>28,267</u>	<u>107,376</u>	<u>638,221</u>	<u>42,689</u>	<u>678,080</u>	<u>-</u>	<u>-</u>	<u>1,530</u>	<u>66</u>
Excess (deficiency) of revenues over expenditures	<u>(22,345)</u>	<u>12,494</u>	<u>(54,787)</u>	<u>6,080</u>	<u>160,387</u>	<u>-</u>	<u>341,151</u>	<u>(866)</u>	<u>403</u>
Other financing sources (uses):									
Transfers in	21,798		40,000						
Transfers out							(442,350)		
Total other financing sources (uses)	<u>21,798</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(442,350)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(547)	12,494	(14,787)	6,080	160,387	-	(101,199)	(866)	403
Fund balance at beginning of year	<u>59,938</u>	<u>19,224</u>	<u>90,016</u>	<u>21,596</u>	<u>185</u>	<u>106,856</u>	<u>6,440</u>	<u>14,464</u>	
Fund Balance at End of Year	<u>\$ 59,391</u>	<u>\$ 31,718</u>	<u>\$ 75,229</u>	<u>\$ 27,676</u>	<u>\$ 160,387</u>	<u>\$ 185</u>	<u>\$ 5,657</u>	<u>\$ 5,574</u>	<u>\$ 14,867</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	Special Revenue Funds									
	Senior Center Activity	Municipal Grant	Emergency Food and Shelter	Small Cities Grant	Drug Education and Enforcement Grant	Sunrise Park	Farmington Canal Trail	Veterans Memorial	Kent Memorial Library	Capital Reserve
Revenues:										
Intergovernmental	\$	\$ 1,004,340	\$	\$	\$	\$	\$	\$ 1,736	\$	
Current services and fees								23,105		
Assessments										
Interest income				5			20	48,861	845	
Donations and program income	350		3,305		2,639			240	5,700	
Total revenues	<u>350</u>	<u>1,004,340</u>	<u>3,305</u>	<u>5</u>	<u>-</u>	<u>2,639</u>	<u>20</u>	<u>73,942</u>	<u>6,545</u>	
Expenditures:										
Administration		7,000		6,990						
Public safety										
Public works		636,228								
Health and social services		6,021	5,549							
Library, recreation and parks	650	14,234				1,637		484,758		
Education										
Capital outlay		341,159		32,920		1,707				
Total expenditures	<u>650</u>	<u>1,004,642</u>	<u>5,549</u>	<u>39,910</u>	<u>-</u>	<u>1,637</u>	<u>1,707</u>	<u>484,758</u>	<u>-</u>	
Excess (deficiency) of revenues over expenditures	<u>(300)</u>	<u>(302)</u>	<u>(2,244)</u>	<u>(39,905)</u>	<u>-</u>	<u>1,002</u>	<u>(1,687)</u>	<u>-</u>	<u>(410,816)</u>	<u>6,545</u>
Other financing sources (uses):										
Transfers in								410,818		
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,818</u>	<u>-</u>	
Net change in fund balances	(300)	(302)	(2,244)	(39,905)	-	1,002	(1,687)	-	2	6,545
Fund balance at beginning of year	717	-	6,445	41,945	(20)	5,664	25,152	2,672	(1,115)	95,638
Fund Balance at End of Year	<u>\$ 417</u>	<u>\$ (302)</u>	<u>\$ 4,201</u>	<u>\$ 2,040</u>	<u>\$ (20)</u>	<u>\$ 6,666</u>	<u>\$ 23,465</u>	<u>\$ 2,672</u>	<u>\$ (1,113)</u>	<u>\$ 102,183</u>

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2007

	Special Revenue Funds			Permanent Funds			Interfund Eliminations	Total Nonmajor Governmental Funds
	Kent Farm Sewer District	Open Space	Other Post Employment Benefits	Total	Memorial	Cemetery		
Revenues:								
Intergovernmental	\$	\$	\$	\$ 1,955,164	\$	\$	\$ -	\$ 1,955,164
Current services and fees		10,500		887,701			-	887,701
Assessments				75,840			-	75,840
Interest income	7,299			67,514	2,721	22,798	25,519	93,033
Donations and program income				61,472		4,225	4,225	65,697
Total revenues	<u>7,299</u>	<u>10,500</u>	<u>-</u>	<u>3,047,691</u>	<u>2,721</u>	<u>27,023</u>	<u>29,744</u>	<u>3,077,435</u>
Expenditures:								
Administration				13,990			-	13,990
Public safety				139,987			-	139,987
Public works				676,103			-	676,103
Health and social services				11,570		22,798	22,798	34,368
Library, recreation and parks		543,224		1,044,569	200		200	1,044,769
Education				1,316,301			-	1,316,301
Capital outlay				375,786			-	375,786
Total expenditures	<u>-</u>	<u>543,224</u>	<u>-</u>	<u>3,578,306</u>	<u>200</u>	<u>22,798</u>	<u>22,998</u>	<u>3,601,304</u>
Excess (deficiency) of revenues over expenditures	<u>7,299</u>	<u>(532,724)</u>	<u>-</u>	<u>(530,615)</u>	<u>2,521</u>	<u>4,225</u>	<u>6,746</u>	<u>(523,869)</u>
Other financing sources (uses):								
Transfers in		500,000	500,000	1,472,616			-	1,472,616
Transfers out				(442,350)			-	(442,350)
Total other financing sources (uses)	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>1,030,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,030,266</u>
Net change in fund balances	7,299	(32,724)	500,000	499,651	2,521	4,225	6,746	506,397
Fund balance at beginning of year	<u>135,759</u>	<u>841,088</u>		<u>1,472,664</u>	<u>40,085</u>	<u>403,383</u>	<u>443,468</u>	<u>1,916,132</u>
Fund Balance at End of Year	<u>\$ 143,058</u>	<u>\$ 808,364</u>	<u>\$ 500,000</u>	<u>\$ 1,972,315</u>	<u>\$ 42,606</u>	<u>\$ 407,608</u>	<u>\$ 450,214</u>	<u>\$ 2,422,529</u>

TOWN OF SUFFIELD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 214,993	\$	\$ 214,993
Due from other funds	470,134		470,134
Receivables - other	<u>449,529</u>	<u>11,543</u>	<u>461,072</u>
Total	<u>\$ 1,134,656</u>	<u>\$ 11,543</u>	<u>\$ 1,146,199</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable and accrued liabilities	\$ 444,911	\$ 8,647	\$ 453,558
Due to other funds		<u>116,139</u>	<u>116,139</u>
Total liabilities	<u>444,911</u>	<u>124,786</u>	<u>569,697</u>
Net assets:			
Undesignated	<u>689,745</u>	<u>(113,243)</u>	<u>576,502</u>
Total	<u>\$ 1,134,656</u>	<u>\$ 11,543</u>	<u>\$ 1,146,199</u>

TOWN OF SUFFIELD, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
Operating revenues:			
User charges	\$ 4,862,296	\$ 247,247	\$ 5,109,543
Operating expenses:			
Administration	368,929		368,929
Insurance and benefits	4,382,704		4,382,704
Fuel		302,331	302,331
Total operating expenses	<u>4,751,633</u>	<u>302,331</u>	<u>5,053,964</u>
Operating income (loss)	110,663	(55,084)	55,579
Nonoperating revenue:			
Investment income	<u>24,851</u>		<u>24,851</u>
Change in net assets	135,514	(55,084)	80,430
Net assets at beginning of year	<u>554,231</u>	<u>(58,159)</u>	<u>496,072</u>
Net Assets at End of Year	<u>\$ 689,745</u>	<u>\$ (113,243)</u>	<u>\$ 576,502</u>

TOWN OF SUFFIELD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from users	\$ 3,901,704	\$ 241,702	\$ 4,143,406
Cash paid to vendors	<u>(4,736,036)</u>	<u>(241,702)</u>	<u>(4,977,738)</u>
Net cash used in operating activities	(834,332)	-	(834,332)
Cash flows from investing activities:			
Interest on investments	<u>24,851</u>	<u>-</u>	<u>24,851</u>
Net decrease in cash and cash equivalents	(809,481)	-	(809,481)
Cash and cash equivalents at beginning of year	<u>1,024,474</u>	<u>-</u>	<u>1,024,474</u>
Cash and Cash Equivalents at End of Year	<u>\$ 214,993</u>	<u>\$ -</u>	<u>\$ 214,993</u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:			
Operating income (loss)	\$ 110,663	\$ (55,084)	\$ 55,579
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
(Increase) decrease in accounts receivable	(178,834)	(5,545)	(184,379)
(Increase) decrease in due from other funds	(470,134)		(470,134)
Increase (decrease) in accounts payable and accrued expenses	15,597	(9,975)	5,622
Increase (decrease) in due to other funds	<u>(311,624)</u>	<u>70,604</u>	<u>(241,020)</u>
Net Cash Used in Operating Activities	<u>\$ (834,332)</u>	<u>\$ -</u>	<u>\$ (834,332)</u>

TOWN OF SUFFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2007

	<u>Student Activity</u>	<u>Performance Bond</u>	<u>Clerk of the Works</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 98,957	\$ 116,530	\$	\$ 215,487
Due from other funds			17,691	17,691
Total	<u>\$ 98,957</u>	<u>\$ 116,530</u>	<u>\$ 17,691</u>	<u>\$ 233,178</u>
LIABILITIES				
Due to student groups and others	<u>\$ 98,957</u>	<u>\$ 116,530</u>	<u>\$ 17,691</u>	<u>\$ 233,178</u>

TOWN OF SUFFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ 95,412	\$ 557,877	\$ 554,332	\$ 98,957
Liabilities:				
Due to student groups and others	\$ 95,412	\$ 557,877	\$ 554,332	\$ 98,957
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 145,735	\$ 53,801	\$ 83,006	\$ 116,530
Liabilities:				
Due to student groups and others	\$ 145,735	\$ 53,801	\$ 83,006	\$ 116,530
Clerks of the Works Fund				
Assets:				
Due from other funds	\$ 20,932	\$ 2,806	\$ 6,047	\$ 17,691
Liabilities:				
Due to student groups and others	\$ 20,932	\$ 2,806	\$ 6,047	\$ 17,691
Total Assets				
Assets:				
Cash and cash equivalents	\$ 241,147	\$ 611,678	\$ 637,338	\$ 215,487
Due from other funds	20,932	2,806	6,047	17,691
Total	\$ 262,079	\$ 614,484	\$ 643,385	\$ 233,178
Liabilities:				
Due to student groups and others	\$ 262,079	\$ 614,484	\$ 643,385	\$ 233,178

TOWN OF SUFFIELD, CONNECTICUT
STATEMENT OF DEBT LIMITATION

JUNE 30, 2007
(In Thousands)

Total cash collections for the year ended June 30, 2007:

Taxes, interest and lien fees	\$ 27,578
Reimbursement for revenue loss on:	
Tax relief for elderly - elderly freeze	8
	8
Base	\$ 27,586

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitations:					
2-1/4 times base	\$ 62,069	\$	\$	\$	\$
4-1/2 times base		124,137			
3-3/4 times base			103,448		
3-1/4 times base				89,655	
3 times base					82,758
	62,069	124,137	103,448	89,655	82,758
Total debt limitation	62,069	124,137	103,448	89,655	82,758
Indebtedness:					
Bonds and notes payable		19,905	2,287		
Authorized, unissued bonds		21,800			
Less amounts to be provided by:					
State - grants on bonds authorized, unissued		(19,000)			
		(19,000)			
Total indebtedness	-	22,705	2,287	-	-
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ 62,069	\$ 101,432	\$ 101,161	\$ 89,655	\$ 82,758

Note 1: In no case shall total debt service exceed seven times annual receipts from taxation (\$193,102).