

TOWN OF SUFFIELD, CONNECTICUT

JUNE 30, 2008

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, 2008, 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 audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Suffield, Connecticut, as of June 30, 2008 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 December 31, 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 conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 11 and budgetary comparison information on pages 44 through 48 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.

December 31, 2008

TOWN OF SUFFIELD, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2008

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, 2008. 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 decreased by \$560, or 2.5%, net assets of our governmental activities increased by \$3,653, or 4.8%.
- During the year, the Town had expenses that were \$3,653 less than the \$59,732 generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues decreased by \$538 while expenses increased by \$192. The decrease was due to capital grants and sewer charges.
- Total cost of all of the Town's programs was \$58,511 with no new programs added this year.
- The General Fund reported a fund balance this year of \$9,367.
- The resources available for appropriation were \$1,670 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 5.1% from a year ago going from \$72,811, as restated, to \$76,464. 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 20,142	\$ 17,783	\$ 392	\$ 125	\$ 20,534	\$ 17,908
Capital assets, net of accumulated depreciation	80,830	81,394	22,849	23,670	103,679	105,064
Total assets	<u>100,972</u>	<u>99,177</u>	<u>23,241</u>	<u>23,795</u>	<u>124,213</u>	<u>122,972</u>
Long-term debt outstanding	21,373	23,398	795	902	22,168	24,300
Other liabilities	3,135	2,968	162	49	3,297	3,017
Total liabilities	<u>24,508</u>	<u>26,366</u>	<u>957</u>	<u>951</u>	<u>25,465</u>	<u>27,317</u>
Net Assets:						
Invested in capital assets, net of debt	60,509	58,987	22,054	22,768	82,563	81,755
Restricted	451	450			451	450
Unrestricted	<u>15,504</u>	<u>13,374</u>	<u>230</u>	<u>76</u>	<u>15,734</u>	<u>13,450</u>
Total Net Assets	<u>\$ 76,464</u>	<u>\$ 72,811</u>	<u>\$ 22,284</u>	<u>\$ 22,844</u>	<u>\$ 98,748</u>	<u>\$ 95,655</u>

Net assets of the Town's governmental activities increased by \$3,653 or 4.8% (\$72,811, as restated, compared to \$76,464). The primary factor contributing to the increase in net assets is \$1,995 of additional property taxes received, \$9,598 in additional operating grants and contributions, and \$556 in miscellaneous earnings. Capital grants decreased by \$1,792 due to a decrease 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 \$13,374 at June 30, 2007 to \$15,504 at the end of this year.

The net assets of business-type activities decreased by \$560 or 2.5% (\$22,844 compared to \$22,284) in 2008. 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	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services:						
Administration	\$ 715	\$ 821	\$	\$	\$ 715	\$ 821
Public safety	116	132			116	132
Public works	1,176	1,129			1,176	1,129
Health and social services	5	18			5	18
Library, recreation and parks	132	193			132	193
Education	1,440	1,356			1,440	1,356
Sewer			1,838	1,997	1,838	1,997
Operating grants and contributions	18,695	9,097			18,695	9,097
Capital grants and contributions	761	2,553	25	379	786	2,932
General revenues:						
Property taxes	29,675	27,680			29,675	27,680
Grants and contributions not restricted to specific purposes	5,735	5,601			5,735	5,601
Unrestricted investment earnings	726	841	9	35	735	876
Miscellaneous	556				556	-
Total revenues	<u>59,732</u>	<u>49,421</u>	<u>1,872</u>	<u>2,411</u>	<u>61,604</u>	<u>51,832</u>
Program expenses:						
Administration	3,950	3,536			3,950	3,536
Planning and development	395	532			395	532
Public safety	3,423	3,126			3,423	3,126
Public works	4,032	4,769			4,032	4,769
Health and social services	643	668			643	668
Library, recreation and parks	1,401	1,873			1,401	1,873
Education	41,256	30,415			41,256	30,415
Interest on long-term debt	979	1,050			979	1,050
Sewer			2,432	2,240	2,432	2,240
Total program expenses	<u>56,079</u>	<u>45,969</u>	<u>2,432</u>	<u>2,240</u>	<u>58,511</u>	<u>48,209</u>
Increase in Net Assets	<u>\$ 3,653</u>	<u>\$ 3,452</u>	<u>\$ (560)</u>	<u>\$ 171</u>	<u>\$ 3,093</u>	<u>\$ 3,623</u>

The Town's total revenues were \$61,604. The total cost of all programs and services was \$58,511. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The greatest increase was in operating grants and contributions. Property taxes accounted for 50% of the Town's governmental activities. Operating grants and contributions accounted for 31% of the Town's governmental activities. The Town continues to utilize grants and contributions to maintain its services.

Education related expenses accounted for over 74% of the total program expenses for governmental activities. Insurance costs continue to increase primarily in the area of medical insurance and pension plan contributions. Administration costs increased by 11.7%. The Town is increasing its' maintenance costs to provide for longer use of Town buildings and infrastructure. 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Administration	\$ 3,950	\$ 3,536	\$ 3,180	\$ 2,572
Public safety	3,423	3,126	3,297	2,733
Public works	4,032	4,769	1,911	302
Education	<u>41,256</u>	<u>30,415</u>	<u>21,400</u>	<u>21,155</u>
Totals	<u>\$ 52,661</u>	<u>\$ 41,846</u>	<u>\$ 29,788</u>	<u>\$ 26,762</u>

Business-Type Activities

Revenues of the Town's business-type activities (see Table 2) decreased by \$538 primarily due to capital grants of \$354 and investment income decreased by \$26. Expenses increased by \$192 or 8.8%. 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 \$13,979, which is an increase from last year's total of \$12,192. Included in this year's total change in fund balance is an increase of \$1,062 in the Town's General Fund. In addition, these other changes in fund balances should be noted: an increase of \$290 in the Capital Projects funds and an increase of \$435 in other governmental funds.

General Fund Budgetary Highlights

Actual final budgetary expenditures results (including encumbrances) totaled \$45,139. Unexpended appropriations in all areas resulted in an increase to the General Fund Balance of \$205. On the revenue side, final actual revenues exceeded the original budget by \$1,670 due to increases in the following categories: property taxes contributed \$430 due to a tax sale and collection of prior years taxes and interest and fees; intergovernmental revenues added \$1,089 due to increases in payment in lieu of taxes and Mashantucket Pequot grants. Interest income added another \$121.

The Town's General Fund balance of \$9,367 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$9,329. This is principally because the budgetary fund balance does not include \$38 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 \$593. 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 \$1,280, an increase of \$703 from the prior year. This increase is due primarily to the performance of the Insurance Fund. There was operating income of \$584 and investment income of \$6. 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 operating income of \$7.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Town had \$105 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 decrease (including additions and deductions) of \$1.4 million, or 1.3%, over last year.

Table 4

CAPITAL ASSETS AT YEAR-END (Net of Depreciation)

(in thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Land	\$ 10,117	\$ 9,356	\$ 16,038	\$ 16,038	\$ 26,155	\$ 25,394
Land improvements	66	93			66	93
Buildings	49,109	50,592	1,434	1,745	50,543	52,337
Furniture and equipment	2,266	2,036	5,377	5,708	7,643	7,744
Infrastructure	18,086	18,393			18,086	18,393
Construction in progress	1,186	924		179	1,186	1,103
Total	\$ 80,830	\$ 81,394	\$ 22,849	\$ 23,670	\$ 103,679	\$ 105,064

For the year 2008, it was discovered that some assets were reported twice, which resulted in the restatement of beginning capital assets. This amount was a net change of \$2,547.

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

Development Rights for one farm	\$761
Middle School Roof Project - continuing	259

The Town's fiscal-year 2008-09 capital budget calls for it to spend another \$2,601 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 5 to the financial statements.

Long-Term Debt

At June 30, 2008, the Town had \$20,321 in bonds and notes outstanding versus \$22,407 last year - a decrease of \$2,086 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 \$208,061 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 7 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 November 2008 stands at 5.3% versus 3.8% a year ago. This compares with the State's unemployment rate of 6.4% and the national rate of 6.5%.

These indicators were taken into account when adopting the General Fund budget for 2008-09. Amounts available for appropriation in the General Fund budget are \$48,432, an increase of 6.7% over the original 2008 budget of \$45,384. 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 \$1,200 of its \$9,367 General Fund balance to finance its 2008-09 budget leaving an unreserved, undesignated General Fund balance at June 30, 2008 of \$8,167 or 16.8% of the 2008-09 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 6.7% to \$48,432 from \$45,384 in 2008. Increases in education and general government operations are the largest increments. The Town has added no major new programs or initiatives to the 2009 budget.

If these estimates are realized, the Town's budgetary General Fund balance is expected to decrease by June 30, 2009.

The Water Pollution Control Authority approved a budget with an increase of 6% in expenditures which required an increase in the per unit charge of \$58.

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, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 13,107,404	\$ 366,314	\$ 13,473,718
Receivables, net	6,918,441	25,688	6,944,129
Inventory	11,574		11,574
Net pension asset	104,727		104,727
Capital assets not being depreciated	11,302,624	16,038,335	27,340,959
Capital assets being depreciated, net	69,527,153	6,810,217	76,337,370
Total assets	<u>100,971,923</u>	<u>23,240,554</u>	<u>124,212,477</u>
Liabilities:			
Accounts and other payables	2,202,506	164,487	2,366,993
Accrued interest payable	50,068		50,068
Unearned revenue	879,234		879,234
Internal balances	3,160	(3,160)	-
Noncurrent liabilities:			
Due within one year	2,710,598	350,000	3,060,598
Due in more than one year	18,662,623	444,778	19,107,401
Total liabilities	<u>24,508,189</u>	<u>956,105</u>	<u>25,464,294</u>
Net Assets:			
Invested in capital assets, net of related debt	60,508,398	22,053,774	82,562,172
Restricted for:			
Trust purposes:			
Nonexpendable	451,180		451,180
Unrestricted	15,504,156	230,675	15,734,831
Total Net Assets	<u>\$ 76,463,734</u>	<u>\$ 22,284,449</u>	<u>\$ 98,748,183</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, 2008

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	\$ 3,950,106	\$ 715,158	\$ 55,010	\$	\$ (3,179,938)	\$	\$ (3,179,938)
Planning and development	394,527		16,935		(377,592)		(377,592)
Public safety	3,423,050	115,584	10,000		(3,297,466)		(3,297,466)
Public works	4,031,643	1,175,986	183,787	761,311	(1,910,559)		(1,910,559)
Health and social services	643,171	4,770	6,711		(631,690)		(631,690)
Library, recreation and parks	1,400,537	132,120	5,900		(1,262,517)		(1,262,517)
Education	41,256,264	1,439,544	18,416,998		(21,399,722)		(21,399,722)
Interest on long-term debt	979,525				(979,525)		(979,525)
Total governmental activities	56,078,823	3,583,162	18,695,341	761,311	(33,039,009)	-	(33,039,009)
Business-type activities:							
Sewer	2,432,222	1,839,174		25,410		(567,638)	(567,638)
Total	\$ 58,511,045	\$ 5,422,336	\$ 18,695,341	\$ 786,721	(33,039,009)	(567,638)	(33,606,647)
General revenues:							
Property taxes					29,674,445		29,674,445
Grants and contributions not restricted to specific programs					5,735,470		5,735,470
Unrestricted investment earnings					726,287	8,636	734,923
Miscellaneous					555,800		555,800
Total general revenues					36,692,002	8,636	36,700,638
Change in net assets					3,652,993	(559,002)	3,093,991
Net Assets at Beginning of Year, as Restated					72,810,741	22,843,451	95,654,192
Net Assets at End of Year					\$ 76,463,734	\$ 22,284,449	\$ 98,748,183

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,067,786	\$ 92,408	\$ 1,382,425	\$ 12,542,619
Receivables, net	1,811,187	3,285,611	771,260	5,868,058
Due from other funds	5,036,737	3,567,330	1,907,666	10,511,733
Inventories			11,574	11,574
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>17,915,710</u>	\$ <u>6,945,349</u>	\$ <u>4,072,925</u>	\$ <u>28,933,984</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and claims payable	\$ 1,744,171	\$ 277,466	\$ 112,144	\$ 2,133,781
Due to other funds	5,888,140	4,900,296	233,577	11,022,013
Deferred revenue	916,448	12,622	869,826	1,798,896
Total liabilities	<u>8,548,759</u>	<u>5,190,384</u>	<u>1,215,547</u>	<u>14,954,690</u>
Fund balances:				
Reserved	37,516	726,270	462,754	1,226,540
Unreserved, reported in:				
General Fund	9,329,435			9,329,435
Special Revenue Funds			2,394,624	2,394,624
Capital Project Funds		1,028,695		1,028,695
Total fund balances	<u>9,366,951</u>	<u>1,754,965</u>	<u>2,857,378</u>	<u>13,979,294</u>
Total Liabilities and Fund Balances	\$ <u>17,915,710</u>	\$ <u>6,945,349</u>	\$ <u>4,072,925</u>	<u>28,933,984</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because of the following:

Fund balances - total governmental funds	\$	13,979,294
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 100,399,506	
Less accumulated depreciation	<u>(19,569,729)</u>	
Net capital assets		80,829,777

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Net pension asset	104,727
Hood receivable	435,718
Housing loan receivable	129,002
Special assessment receivable	326,931
Property tax receivable greater than 60 days	391,772
Interest receivable on property taxes	71,957

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 funds are reported with governmental activities in the statement of net assets.

1,280,408

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(20,128,691)
Deferred amounts in refunding	(192,688)
Interest payable on bonds	(50,068)
Landfill closure and postclosure	(259,200)
Compensated absences	(422,670)
Capital lease obligation	<u>(32,535)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>76,463,734</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 29,655,308	\$	\$	\$ 29,655,308
Intergovernmental	23,450,012		931,632	24,381,644
Charges for services	2,765,497		1,054,359	3,819,856
Interest income	620,581	5,139	94,340	720,060
Miscellaneous	523,820	30,098	113,049	666,967
Total revenues	<u>57,015,218</u>	<u>35,237</u>	<u>2,193,380</u>	<u>59,243,835</u>
Expenditures:				
Current:				
Administration	3,840,040		17,500	3,857,540
Planning and development	386,712			386,712
Public safety	3,039,905		209,197	3,249,102
Public works	2,867,341		78,377	2,945,718
Health and social services	620,358		31,773	652,131
Library, recreation and parks	378,853		937,596	1,316,449
Education	38,869,775		1,161,106	40,030,881
Miscellaneous	30,000			30,000
Debt service	3,074,000			3,074,000
Capital outlay		1,766,695	84,905	1,851,600
Total expenditures	<u>53,106,984</u>	<u>1,766,695</u>	<u>2,520,454</u>	<u>57,394,133</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,908,234</u>	<u>(1,731,458)</u>	<u>(327,074)</u>	<u>1,849,702</u>
Other Financing Sources (Uses):				
Issuance of capital lease		50,404		50,404
Transfers in	544,644	2,236,251	1,041,567	3,822,462
Transfers out	(3,391,062)	(265,000)	(279,644)	(3,935,706)
Total other financing sources (uses)	<u>(2,846,418)</u>	<u>2,021,655</u>	<u>761,923</u>	<u>(62,840)</u>
Net Change in Fund Balances	1,061,816	290,197	434,849	1,786,862
Fund Balances at Beginning of Year	<u>8,305,135</u>	<u>1,464,768</u>	<u>2,422,529</u>	<u>12,192,432</u>
Fund Balances at End of Year	<u>\$ 9,366,951</u>	<u>\$ 1,754,965</u>	<u>\$ 2,857,378</u>	<u>\$ 13,979,294</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,786,862
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Governmental funds report capital outlays as expenditures. In the statement of activities,
the cost of those assets is allocated over their estimated useful lives and reported as
depreciation expense:

Capital outlay	1,650,472
Depreciation expense	(2,203,630)

In the statement of activities, only the gain on the sale of capital assets is reported. However,
in the governmental funds, the proceeds from the sale increase financial resources.
Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.

(10,728)

Revenues in the statement of activities that do not provide current financial resources are
not reported as revenues in the funds, and revenues recognized in the funds are not reported in the
statement of activities:

Property tax interest and lien revenue-accrual basis change	(98,303)
Property tax receivable-accrual basis change	117,440
Housing loan receivable-accrual basis change	(62,000)
Special assessment receivable-accrual basis change	(18,835)
Hood receivable	(217,859)
Net pension asset	25,717

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources
to governmental funds, while the repayment of the principal of long-term debt consumes
the current financial resources of governmental funds. Neither transaction has any effect
on net assets. Also, governmental funds report the effect of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these amounts are
amortized and deferred in the statement of activities. The details of these differences
in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,063,082
Issuance of capital lease	(50,404)
Capital lease payments	17,869

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 the governmental
funds:

Deferred amounts in refunding	22,595
Compensated absences	(98,189)
Landfill closure and postclosure	16,200
Accrued interest	8,798

Internal service funds are used by management to charge costs to individual funds. The net
revenue of certain activities of internal services funds is reported with governmental activities.

<u>703,906</u>

Change in Net Assets of Governmental Activities (Exhibit II)

\$ <u><u>3,652,993</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Business-Type Activities</u> WPCA <u>Enterprise Fund</u>	<u>Governmental Activities</u> Internal <u>Service Funds</u>
Assets:		
Cash and cash equivalents	\$ 366,314	\$ 564,785
Receivables, net	25,688	614,665
Due from other funds	3,160	507,120
Capital assets not being depreciated	16,038,335	
Capital assets, net of accumulated depreciation	<u>6,810,217</u>	
Total assets	<u>23,243,714</u>	<u>1,686,570</u>
Liabilities:		
Accounts and other payables	164,487	406,162
Loans payable - current	350,000	
Loans payable - noncurrent	<u>444,778</u>	
Total liabilities	<u>959,265</u>	<u>406,162</u>
Net Assets:		
Invested in capital assets, net of related debt	22,053,774	
Unrestricted	<u>230,675</u>	<u>1,280,408</u>
Total Net Assets	<u>\$ 22,284,449</u>	<u>\$ 1,280,408</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, 2008

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>WPCA Enterprise Fund</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Charges for services	\$ 1,830,597	\$ 5,622,125
Other	8,577	
Total operating revenues	<u>1,839,174</u>	<u>5,622,125</u>
Operating Expenses:		
Administrative expense	54,419	414,771
Payroll and employee benefits	700,668	
Sludge disposal	165,015	
Plant maintenance and materials	148,083	
Insurance and program services	186,868	4,303,571
Utilities	277,313	
Other operating expense	39,500	319,348
Depreciation	860,356	
Total operating expenses	<u>2,432,222</u>	<u>5,037,690</u>
Operating Income (Loss)	(593,048)	584,435
Nonoperating Revenue:		
Income on investments	8,636	6,227
Capital Contributions	<u>25,410</u>	
Income (Loss) Before Transfers	(559,002)	590,662
Transfers in		<u>113,244</u>
Change in Net Assets	(559,002)	703,906
Net Assets at Beginning of Year	<u>22,843,451</u>	<u>576,502</u>
Net Assets at End of Year	<u>\$ 22,284,449</u>	<u>\$ 1,280,408</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, 2008

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>WPCA</u>	<u>Internal</u>
	<u>Enterprise Fund</u>	<u>Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from operating funds	\$	\$ 5,431,546
Cash received from customers	1,873,797	
Cash payments to employees for services	(700,668)	
Cash payments to supplies for goods and services	(760,826)	(5,201,225)
Cash received from other sources	8,577	
Net cash provided by operating activities	<u>420,880</u>	<u>230,321</u>
Cash Flows from Capital Financing Activities:		
Acquisition of capital assets	(39,238)	
Capital contributions	25,410	
Loans repaid	(107,000)	
Net cash used in capital financing activities	<u>(120,828)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:		
Transfers in		<u>113,244</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>8,636</u>	<u>6,227</u>
Net Increase in Cash and Cash Equivalents	308,688	349,792
Cash and Cash Equivalents at Beginning of Year	<u>57,626</u>	<u>214,993</u>
Cash and Cash Equivalents at End of Year	<u>\$ 366,314</u>	<u>\$ 564,785</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	\$ (593,048)	\$ 584,435
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	860,356	
(Increase) decrease in accounts receivables	40,969	(153,593)
(Increase) decrease in due from other funds	1,677	(36,986)
(Increase) decrease in other assets	554	
Increase (decrease) in accounts payable	148,896	(47,396)
Increase (decrease) in due to other funds	<u>(38,524)</u>	<u>(116,139)</u>
Net Cash Provided by Operating Activities	<u>\$ 420,880</u>	<u>\$ 230,321</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, 2008

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 327,821	\$ 235,947
Investments	17,351,928	
Receivables:		
Other	<u>153,557</u>	<u> </u>
Total assets	17,833,306	<u>\$ 235,947</u>
Liabilities:		
Accounts and other payables	<u>28,673</u>	<u>\$ 235,947</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 17,804,633</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, 2008

Additions:	
Contributions:	
Employer	\$ 851,078
Employee	463,887
Total contributions	<u>1,314,965</u>
Investment income (loss):	
Interest and dividends	531,726
Net depreciation in fair value of investments	(1,509,472)
Investment expenses	<u>(34,340)</u>
Net investment loss	<u>(1,012,086)</u>
Total additions	<u>302,879</u>
Deductions:	
Benefits payments and withdrawals	888,056
Administration	<u>65,447</u>
Total deductions	<u>953,503</u>
Net Decrease	(650,624)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>18,455,257</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 17,804,633</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SUFFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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.

The *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.

Agency Funds account for monies held as custodian for outside student and municipal groups and agencies.

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 3.

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 \$34,267 has been established as an allowance for uncollectible taxes. At June 30, 2008, this represents 7% 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, 2008, the total amount of the liability was \$422,670. 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. Equity

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net asset restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Reserved Fund Balance - A portion of fund balance that is not available for appropriation or is legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - Represents tentative management plans that are subject to change.

Unreserved Fund Balance - Serves as a measure of current available financial resources.

2. 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, 2008, there were no additional appropriations.

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, 2008:

Nonmajor Governmental Funds:	
Special Revenue Funds:	
Municipal Grant	\$ 300
Education Enforcement Grant	20
Kent Memorial Library	1,115

The deficits of Special Revenue Funds will be funded by contribution from the General Fund or future revenues.

3. 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, 2008:

Deposits:	
Demand accounts	\$ 5,669,078
Petty cash	200
Cash equivalents:	
State Short-Term Investment Fund (STIF)	8,327,212
State Tax Exempt Proceeds Fund (TEPF)	<u>40,996</u>
Total Cash and Cash Equivalents	\$ <u><u>14,037,486</u></u>

Deposits

At June 30, 2008, the carrying amount of the Town deposits was \$5,669,078, and the bank balance was \$6,999,839.

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, 2008 bank balance, \$442,713 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 \$695,932, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$5,861,194 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, 2008, the Town's cash equivalents amounted to \$8,368,208. 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, 2008 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	\$ 2,295,079	8.42
Corporate bonds	1,386,060	6.58
Other investments:		
Common stock	5,854,480	
Mutual funds	<u>7,816,309</u>	
Total	<u>\$ 17,351,928</u>	
Portfolio weighted average maturity for interest-bearing Investments		7.72

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	\$ 1,175,792	A- to AAA
Corporate bonds	210,268	BBB- to 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, 2008, the Town had \$9,535,619 of uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

4. 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:					
Taxes	\$ 515,022	\$	\$	\$	\$ 515,022
Interest	71,957				71,957
Accounts	454,488	3,575	25,688	809,652	1,293,403
Special assessments				326,931	326,931
Intergovernmental	9,209	3,282,036		120,340	3,411,585
Loans	794,778			129,002	923,780
Other				153,557	153,557
Gross receivables	<u>1,845,454</u>	<u>3,285,611</u>	<u>25,688</u>	<u>1,539,482</u>	<u>6,696,235</u>
Less allowance for uncollectibles:	<u>(34,267)</u>				<u>(34,267)</u>
Net Total Receivables	<u>\$ 1,811,187</u>	<u>\$ 3,285,611</u>	<u>\$ 25,688</u>	<u>\$ 1,539,482</u>	<u>\$ 6,661,968</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	\$ 391,772	\$
Accrued interest on delinquent property tax	71,957	
Special assessments not yet due	326,931	
Grant drawdowns prior to meeting all eligibility requirements		426,515
Cell phone tower - unearned		448,706
Loans receivable	129,002	
Unearned program revenues		<u>4,013</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 919,662</u>	<u>\$ 879,234</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance*</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,355,937	\$ 761,311	\$	\$ 10,117,248
Construction in progress	924,974	260,402		1,185,376
Total capital assets not being depreciated	<u>10,280,911</u>	<u>1,021,713</u>	<u>-</u>	<u>11,302,624</u>
Capital assets being depreciated:				
Buildings	61,206,114	77,674		61,283,788
Land improvements	417,322	9,198		426,520
Furniture and equipment	5,656,617	541,887	62,436	6,136,068
Infrastructure	21,250,506			21,250,506
Total capital assets being depreciated	<u>88,530,559</u>	<u>628,759</u>	<u>62,436</u>	<u>89,096,882</u>
Less accumulated depreciation for:				
Buildings	10,614,590	1,559,728		12,174,318
Land improvements	324,535	36,139		360,674
Furniture and equipment	3,620,995	300,679	51,708	3,869,966
Infrastructure	2,857,687	307,084		3,164,771
Total accumulated depreciation	<u>17,417,807</u>	<u>2,203,630</u>	<u>51,708</u>	<u>19,569,729</u>
Total capital assets being depreciated, net	<u>71,112,752</u>	<u>(1,574,871)</u>	<u>10,728</u>	<u>69,527,153</u>
Governmental Activities Capital Assets, Net	<u>\$ 81,393,663</u>	<u>\$ (553,158)</u>	<u>\$ 10,728</u>	<u>\$ 80,829,777</u>

* The beginning capital assets balance is restated to exclude infrastructure assets that were previously included twice. The net amount of restatement is a decrease of \$2,547,323.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 16,038,335	\$	\$	\$ 16,038,335
Construction in progress	<u>178,917</u>		<u>178,917</u>	<u>-</u>
Total capital assets not being depreciated	<u>16,217,252</u>	<u>-</u>	<u>178,917</u>	<u>16,038,335</u>
Capital assets being depreciated:				
Buildings	9,672,629			9,672,629
Equipment	16,171,228	218,155		16,389,383
Vehicles	<u>75,921</u>			<u>75,921</u>
Total capital assets being depreciated	<u>25,919,778</u>	<u>218,155</u>	<u>-</u>	<u>26,137,933</u>
Less accumulated depreciation for:				
Buildings	7,927,777	310,412		8,238,189
Equipment	10,481,601	544,634		11,026,235
Vehicles	<u>57,982</u>	<u>5,310</u>		<u>63,292</u>
Total accumulated depreciation	<u>18,467,360</u>	<u>860,356</u>	<u>-</u>	<u>19,327,716</u>
Total capital assets being depreciated, net	<u>7,452,418</u>	<u>(642,201)</u>	<u>-</u>	<u>6,810,217</u>
Business-Type Activities Capital Assets, Net	<u>\$ 23,669,670</u>	<u>\$ (642,201)</u>	<u>\$ 178,917</u>	<u>\$ 22,848,552</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 59,528
Planning and development	8,250
Public safety	177,692
Public works	425,617
Health and social services	21,765
Library, recreation and parks	70,802
Education	<u>1,439,976</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,203,630</u>
Business-type activities:	
Sewer	<u>\$ 860,356</u>

Construction Commitments

The Town has several active construction projects as of June 30, 2008. The projects include High School construction and code renovations to various schools. At year end, the Town's commitments 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	<u>\$ 56,113,070</u>	<u>\$ 51,875,957</u>	<u>\$ 4,237,113</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2008, amounts due to and due from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Fund	\$ 5,036,737
Capital Project Funds	General Fund	3,475,070
	Nonmajor Governmental Fund	92,260
		<u>3,567,330</u>
Nonmajor Governmental Fund	General Fund	1,905,950
	Capital Project Funds	1,716
		<u>1,907,666</u>
WPCA	Nonmajor Governmental Fund	<u>3,160</u>
Internal Service Funds	General Fund	<u>507,120</u>
Total		<u>\$ 11,022,013</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>Total Transfers Out</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Internal Service</u>	<u>Nonmajor Governmental</u>	
Transfers out:					
General Fund	\$	\$ 2,236,251	\$ 113,244	\$ 1,041,567	\$ 3,391,062
Capital Projects Fund	265,000				265,000
Nonmajor Governmental Fund	<u>279,644</u>				<u>279,644</u>
Total Transfers In	<u>\$ 544,644</u>	<u>\$ 2,236,251</u>	<u>\$ 113,244</u>	<u>\$ 1,041,567</u>	<u>\$ 3,935,706</u>

Transfers represent annual recurring transactions which move resources between funds.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 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	\$ 22,191,773	\$	\$ 2,063,082	\$ 20,128,691	\$ 2,065,439
Unamortized amounts:					
Deferred amounts on refunding	<u>215,283</u>	<u> </u>	<u>22,595</u>	<u>192,688</u>	<u> </u>
Total bonds payable	22,407,056	-	2,085,677	20,321,379	2,065,439
Landfill closure and postclosure	275,400		16,200	259,200	16,200
Capital lease obligation	-	50,404	17,869	32,535	15,756
Compensated absences	324,481	329,905	231,716	422,670	275,766
Risk management claims	<u>390,816</u>	<u>4,303,571</u>	<u>4,356,950</u>	<u>337,437</u>	<u>337,437</u>
Governmental Activity Long-Term Liabilities	<u>\$ 23,397,753</u>	<u>\$ 4,683,880</u>	<u>\$ 6,708,412</u>	<u>\$ 21,373,221</u>	<u>\$ 2,710,598</u>

General long-term debt transactions are summarized as follows for the year ended June 30, 2008:

<u>Description</u>	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>
Bonds payable:				
School bonds issued 2001, amount \$27,700,000, interest rate 3.75%- 5.125%, maturity date 2021	\$ 5,840,000	\$	\$ 1,460,000	\$ 4,380,000
Refunding bonds issued 2005, amount \$14,305,000, interest 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 interest rate 2.0%, maturity date November 2009	1,458,876		486,293	972,583
Pollution abatement facilities loan issued in 1994, amount interest rate 2.0%, maturity date November 2013	575,216		84,864	490,352
Pollution abatement facilities loan issued in 1995, amount \$610,016, interest rate 2.0%, maturity date November 2014	252,681		31,925	220,756
Total	<u>\$ 22,191,773</u>	<u>\$ -</u>	<u>\$ 2,063,082</u>	<u>\$ 20,128,691</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, 2008, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,549,061	635,469	2,184,530
2014-2018	7,120,834	2,101,070	9,221,904
2019-2021	4,195,000	419,750	4,614,750
Total	<u>\$ 20,128,691</u>	<u>\$ 6,444,153</u>	<u>\$ 26,572,844</u>

As of June 30, 2008, 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, 2008, the Town was reimbursed \$227,092 (\$217,859 principal, \$9,233 interest) from Hood.

At June 30, 2008, the following amount was receivable:

Total outside participation	\$	4,357,180
Collected by the Town through June 30, 2008		<u>3,921,462</u>
Remaining Balance to be Provided	\$	<u>435,718</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 \$259,200 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 in escrow is \$15,108,962 at June 30, 2008. The balance of the defeased bonds at June 30, 2008 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):

Category	Debt Limit	Indebtedness*	Balance
General purpose	\$ 66,877	\$	\$ 66,877
Schools	133,754	31,634	102,120
Sewers	111,461	1,684	109,777
Urban renewal	96,600		96,600
Pension deficit	89,169		89,169

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$208,061).

* Includes bonds authorized unissued of \$21,800. Authorizations have been reduced by grant revenues and commitments of \$8,611.

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 \$794,778. The WPCA repaid \$107,000 of principal and \$39,500 of interest this year.

Capital Lease

The Board of Education has entered into lease agreements as lessee for financing the acquisition of computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 50,404
Less accumulated depreciation	<u>10,081</u>
Total	<u>\$ 40,323</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2008 were as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2009	\$ 17,869
2010	<u>17,869</u>
Total minimum lease payments	35,738
Less amount representing interest	<u>3,203</u>
Present Value of Minimum Lease Payments	<u>\$ 32,535</u>

8. 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 \$4,303,571. This amount includes the Administrator's estimate of claims incurred but not reported at June 30, 2008 of \$337,437.

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:

	Claims Payable July 1	Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2007-08	\$ 390,816	\$ 4,303,571	\$ 4,356,950	\$ 337,437
2006-07	368,961	4,382,704	4,360,849	390,816

9. 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.

10. OTHER POSTEMPLOYMENT BENEFITS

In addition to pension benefits (Note 11), 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, 34 retirees participate, including 28 whose premiums are paid at least in part by the Town. During the year ended June 30, 2008, expenditures for postretirement health care benefits totaled \$246,735.

11. 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 three highest years out of the final seven years of employment multiplied by service. Participants are 100% vested after five 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, 2007, the date of the latest actuarial valuation, PERS membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	75
Terminated plan members entitled to benefits but not yet receiving them	21
Active plan members	<u>179</u>
Total	<u><u>275</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	\$ 798,000
Interest on net pension obligation	(5,926)
Adjustment to annual required contribution	<u>7,209</u>
Annual pension cost	799,283
Contributions made	<u>825,000</u>
Increase in net pension asset	(25,717)
Net pension obligation (asset), July 1, 2007	<u>(79,010)</u>
Net Pension Obligation (Asset), June 30, 2008	<u>\$ (104,727)</u>

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

Actuarial valuation date	July 1, 2007
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	7.5%*
Projected salary increases	3.5%

*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>
6/30/08	\$	799,283	103.2%	\$	(104,727)
6/30/07		691,843	99.8		(79,010)
6/30/06		581,166	99.8		(80,153)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/07	\$ 15,662,228	\$ 17,380,181	\$ (1,717,953)	90.1%	\$ 7,610,596	(22.6)%
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)

Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Percentage Contributed	Actual Contribution
6/30/08	\$ 798,000	103%	\$ 825,000
6/30/07	690,693	100	690,700
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

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 \$14,583,476 or 78.5% of the total Board of Education payroll of \$18,565,873.

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, 2008, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$10,795,286 as payments made by the State of Connecticut on behalf of the Town. The current year contribution is significantly higher than the contribution in prior years due to the State issuing pension obligation bonds to partially fund the plan.

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.

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes, interest and lien fees:				
Current list	\$ 28,734,985	\$ 28,734,985	\$ 28,926,189	\$ 191,204
Supplemental motor vehicle	300,000	300,000	306,257	6,257
Interest and fees	65,000	65,000	171,344	106,344
Taxes, prior years	125,000	125,000	251,518	126,518
Total property taxes, interest and lien fees	<u>29,224,985</u>	<u>29,224,985</u>	<u>29,655,308</u>	<u>430,323</u>
Intergovernmental revenues:				
State of Connecticut:				
Payment in lieu of taxes - State Property	2,564,798	2,564,798	2,805,987	241,189
Mashantucket Pequot	1,825,340	1,825,340	2,581,771	756,431
Payment in lieu of taxes, vessels	5,656	5,656	5,656	-
Payment in lieu of taxes, manufacturing equipment	75,000	75,000	38,214	(36,786)
Payment in lieu of taxes, disabled tax relief	900	900	1,082	182
Veterans' exemption	9,000	9,000	9,265	265
Elderly tax relief - circuit breaker	79,000	79,000	79,455	455
Elderly tax relief - freeze	8,000	8,000	8,000	-
Bridge grant			34,500	34,500
LOCIP reimbursement	89,811	89,811		(89,811)
Fuel assistance grant				
Miscellaneous	31,585	31,585	42,390	10,805
Town Aid Road	103,911	103,911	142,287	38,376
Youth Services	14,000	14,000	14,000	-
Total	<u>4,807,001</u>	<u>4,807,001</u>	<u>5,762,607</u>	<u>955,606</u>
Federal grants	<u>16,923</u>	<u>16,923</u>	<u>10,000</u>	<u>(6,923)</u>
Education:				
Education cost sharing	5,838,664	5,838,664	5,855,748	17,084
Vocational agriculture grant	112,000	112,000	233,695	121,695
Other educational grants	7,427	7,427	16,908	9,481
Pupil transportation	222,642	222,642	215,109	(7,533)
Total	<u>6,180,733</u>	<u>6,180,733</u>	<u>6,321,460</u>	<u>140,727</u>
Total intergovernmental revenues	<u>11,004,657</u>	<u>11,004,657</u>	<u>12,094,067</u>	<u>1,089,410</u>
Investment income:				
Interest income	<u>500,000</u>	<u>500,000</u>	<u>620,581</u>	<u>120,581</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Current services and fees:				
Licenses, permits and fines:				
Building Department	\$ 315,000	\$ 315,000	\$ 297,784	\$ (17,216)
Zoning and Planning	25,000	25,000	48,697	23,697
Zoning Board of Appeals	3,360	3,360	3,410	50
Police permits	3,000	3,000	3,810	810
Conservation	15,000	15,000	8,184	(6,816)
Historic District fees	800	800	300	(500)
Total	<u>362,160</u>	<u>362,160</u>	<u>362,185</u>	<u>25</u>
Charges for current services:				
Bulky waste	1,500	1,500	2,040	540
Assessor's map sales	1,000	1,000	1,321	321
Real estate conveyance tax	200,000	200,000	197,355	(2,645)
Mini-bus transportation	4,000	4,000	4,770	770
Police alarm fees	2,500	2,500	1,350	(1,150)
Town Clerk historic document fees	3,500	3,500	2,826	(674)
Town Clerk recording fees	174,000	174,000	112,201	(61,799)
Total	<u>386,500</u>	<u>386,500</u>	<u>321,863</u>	<u>(64,637)</u>
Landfill:				
Operating	50,000	50,000	59,390	9,390
Residential permits	684,080	684,080	678,591	(5,489)
Sale of scrap metal	20,000	20,000	27,365	7,365
Permits	16,000	16,000	14,940	(1,060)
Total	<u>770,080</u>	<u>770,080</u>	<u>780,286</u>	<u>10,206</u>
Recreation:				
Camps	43,545	43,545	35,434	(8,111)
Activity	81,800	81,800	88,864	7,064
Total	<u>125,345</u>	<u>125,345</u>	<u>124,298</u>	<u>(1,047)</u>
Revenue from other agencies:				
Hood share, secondary treatment	228,000	228,000	227,092	(908)
Telecommunications grant	45,000	45,000	52,550	7,550
Tuition, Vo-ag	728,000	728,000	757,012	29,012
Tuition, other	100,000	100,000	140,211	40,211
Total	<u>1,101,000</u>	<u>1,101,000</u>	<u>1,176,865</u>	<u>75,865</u>
Total current services and fees	<u>2,745,085</u>	<u>2,745,085</u>	<u>2,765,497</u>	<u>20,412</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Rent - Town property	\$ 64,000	\$ 64,000	\$ 61,976	\$ (2,024)
Cell tower	50,000	50,000	61,492	11,492
Miscellaneous Town income	385,000	385,000	364,522	(20,478)
Resource Officer	30,000	30,000	32,000	2,000
Miscellaneous school income	-	-	3,830	3,830
Total	<u>529,000</u>	<u>529,000</u>	<u>523,820</u>	<u>(5,180)</u>
 Total revenues	 <u>44,003,727</u>	 <u>44,003,727</u>	 <u>45,659,273</u>	 <u>1,655,546</u>
 Other financing sources:				
Cancellation of prior year's encumbrances			5,671	5,671
Sewer Assessment Fund	265,409	265,409	279,644	14,235
Capital Projects Funds	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Total other financing sources	<u>530,409</u>	<u>530,409</u>	<u>550,315</u>	<u>19,906</u>
 Total Revenues and Other Financing Sources	 <u>\$ 44,534,136</u>	 <u>\$ 44,534,136</u>	 46,209,588	 <u>\$ 1,675,452</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.			10,795,286	
Under liquidation of prior year encumbrance is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(5,671)	
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.			<u>560,659</u>	
 Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			 <u>\$ 57,559,862</u>	

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, 2008

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Administration:				
Board of Selectmen	\$ 242,590	\$ 206,558	\$ 204,997	\$ 1,561
Human Resources	75,548	75,724	75,723	1
Probate Court	5,045	5,045	4,917	128
Election	28,726	36,462	35,969	493
Board of Finance	13,108	13,108	11,977	1,131
Assessors	331,184	327,065	323,777	3,288
Board of Assessment Appeals	1,404	1,404	266	1,138
Tax Collector	143,969	145,569	142,765	2,804
Tax Rebates	45,000	26,496	26,496	-
Finance	252,590	252,590	243,870	8,720
Information Technology	275,761	279,293	275,279	4,014
Town Counsel	55,989	40,554	40,554	-
Town Clerk	178,686	178,686	168,533	10,153
Town Hall	155,283	169,097	169,096	1
Insurance and bonds	2,110,159	2,103,661	2,103,660	1
Total	3,915,042	3,861,312	3,827,879	33,433
Planning and development:				
Zoning and Planning	159,045	204,908	203,396	1,512
Zoning Board of Appeals	5,226	5,226	4,922	304
Economic Development	147,659	147,659	143,021	4,638
Historic District Commission	1,685	1,685	441	1,244
Conservation Commission	38,436	38,436	32,722	5,714
Total	352,051	397,914	384,502	13,412
Public safety:				
Fire Commission	693,312	715,822	715,735	87
Police Commission	1,949,243	2,022,969	2,022,804	165
Civil Preparedness	13,693	13,693	13,600	93
Building Department	191,868	191,868	189,546	2,322
Town Engineer	124,009	106,939	102,457	4,482
Total	2,972,125	3,051,291	3,044,142	7,149
Public works:				
Public works	451,814	451,814	439,388	12,426
Highway	1,066,132	1,102,962	1,091,736	11,226
State aid road funds	103,911	106,608	106,608	-
Public utilities	466,000	461,641	439,656	21,985
Town landfill	866,902	867,626	796,661	70,965
Total	2,954,759	2,990,651	2,874,049	116,602
Health and social services:				
Health and social services	115,048	111,634	108,606	3,028
Social Services Commission	1,860	1,860	1,299	561
Senior Center	112,777	112,777	112,228	549
Mini-bus transportation	169,101	170,375	170,374	1

(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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Health and social services (continued):				
EMS/Ambulance	\$ 177,891	\$ 180,251	\$ 180,251	\$ -
Social worker	47,600	47,600	47,600	-
Total	<u>624,277</u>	<u>624,497</u>	<u>620,358</u>	<u>4,139</u>
Library, Recreation and Parks:				
Recreation	229,028	229,028	227,636	1,392
Recreation activity	110,443	110,443	89,025	21,418
Tree Warden	7,000	7,000	6,215	785
Youth Services	60,656	60,656	55,977	4,679
Total	<u>407,127</u>	<u>407,127</u>	<u>378,853</u>	<u>28,274</u>
Miscellaneous:				
Cemeteries	30,000	30,000	30,000	-
Board of Education	27,515,582	27,515,582	27,513,830	1,752
Debt service	3,074,000	3,074,000	3,074,000	-
Contingency	166,767	40,700	-	40,700
Total expenditures	<u>42,011,730</u>	<u>41,993,074</u>	<u>41,747,613</u>	<u>245,461</u>
Other financing uses:				
Transfers out:				
Dog Fund	89,934	90,134	90,134	-
School Cafeteria	75,000	75,000	75,000	-
Kent Memorial Library	407,977	426,433	426,433	-
Gas/Diesel	113,244	113,244	113,244	-
CNR Fund	2,236,251	2,236,251	2,236,251	-
OPEB Fund	450,000	450,000	450,000	-
Total other financing uses	<u>3,372,406</u>	<u>3,391,062</u>	<u>3,391,062</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>45,384,136</u>	\$ <u>45,384,136</u>	45,138,675	\$ <u>245,461</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.

10,795,286

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.

3,426

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.560,659Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)\$ 56,498,046

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 11,067,786	\$ 8,061,845
Receivables:		
Property taxes, net	480,755	592,516
Other	1,330,432	1,498,872
Due from other funds	<u>5,036,737</u>	<u>5,786,270</u>
Total Assets	<u>\$ 17,915,710</u>	<u>\$ 15,939,503</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,744,171	\$ 1,733,542
Due to other funds	5,888,140	4,989,998
Deferred revenues	916,448	910,828
Total liabilities	<u>8,548,759</u>	<u>7,634,368</u>
Fund balance:		
Reserved for encumbrances	37,516	46,754
Unreserved:		
Designated for subsequent year	1,200,000	850,000
Undesignated	<u>8,129,435</u>	<u>7,408,381</u>
Total fund balance	<u>9,366,951</u>	<u>8,305,135</u>
Total Liabilities and Fund Balance	<u>\$ 17,915,710</u>	<u>\$ 15,939,503</u>

TOWN OF SUFFIELD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

Grand List	Uncollected Taxes July 1, 2007	Current Year Levy	Lawful Corrections		Transfers To Suspense	Refunds	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2008	
			Additions	Deductions				Taxes	Interest	Lien Fees		Total
2006	\$	\$ 29,614,485	\$ 55,101	\$ (115,316)	\$	\$ 19,855	\$ 29,574,125	\$ 29,225,385	\$ 99,331	\$ 354	\$ 29,325,070	\$ 348,740
2005	288,061		600	(7,727)		11,568	292,502	200,851	37,903	1,542	240,296	91,651
2004	67,087		631	(2,559)	(7,127)	1,683	59,715	32,729	10,391	192	43,312	26,986
2003	30,424		695	(272)	(13,598)	5,935	23,184	10,900	3,019	96	14,015	12,284
2002	23,677		960	(220)	(6,592)		17,825	9,342	2,304	96	11,742	8,483
2001	14,898		1,304		(4,039)		12,163	7,425	1,773	72	9,270	4,738
2000	12,684		964		(273)		13,375	6,629	1,945	72	8,646	6,746
1999	8,301		533				8,834	6,442	2,190	72	8,704	2,392
1998	8,315		1,416				9,731	7,423	2,306	96	9,825	2,308
1997	7,487		384		(238)		7,633	6,010	889	72	6,971	1,623
1996	8,829		360		(1,283)		7,906	6,106	741	72	6,919	1,800
1995	8,025		960				8,985	6,627	2,052	72	8,751	2,358
1994	7,167		863				8,030	6,321	2,064	72	8,457	1,709
1993	6,843		461				7,304	5,672	1,235	72	6,979	1,632
1992	6,587		248				6,835	5,263	661	72	5,996	1,572
Total	\$ 498,385	\$ 29,614,485	\$ 65,480	\$ (126,094)	\$ (33,150)	\$ 39,041	\$ 30,058,147	\$ 29,543,125	\$ 168,804	\$ 3,024	\$ 29,714,953	\$ 515,022

TOWN OF SUFFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

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>
Assets									
Cash and cash equivalents	\$ 12,506	\$	\$ 89,160	\$	\$	\$	\$ 139,615	\$	\$
Receivables:									
Assessments							326,931		
Intergovernmental			14,178		18,228				
Loans receivables									
Other		2,766	1,440		145,066				
Due from other funds	80,582	21,324		29,065	235,612	185		4,871	17,656
Inventory			11,574						
Total Assets	\$ 93,088	\$ 24,090	\$ 116,352	\$ 29,065	\$ 398,906	\$ 185	\$ 466,546	\$ 4,871	\$ 17,656
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ 9,605	\$ 1,484	\$ 190	\$ 1,060	\$ 23,438	\$	\$	\$ 128	\$
Due to other funds				39					
Deferred revenue					111,115		326,931		
Total liabilities	9,605	1,484	190	1,099	134,553	-	326,931	128	-
Fund balances:									
Reserved:									
Inventory			11,574						
Permanent funds									
Unreserved:									
Undesignated	83,483	22,606	104,588	27,966	264,353	185	139,615	4,743	17,656
Total fund balance	83,483	22,606	116,162	27,966	264,353	185	139,615	4,743	17,656
Total Liabilities and Fund Balances	\$ 93,088	\$ 24,090	\$ 116,352	\$ 29,065	\$ 398,906	\$ 185	\$ 466,546	\$ 4,871	\$ 17,656

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2008

	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	\$	\$ 28,201	\$ 4,501	\$ 262,662	\$	\$	\$	\$ 1	\$
Receivables:									
Assessments									
Intergovernmental		87,934							
Loans receivables				129,002					
Other	295								43,420
Due from other funds	2,004	39,490		92,424	1,147	7,416	23,485	2,671	
Inventory									
Total Assets	\$ 2,299	\$ 155,625	\$ 4,501	\$ 484,088	\$ 1,147	\$ 7,416	\$ 23,485	\$ 2,672	\$ 43,420
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 31,458	\$	\$	\$	\$	\$	\$	\$ 18,110
Due to other funds		20,475		92,260	1,167				26,425
Deferred revenue		103,992		327,788					
Total liabilities	-	155,925	-	420,048	1,167	-	-	-	44,535
Fund balances:									
Reserved:									
Inventory									
Permanent funds									
Unreserved:									
Undesignated	2,299	(300)	4,501	64,040	(20)	7,416	23,485	2,672	(1,115)
Total fund balance	2,299	(300)	4,501	64,040	(20)	7,416	23,485	2,672	(1,115)
Total Liabilities and Fund Balances	\$ 2,299	\$ 155,625	\$ 4,501	\$ 484,088	\$ 1,147	\$ 7,416	\$ 23,485	\$ 2,672	\$ 43,420

(Continued on next page)

TOWN OF SUFFIELD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2008

	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	\$ 142,447	\$ 158,187	\$	\$	\$ 837,280	\$ 56,377	\$ 488,768	\$ 545,145	\$	\$ 1,382,425
Receivables:										
Assessments					326,931			-		326,931
Intergovernmental					120,340			-		120,340
Loans receivables					129,002			-		129,002
Other			2,000		194,987			-		194,987
Due from other funds			416,808	950,000	1,924,740			-	(17,074)	1,907,666
Inventory					11,574			-		11,574
Total Assets	\$ 142,447	\$ 158,187	\$ 418,808	\$ 950,000	\$ 3,544,854	\$ 56,377	\$ 488,768	\$ 545,145	\$ (17,074)	\$ 4,072,925
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued liabilities	\$	\$	\$ 10,515	\$	\$ 95,988	\$	\$ 16,156	\$ 16,156	\$	\$ 112,144
Due to other funds	22,480	9,996			172,842	12,003	65,806	77,809	(17,074)	233,577
Deferred revenue					869,826			-		869,826
Total liabilities	22,480	9,996	10,515	-	1,138,656	12,003	81,962	93,965	(17,074)	1,215,547
Fund balances:										
Reserved:										
Inventory					11,574			-		11,574
Permanent funds						44,374	406,806	451,180		451,180
Unreserved:										
Undesignated	119,967	148,191	408,293	950,000	2,394,624			-		2,394,624
Total fund balance	119,967	148,191	408,293	950,000	2,406,198	44,374	406,806	451,180	-	2,857,378
Total Liabilities and Fund Balances	\$ 142,447	\$ 158,187	\$ 418,808	\$ 950,000	\$ 3,544,854	\$ 56,377	\$ 488,768	\$ 545,145	\$ (17,074)	\$ 4,072,925

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

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

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	\$	\$	\$ 102,525	\$	\$ 637,069	\$	\$	\$	\$
Current services and fees	13,765	104,476	489,771				251,450		
Assessments							153,852		
Interest income	400		1,640				8,300		
Donations and program income				19,620					3,451
Total revenues	<u>14,165</u>	<u>104,476</u>	<u>593,936</u>	<u>19,620</u>	<u>637,069</u>	<u>-</u>	<u>413,602</u>	<u>-</u>	<u>3,451</u>
Expenditures:									
Administration				11,960					
Public safety	80,207	113,588		1,153				831	
Public works				6,217					
Health and social services									
Library, recreation and parks									662
Education			628,003		533,103				
Capital outlay									
Total expenditures	<u>80,207</u>	<u>113,588</u>	<u>628,003</u>	<u>19,330</u>	<u>533,103</u>	<u>-</u>	<u>-</u>	<u>831</u>	<u>662</u>
Excess (deficiency) of revenues over expenditures	<u>(66,042)</u>	<u>(9,112)</u>	<u>(34,067)</u>	<u>290</u>	<u>103,966</u>	<u>-</u>	<u>413,602</u>	<u>(831)</u>	<u>2,789</u>
Other financing sources (uses):									
Transfers in	90,134		75,000						
Transfers out							(279,644)		
Total other financing sources (uses)	<u>90,134</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279,644)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	24,092	(9,112)	40,933	290	103,966	-	133,958	(831)	2,789
Fund balance at beginning 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>
Fund Balance at End of Year	<u>\$ 83,483</u>	<u>\$ 22,606</u>	<u>\$ 116,162</u>	<u>\$ 27,966</u>	<u>\$ 264,353</u>	<u>\$ 185</u>	<u>\$ 139,615</u>	<u>\$ 4,743</u>	<u>\$ 17,656</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, 2008

	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
Revenues:									
Intergovernmental	\$	\$ 191,995	\$	\$	\$	\$	\$	\$	\$
Current services and fees								24,045	
Assessments									
Interest income						20		59,974	849
Donations and program income	1,882		2,661	62,000		2,450			16,935
Total revenues	<u>1,882</u>	<u>191,995</u>	<u>2,661</u>	<u>62,000</u>	<u>-</u>	<u>2,450</u>	<u>20</u>	<u>-</u>	<u>17,784</u>
Expenditures:									
Administration		5,540							
Public safety		13,418							
Public works		72,160							
Health and social services		8,404	2,361						
Library, recreation and parks		7,566				1,700		510,454	
Education									
Capital outlay		84,905							
Total expenditures	<u>-</u>	<u>191,993</u>	<u>2,361</u>	<u>-</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,882</u>	<u>2</u>	<u>300</u>	<u>62,000</u>	<u>-</u>	<u>750</u>	<u>20</u>	<u>(426,435)</u>	<u>17,784</u>
Other financing sources (uses):									
Transfers in								426,433	
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>426,433</u>	<u>-</u>
Net change in fund balances	1,882	2	300	62,000	-	750	20	(2)	17,784
Fund balance at beginning 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>102,183</u>
Fund Balance at End of Year	<u>\$ 2,299</u>	<u>\$ (300)</u>	<u>\$ 4,501</u>	<u>\$ 64,040</u>	<u>\$ (20)</u>	<u>\$ 7,416</u>	<u>\$ 23,485</u>	<u>\$ 2,672</u>	<u>\$ 119,967</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, 2008

	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	\$	\$ 43	\$	\$ 931,632	\$	\$	\$ -	\$ 931,632
Current services and fees		17,000		900,507			-	900,507
Assessments				153,852			-	153,852
Interest income	5,133			76,316	1,868	16,156	18,024	94,340
Donations and program income				108,999		4,050	4,050	113,049
Total revenues	<u>5,133</u>	<u>17,043</u>	<u>-</u>	<u>2,171,306</u>	<u>1,868</u>	<u>20,206</u>	<u>22,074</u>	<u>2,193,380</u>
Expenditures:								
Administration				17,500			-	17,500
Public safety				209,197			-	209,197
Public works				78,377			-	78,377
Health and social services				10,765		21,008	21,008	31,773
Library, recreation and parks		417,114		937,496	100		100	937,596
Education				1,161,106			-	1,161,106
Capital outlay				84,905			-	84,905
Total expenditures	<u>-</u>	<u>417,114</u>	<u>-</u>	<u>2,499,346</u>	<u>100</u>	<u>21,008</u>	<u>21,108</u>	<u>2,520,454</u>
Excess (deficiency) of revenues over expenditures	<u>5,133</u>	<u>(400,071)</u>	<u>-</u>	<u>(328,040)</u>	<u>1,768</u>	<u>(802)</u>	<u>966</u>	<u>(327,074)</u>
Other financing sources (uses):								
Transfers in			450,000	1,041,567			-	1,041,567
Transfers out				(279,644)			-	(279,644)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>450,000</u>	<u>761,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>761,923</u>
Net change in fund balances	5,133	(400,071)	450,000	433,883	1,768	(802)	966	434,849
Fund balance at beginning 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>
Fund Balance at End of Year	<u>\$ 148,191</u>	<u>\$ 408,293</u>	<u>\$ 950,000</u>	<u>\$ 2,406,198</u>	<u>\$ 44,374</u>	<u>\$ 406,806</u>	<u>\$ 451,180</u>	<u>\$ 2,857,378</u>

TOWN OF SUFFIELD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 564,785	\$	\$ 564,785
Due from other funds	493,287	13,833	507,120
Receivables - other	<u>590,682</u>	<u>23,983</u>	<u>614,665</u>
Total	<u>\$ 1,648,754</u>	<u>\$ 37,816</u>	<u>\$ 1,686,570</u>
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable and accrued liabilities	\$ <u>375,266</u>	\$ <u>30,896</u>	\$ <u>406,162</u>
Net assets:			
Undesignated	<u>1,273,488</u>	<u>6,920</u>	<u>1,280,408</u>
Total	<u>\$ 1,648,754</u>	<u>\$ 37,816</u>	<u>\$ 1,686,570</u>

TOWN OF SUFFIELD, CONNECTICUT

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
Operating revenues:			
User charges	\$ 5,295,858	\$ 326,267	\$ 5,622,125
Operating expenses:			
Administration	414,771		414,771
Insurance and benefits	4,303,571		4,303,571
Fuel		319,348	319,348
Total operating expenses	<u>4,718,342</u>	<u>319,348</u>	<u>5,037,690</u>
Operating income	577,516	6,919	584,435
Nonoperating revenue:			
Investment income	<u>6,227</u>		<u>6,227</u>
Income Before Transfers	583,743	6,919	590,662
Transfers in		<u>113,244</u>	<u>113,244</u>
Change in net assets	583,743	120,163	703,906
Net assets at beginning of year	<u>689,745</u>	<u>(113,243)</u>	<u>576,502</u>
Net Assets at End of Year	<u>\$ 1,273,488</u>	<u>\$ 6,920</u>	<u>\$ 1,280,408</u>

TOWN OF SUFFIELD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Insurance Fund</u>	<u>Gas/Diesel Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from users	\$ 5,131,552	\$ 299,994	\$ 5,431,546
Cash paid to vendors	<u>(4,787,987)</u>	<u>(413,238)</u>	<u>(5,201,225)</u>
Net cash provided by (used in) operating activities	<u>343,565</u>	<u>(113,244)</u>	<u>230,321</u>
Cash flows from noncapital financing activities:			
Transfers in		<u>113,244</u>	<u>113,244</u>
Cash flows from investing activities:			
Interest on investments	<u>6,227</u>		<u>6,227</u>
Net increase in cash and cash equivalents	349,792	-	349,792
Cash and cash equivalents at beginning of year	<u>214,993</u>		<u>214,993</u>
Cash and Cash Equivalents at End of Year	<u>\$ 564,785</u>	<u>\$ -</u>	<u>\$ 564,785</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income	\$ 577,516	\$ 6,919	\$ 584,435
Adjustments to reconcile operating income to net cash used in operating activities:			
(Increase) decrease in accounts receivable	(141,153)	(12,440)	(153,593)
(Increase) decrease in due from other funds	(23,153)	(13,833)	(36,986)
Increase (decrease) in accounts payable and accrued expenses	(69,645)	22,249	(47,396)
Increase (decrease) in due to other funds		<u>(116,139)</u>	<u>(116,139)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 343,565</u>	<u>\$ (113,244)</u>	<u>\$ 230,321</u>

TOWN OF SUFFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

	<u>Student Activity</u>	<u>Performance Bond</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ <u>139,938</u>	\$ <u>96,009</u>	\$ <u>235,947</u>
LIABILITIES			
Due to student groups and others	\$ <u>139,938</u>	\$ <u>96,009</u>	\$ <u>235,947</u>

TOWN OF SUFFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
School Activity Fund				
Assets:				
Cash and cash equivalents	\$ 98,957	\$ 623,594	\$ 582,613	\$ 139,938
Liabilities:				
Due to student groups and others	\$ 98,957	\$ 623,594	\$ 582,613	\$ 139,938
Performance Bonds				
Assets:				
Cash and cash equivalents	\$ 116,530	\$ 339	\$ 20,860	\$ 96,009
Liabilities:				
Due to student groups and others	\$ 116,530	\$ 339	\$ 20,860	\$ 96,009
Clerks of the Works Fund				
Assets:				
Accounts receivable	\$ 17,691	\$ 1,500	\$ 19,191	\$ -
Liabilities:				
Due to student groups and others	\$ 17,691	\$ 1,500	\$ 19,191	\$ -
Total Assets				
Assets:				
Cash and cash equivalents	\$ 215,487	\$ 623,933	\$ 603,473	\$ 235,947
Accounts receivable	17,691	1,500	19,191	-
Total	\$ 233,178	\$ 625,433	\$ 622,664	\$ 235,947
Liabilities:				
Due to student groups and others	\$ 233,178	\$ 625,433	\$ 622,664	\$ 235,947

TOWN OF SUFFIELD, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2008

(In Thousands)

Total cash collections for the year ended June 30, 2008:

Taxes, interest and lien fees	\$ 29,715
Reimbursement for revenue loss on:	
Tax relief for elderly - elderly freeze	<u>8</u>
Base	<u>\$ 29,723</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitations:					
2-1/4 times base	\$ 66,877	\$	\$	\$	\$
4-1/2 times base		133,754			
3-3/4 times base			111,461		
3-1/4 times base				96,600	
3 times base					89,169
	<u>66,877</u>	<u>133,754</u>	<u>111,461</u>	<u>96,600</u>	<u>89,169</u>
Total debt limitation	<u>66,877</u>	<u>133,754</u>	<u>111,461</u>	<u>96,600</u>	<u>89,169</u>
Indebtedness:					
Bonds and notes payable		18,445	1,684		
Authorized, unissued bonds		21,800			
Less amounts to be provided by:					
State - grants on bonds authorized, unissued		<u>(8,611)</u>			
Total indebtedness	<u>-</u>	<u>31,634</u>	<u>1,684</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 66,877</u>	<u>\$ 102,120</u>	<u>\$ 109,777</u>	<u>\$ 96,600</u>	<u>\$ 89,169</u>

Note 1: In no case shall total debt service exceed seven times annual receipts from taxation (\$208,061).