

# **Town of Plymouth Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2012

# **Town of Plymouth Connecticut**

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2012**

Prepared by:  
**COMPTROLLER'S OFFICE**

**DIRECTOR OF FINANCE**  
David Bertnagel

**TOWN OF PLYMOUTH, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**JUNE 30, 2012**

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# **Introductory Section**

**TOWN OF PLYMOUTH, CONNECTICUT**

**For Fiscal Year Ended June 30, 2012**

**PRINCIPAL OFFICIALS**

**MAYOR AND TOWN COUNCIL**

Vincent Festa, Jr., Mayor  
Councilman Richard J. Foote  
Councilwoman Susan R. Murawski  
Councilman Tom Zagurski  
Councilwoman DiAnna Schenkel  
Councilman Remie C. Ferreira Sr.

**BOARD OF FINANCE**

Ralph S. Zovich, Chairman  
Victoria A. Carey, Vice-Chairman  
Patricia A. Budnick  
Peter Cook  
Daniel Murray III  
Michael Drozdick

**ADMINISTRATION**

Registrar of Voters – Democrat  
Registrar of Voters – Republican  
Assessor  
Tax Collector  
Director of Finance  
Treasurer  
Human Resources Manager  
Town Attorney  
Town Clerk  
Acting Fire Marshal  
Human Services Coordinator  
Judge of Probate  
Director of Planning and Economic Development  
Town Engineer  
Zoning Enforcement Officer  
Police Chief  
Fire Chief  
Civil Preparedness Director  
Building Official  
Director of Public Works  
Medical Director  
Library Director  
Parks and Recreation Director  
Superintendent of Schools

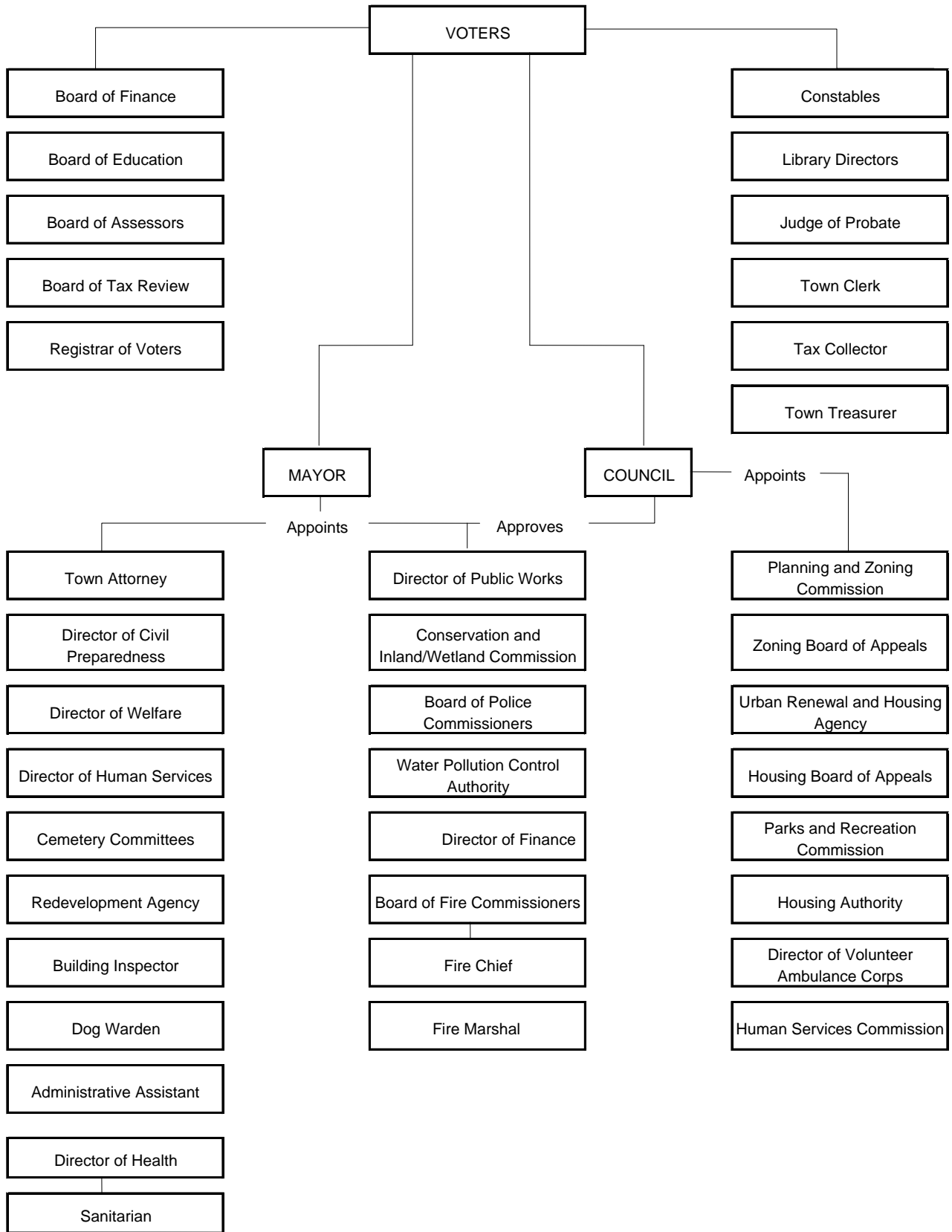
Cheryl J. Giancesini  
Barbara L. Deschaine  
Rae Ann Walcott  
Ana LeGassey  
David J. Bertnagel  
David C. Mischke  
William Bellotti  
Salvatore Vitrano  
Barbara K. Rockwell  
Kevin Engle  
Abigail Egan  
Andre Dorval  
Khara Dodds  
Anthony A. Lorenzetti  
David Elder  
Karen M. Krasicky  
Mark Sekorski  
Anthony J. Orsini  
Clarence B. Atkinson  
Anthony A. Lorenzetti  
Dr. Antonio Scappiticci  
Lynn White  
Brian Forman  
Dr. Anthony W. Distasio

**BOARD OF EDUCATION**

Raymond Engle,  
Mark E. Berube  
Gerard Bourbonniere  
Karen E. Kulesa  
Anthony J. Orsini

Patrick A. Perugino, Chairman  
Daniel Gentile  
Daniel Santorso  
Martin E. Wetzel

# TOWN OF PLYMOUTH ORGANIZATIONAL CHART





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200 Years of Quality Service

80 Main Street, Terryville, Connecticut 06786

Telephone: (860) 585-4001

Fax: (860) 585-4015

December 20, 2012

To the Honorable Mayor, Members of the Town Council, Members of the Board of Finance and Citizens of the Town of Plymouth:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Blum, Shapiro & Company, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Town of Plymouth's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF THE GOVERNMENT**

The Town of Plymouth was incorporated in 1795, making it the one hundred third town established in the State of Connecticut. Plymouth is located in Litchfield County, approximately twenty-one miles southwest of Hartford and five miles north of Waterbury. The Town is contiguous to the Towns of Wolcott, Thomaston, Harwinton, Burlington, and the Cities of Waterbury and Bristol. Plymouth covers a 22.4 square mile area.

Plymouth is a community predominantly composed of owner-occupied, single-family dwellings. Single-family dwellings comprise over 80% of all housing units in the Town. During the 2010 U. S. Census, the Town population was 12,243.



To the west of Plymouth is Connecticut Route 8 which provides north-south interstate connections from Bridgeport to the Massachusetts border. Connecticut Routes 6, 72, 222 and 262 also serve the Town. Rail service is available connecting with Waterbury and the south, while coach and motor freight companies serve the Town's residents and businesses.

Local firms are involved in a wide range of products and services with nearly 200 commercial properties and over 100 industrial facilities contributing to the Town's tax base. Products manufactured in Town include conduits, screw machines, modular buildings, airplane equipment, and chemicals.

In 1965 the Town adopted its first Plan of Development. As part of that plan, and subsequent revised plans, comprehensive planning and zoning regulations have been enacted to reflect current development standards and practices. These have resulted in a balanced economy, improved residential development and have helped to stabilize the tax rate. The most recent Plan of Development was adopted in April 2005.

The Town's educational system consists of two elementary schools, one middle school and one high school.

### **Form of Government**

The Town of Plymouth is organized under the Council-Mayor form of government. The Town Charter was adopted in the 1974 and most recent revisions were approved by voters in November 2009. The legislative function is performed by a bipartisan Town Council of five members, who are elected biennially for two-year terms. The Town electorate elects a Mayor for two-year terms. The Board of Finance consists of six members who serve staggered six-year terms. Two members are elected to the Board of Finance in each municipal election.

A referendum vote is retained under the Charter for approval of the annual budget. The Board of Finance recommends the annual budget for the referendum that is held before May 3. Upon approval, the Board of Finance sets the tax rate.

### **NATIONAL, STATE & LOCAL ECONOMY**

The national economy is still recovering and will take some time as we are coming out of a major recession. As the economy recovers there will be a need to tighten policies as well as deal with expected inflationary issues towards the end of 2012. Despite this outlook, the Town has a mix of manufacturing base that has been somewhat stable during the past year and several new business openings in the Town's business park. There are several expansion prospects that look good given the aggressive policies with the tax incentive committee and promising prospects of new businesses within Town.

The State of Connecticut has the same outlook; The State took on structural problems with the State budget that were addressed last year and affected all businesses and citizens of the State. In some instances, there will be reduced grants to cities and towns, including Plymouth in the next few years; however, new grants have been made available to regionalize services that will be aggressively pursued to reduce duplication of services.

Even though there was a downturn in the economy, the October 1, 2011 Grand List declined due to a statistical revaluation, however, it did grow slightly due to new business in Town. In comparison to many communities surrounding Plymouth that sustained significant losses, Plymouth showed a minor decline in its grand list due to the statistical revaluation.

The Town has also been very aggressive in the collection of current and back taxes during the past few years.

## **UNEMPLOYMENT**

Unemployment rates and the number of unemployed people, not seasonally adjusted, were up equal or slightly improved over a year in all of the states nine labor market areas. Connecticut's unemployment rate was at 8.4% and was slightly lower than the national rate at 8.5% for June 2012. The Hartford region unemployment rate stood at 8.5% and locally, the Town of Plymouth's unemployment rate is higher than the national and regional average at 9.7% in June 2012. It is expected that the rates will slowly decrease during the next few months and year at employment becomes available in the various labor markets.

The National Government as well as the State of Connecticut has continued social service programs to assist the unemployed through this economic downturn.

## **LONG-TERM FINANCIAL PLANNING**

The Town of Plymouth has addressed many of the financial market downturns during the past several years with spending freezes on non-contractual items and efficiencies in performing the same service levels with lower costs. Additionally, unfilled labor positions are closely scrutinized before replacements are hired. As a result of this effort, the Town has had somewhat significant savings in several expenditure categories.

The Town has also evaluated all its expenditure objects and properly identified categories of expenditures and has required complete justification for all its line items. This practice has allowed the Town to operate more efficiently and effectively, while at the same time being able to hold the line on property taxes (the Town's most significant revenue source).

The Town is in the process of adopting a new investment policy using the Government Finance Officer's Association (GFOA) model during the 2012-2013 budget year. This will ensure that the Town maximizes the return on all its investments while preserving the initial investment.

In addition, a level debt policy has been approved by the Board of Finance and Town Council that will ensure that debt will not fluctuate from year to year and will allow the Town flexibility in borrowing for the future as well as keep the tax rate budgeted for debt service expenditures constant. This policy was adopted in conjunction with the Capital Improvements Committee for future capital improvement projects.

## **FINANCIAL POLICIES**

The Town has several financial policies as summarized below:

### **Budgetary Procedures**

The Town adheres to the following procedure in establishing the annual budget. No later than February 10, each department head, office or agency shall file with the mayor, a detailed estimate of the expenditures and revenues to be made by his or her department, office or agency in the ensuing fiscal year. These estimates shall be filed with the Board of Finance on or before February 22. The Board of Education shall file estimated expenditures with the Board of Finance on or before February 28. The

Board of Finance shall hold one or more public hearings no later than April 23. Immediately after the public hearings the Board of Finance shall meet with the Town Council and representatives of the Board of Education to present the recommended budget, at which time the Board of Finance, if a quorum of its members are present, may, by majority vote of its members, make changes to the budget to be recommended to the town referendum. Within ten business days after such meeting the Board of Finance shall present the recommended budget to the budget referendum, and, at least five business days prior to the referendum, the Board of Finance shall cause the recommended budget to be published in the newspaper. The Town Council schedules the annual budget referendum to be held on or before May 3. If the budget is rejected by a majority vote, a second referendum will be scheduled by the Town Council to be held within twenty days. If the budget is rejected a second time, the Town Council is authorized to adopt a budget by June 15. Council adjustments to the individual department budgets, excluding debt service shall not exceed three percent of the current year's budgets. When adopted, the Board of Finance shall file the same with the Town Clerk and also fix the tax rate in mills.

All unencumbered appropriations lapse at year-end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

### **Investment Policies and Procedures**

The Town's investment practices have been to invest only in the following investments: (1) certificates of deposit; (2) overnight repurchase agreements collateralized by U.S. government agency obligations which are priced daily; (3) the State of Connecticut Short-Term Investment Fund (STIF); and (4) MBIA Class, an investment fund managed by MBIA Municipal Investors Service Corporation, which, according to MBIA Class, invests only in (i) high grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly assets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the programs' custodial bank to be held for the benefit of the pool's participants. Additional information on the Town's specific investment policies and investments are available upon request to the Town Comptroller.

### **Assessment Practices**

The Town of Plymouth last revalued its real property effective October 1, 2011. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September is not taxed until the next October 1 Grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

### **Tax Collection Procedures**

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1 become delinquent. Motor vehicle taxes must be paid in a single installment due July 1. Real estate and personal property taxes of less than \$100 are due in full in July. Supplemental motor vehicle taxes (those vehicles registered between October 2 and July 31) are due in one installment in January.

According to Connecticut General Statutes, delinquent property taxes are subject to interest at the rate of 1.5% per month for all delinquent property taxes. Real estate is liened for delinquent taxes within one year after the tax due date

### ***AWARDS AND ACKNOWLEDGEMENTS***

#### **Comprehensive Annual Financial Report (CAFR):**

The Town of Plymouth received its second award with the Government Finance Officers Association (GFOA) for its CAFR ending June 30, 2011. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for its certificate.

I would personally like to commend our independent auditors, Blum, Shapiro & Company, Certified Public Accountants, specifically Director Nikoleta McTigue for her expertise in guiding the Town through the required annual reporting updates and modifications as well as the entire audit process.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of Town's Comptroller's Office, as well as the Board of Education business office, lastly, credit must also be given to the Mayor and the Town Council and Board of Finance for their support for maintaining the highest standards of professionalism in the management for the Town of Plymouth's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David J. Bertnagel". The signature is fluid and cursive, with a large initial "D" and "B".

David J. Bertnagel  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Plymouth  
Connecticut

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

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Movill*

President

*Jeffrey R. Emsw*

Executive Director

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Finance  
Town of Plymouth, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Plymouth, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Plymouth, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Plymouth, Connecticut'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 of Plymouth, Connecticut's internal control over financial reporting. Accordingly, we express no such opinion. An also audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Plymouth, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows 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 20, 2012 on our consideration of the Town of Plymouth, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the budgetary comparison information on pages 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Blum, Shapiro & Company, P.C.*

December 20, 2012

**TOWN OF PLYMOUTH, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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As management of the Town of Plymouth, Connecticut, we offer readers of the Town of Plymouth's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012.

**Financial Highlights**

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$173,480,274 (*net assets*). *Unrestricted net assets*, the amount that may be used to meet the Town's ongoing obligations to citizens and creditors, was \$9,325,937 at June 30, 2012.
- The Town's total net assets increased by \$811,868 or .47%. The increase is primarily due to a capital grant operating grants received during the current year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$350,998.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,853,353 or 4.76% of total general fund expenditures and other financing uses.
- The Town of Plymouth's total bond/note debt decreased by a net of \$2,420,635 or 13.52% during the current fiscal year due in total to principal payments during the year.

**Overview of the Basic Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Plymouth's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general administration, public safety, public works, health and welfare, libraries, recreation, education, land use and interest expense.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its General Fund. The Water Pollution Control Authority legally adopts its annual budget as well. A budgetary comparison statement has been provided for the General Fund and Water Pollution Control to demonstrate compliance with their respective budgets.

**Proprietary fund.** The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits. Since the Town has only governmental functions, they have been included within governmental activities in the government-wide financial statements.

The data for the internal service fund is provided in Exhibits V, VI, and VII of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the footnotes.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a town's financial position. In the case of the Town, assets exceeded liabilities by \$174,292,142 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (92%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Town of Plymouth, Connecticut Net Assets

	Governmental Activities	
	2012	2011
Current and other assets	\$ 15,606,505	\$ 16,777,052
Capital assets, net of accumulated depreciation	184,796,600	184,560,218
Total assets	<u>200,403,105</u>	<u>201,337,270</u>
Long-term debt outstanding	19,558,929	21,633,982
Other liabilities	6,552,034	6,223,014
Total liabilities	<u>26,110,963</u>	<u>27,856,996</u>
Net Assets:		
Invested in capital assets, net of debt	163,863,638	161,399,980
Restricted	1,102,567	1,112,618
Unrestricted	<u>9,325,937</u>	<u>10,967,676</u>
Total Net Assets	<u>\$ 174,292,142</u>	<u>\$ 173,480,274</u>

An additional portion of the Town's net assets of \$811,868 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is \$9,325,937.

At the end of the current fiscal year, the Town is able to report positive balances in all of the categories of net assets.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Town's net assets increased by \$811,868 or .47% during the current fiscal year. The majority of the changes occurred due to reduced debt service due to previous debt refinancing and the purchase of Plymouth Reservoir from the CT Water Company through capital grants.

### Town of Plymouth, Connecticut Change in Net Assets

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 2,631,841	\$ 2,264,354
Operating grants and contributions	15,336,169	14,329,706
Capital grants and contributions	1,705,314	2,360,889
General revenues:		
Property taxes	26,206,360	25,752,017
Grants and contributions not restricted to specific purposes	525,354	439,693
Unrestricted investment earnings	39,059	192,386
Miscellaneous	52,062	54,509
Total revenues	<u>46,496,159</u>	<u>45,393,554</u>
Program expenses:		
General administration	5,344,207	4,721,379
Public safety	2,731,321	2,839,161
Public works	7,142,486	8,584,108
Health and welfare	470,324	257,151
Library	500,323	494,022
Recreation	279,488	207,751
Education	28,268,369	26,865,049
Land use	239,813	312,442
Interest on long-term debt	707,960	301,942
Total program expenses	<u>45,684,291</u>	<u>44,583,005</u>
Increase in Net Assets	811,868	810,549
Net assets - Beginning of Year	<u>173,480,274</u>	<u>172,669,725</u>
Net Assets - End of Year	<u>\$ 174,292,142</u>	<u>\$ 173,480,274</u>

**MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)**

- Operating grants increased by \$1,034,281 during the year. This increase is due to FEMA grants to the Town due to several substantial weather events that occurred during the year. These grants reimbursed the Town for 75% of the total expenses.
- Capital grants and contributions decreased by \$655,500 primarily due to the school renovation projects being completed and ARRA funding completion.
- Property taxes showed an increase this year due to continued efforts to collect back taxes as well as increase of the mill rate. There are economic challenges facing some residents in paying their current taxes. Efforts are continuing to try and improve collections from the Mayor’s and Tax Collector’s office. This amount is fairly consistent with the previous fiscal year.
- Investment earnings are lower due to the entire economy and are lower due to the low rates of returns the Town received on its idle funds throughout the year. New initiatives in investments are underway in the 2012-2013 year to increase investment earnings.
- General Administration expenses increased by \$622,828 due to heart and hypertension costs, increased pension costs for police officers, and costs associated by general insurance as well as the purchase of the Plymouth Reservoir property off North Street.
- Public works expenses decreased by \$1,441,622 due to completion of ARRA projects during the last year and a mild winter resulting in significant savings for overtime and materials as well as less expenditures for capital outlay.
- Public safety expenses decreased due to less capital outlay in the current year and lower that expected expenditures in public safety overtime for traffic control and operations.
- Education increased by \$1,431,138 due to grant programs provided by ARRA from the federal government and increased personnel costs as well as the JOBS grant that the Town received.

The Cost of the services is provided below. This table shows the cost of each of the Town’s five largest programs - education, public works, general administration, public safety and interest expense - 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.

<b>Town of Plymouth, Connecticut</b>					
<b>Governmental Activities</b>					
	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>		
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
Education	\$ 28,268,369	\$ 26,865,049	\$ 13,000,582	\$ 11,472,309	
Public works	7,142,486	8,584,108	3,633,729	5,646,551	
General administration	5,344,207	4,721,379	5,028,642	4,570,195	
Public safety	2,731,321	2,839,161	2,546,314	2,631,977	
Interest expense	707,960	301,942	692,324	268,867	
All others	1,489,948	1,271,366	1,109,376	1,038,157	
<b>Total</b>	<b>\$ 45,684,291</b>	<b>\$ 44,583,005</b>	<b>\$ 26,010,967</b>	<b>\$ 25,628,056</b>	

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$226,944 a decrease of \$1,168,011 in comparison with the prior year. The fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period \$1,288,968 (2) to pay debt service \$19,860 and (3) endowments \$996,766.

The Capital Projects funds show a deficit fund balance of \$3,766,105 at June 30, 2012 primarily due to school construction projects. This amount will be offset by capital grants once the State of Connecticut completes its audit of the project and the issuance of the final debt by the Town. It is anticipated that this will take place sometime before June 30, 2013.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,853,353 while total fund balance reached \$3,392,321. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.76% of total general fund expenditures, while total fund balance represents 8.72% of that same amount.

The Board of Finance transferred a total of \$448,305 between departments within the general fund throughout the year.

- Over-expenditure of general government departments by \$135,303 mainly due to increased personnel costs in human resources. The largest overage of \$92,790 was due to increased costs associated with retired police officer heart and hypertension benefits and payments. The second largest overage was due to the increased workers' compensation costs for employees as well as general insurance costs for the Town. This department was over budget by \$60,866. Savings occurred in Town Clerks office due to lower activity and volume during the year as well as savings in employee benefits due to changes in employee cost sharing and savings from newly negotiated employee contracts.
- Under-expenditure in public safety primarily due to savings from the regular wages in the police department of \$6,351. Additional savings in the fire department due to the purchase of new airpacks resulting in savings in its contracted services on older equipment.
- The public works budget returned a sum of \$110,030 from the revised appropriation. The largest savings was found in the snow removal budget due to the mild winter and savings in materials and overtime. The Highway department returned funds due to a position vacancy for part of the year and the transfer station recognized savings through increased recycling initiatives lowering the cost for solid waste.
- Under-expenditures within the Board of Education in the amount of \$214,923 due to cost savings measures imposed from outsourcing the cafeteria program two years ago and continued savings associated with conservation efforts in utility usage at its facilities. The Board of Finance in concert with CT General Statutes transferred funds in the amount of \$118,315 to a new education sinking fund for Board of

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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Education Capital outlay and thus left a balance of \$96,608 to be returned to the Town at the end of the year.

The debt service fund has a total fund balance of \$19,860, all of which is restricted for the payment of debt service.

**Proprietary fund.** Unrestricted net assets of the Board of Education Health Insurance Fund at the end of the year amounted to \$558,029, a decrease of \$443,641 from the balance at June 30, 2011 of \$991,670.

### **General Fund Budgetary Highlights**

There were no additional (special) appropriations within the General Fund during the fiscal year.

As explained above in the Governmental Funds category, the General Fund under expended its appropriations by \$375,975. Most of the under-expenditures are related to the continued savings in personnel consolidations, overtime and benefits, debt service refinancing. Most of the savings is attributed to cost saving energy conservation efforts at the Board of Education as well as reduced usage of tonnage at the transfer station due to new recycling initiatives.

The total revenue increases from budget within the General Fund can be found in several categories. The total revenue increases amounted to \$122,105.

- Current tax collections fell short \$486,265 from the original budget. Efforts are continuing to reduce this amount by taking off "dead" properties off the grand list and revising collection rates to actual collections. In total, tax collections were under budget by \$417,176. Aggressive efforts are still underway by the Mayor's office, Board of Finance, and the Tax Office to collect delinquent taxes.
- Charges for services was short by \$35,076, primarily due to a decrease in conveyance tax fees charged by the Town Clerk. This can be attributed to the sluggish housing market and fewer recordings taking place. There are reduced expenditures found in the Town Clerk's expenditure budget due to the lower activity.
- There was no use of fund balance to balance operating expenses in the current fiscal year.

### **Capital Assets and Debt Administration**

**Capital assets.** The Town's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$184,796,600 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, vehicles, and infrastructure. There was an increase in the Town's investment in capital assets for the current fiscal year of \$236,382 or .13%. The majority of this increase is due to the Town acquiring the North Street reservoir from the Ct Water Company for \$1,450,000 that netted against depreciation expenses. Continued vehicle replacements also held down the total decrease in capital due to depreciation and netted a positive gain this year.

Current year major capital asset events during the current fiscal year included the following:

- Acquisition of Property from the CT Water Company- North Street Reservoir.
- Four new police patrol vehicles, a new fire truck, and two public works vehicles.
- Infrastructure improvements in various sections of Town amounting to \$322,700.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Town of Plymouth, Connecticut Capital Assets (Net)

	Governmental Activities	
	2012	2011
Land	\$ 6,362,352	\$ 4,912,352
Buildings	24,325,767	24,701,114
Buildings improvements	1,709,670	1,594,471
Land improvements	3,387,093	3,587,580
Machinery and equipment	4,057,843	3,950,617
Vehicle	3,558,884	3,326,840
Infrastructure	94,050,200	95,142,453
Construction in progress	47,344,791	47,344,791
Total	<u>\$ 184,796,600</u>	<u>\$ 184,560,218</u>

Additional information on the Town's capital assets can be found in Note 5.

**Long-term debt.** At the end of the current fiscal year, the Town had total bonds and notes outstanding of \$15,485,000. All of this amount comprises debt backed by the full faith and credit of the Town.

### Town of Plymouth, Connecticut Long-Term Debt

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 15,485,000	\$ 17,255,000
Notes payable		650,635
Total	<u>\$ 15,485,000</u>	<u>\$ 17,905,635</u>

The Town's total debt decreased by \$2,420,635 (13.52%) during the current fiscal year due to scheduled principal payments and recent refunding of debt service.

The Town maintains an "AA3" rating from Moody's for general obligation debt and a MIG 1 rating on its bond anticipation notes (BANS).

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$179,771,326 which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 7.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the Town as of June 2012 was 9.7%, which is a decrease from last year of 10.3%. This is higher than the state's average unemployment rate of 8.4%.
- Inflationary trends in the region compare favorably to national indices.
- The business park has a new water booster station that was completed that will assist in the development and expansion of the business base in the park.
- The Town is continuing to aggressively pursuing new tenants with and expansions within the business park and has two new businesses that will be building and taking empty space by the spring of 2012. There have been the addition of four new businesses during the past two years.

The 2012-2013 budget was evaluated using the anticipated fund balance projections from the past. The 2012-2013 budget uses \$250,000 from its fund balance to balance operations. The overall budget in the General Fund increased by \$297,190. This was the result of evaluating all expenditures within the Town and Board of Education. The 2012-2013 budget has a property tax rate of 34.9 mills after a small increase the previous year and prior three years of property tax freezes. The increased mill rate is also a result of a State mandated statistical revaluation that took place for property valued effective October 1, 2011.

All revenue sources were evaluated and adjusted in the 2012-2013 budget. The most significant revenue increase is the property tax revenue. This resulted in the increased property tax rate increase of .60 mills effectively, factoring in for property revaluation.

Property tax collections have become the focus of the Board of Finance meetings and adjustments were made based on goals set by the Board as well as a downward projection of the current collection rate from 97.5% to 97.0% in the 2010-2011 budget and continued with the 2012-2013 budget. Monthly, the Board of Finance reviews tax collections and results from the Tax office with the assistance from the Mayor's office.

The expenditure side of the budget was scrutinized in all office supply, conferences and salaries. The expenditure side was slightly increased primarily in the area of heart and hypertension for retired police officers as well as increases to pensions for the police officers with the State of Connecticut. The largest budget, Board of Education, was increased by \$133,560 due to additional grant monies from the State of Connecticut.

With anticipated contracts coming due becoming open in the 2012-2013 year, funds were set aside in the budget to address these issues in 2012-2013.

Long-term obligations such as Other Post Employment Benefits are addressed in the 2012-2013 budget in the line item nonemployee benefits. \$40,000 will be placed into a new trust that was adopted in June 2012. The Board of Finance will be deliberating ways to address proposed funding mechanisms for long-term liabilities in 2013 to be implemented with the 2013-2014 budget process.

The Mayor's office, in conjunction with the Comptroller's office, have continued to institute spending freezes that control noncontractual line items. This has proved to be successful in stopping unnecessary expenditures as well as being able to deliver quality and efficient services to the Town residents. In addition, the Board of Education has followed suit and reduced energy consumption and instituted programmatic changes to reduce special education costs as well as programmatic costs.

It is anticipated that growth in the grand list, the total of all taxable property that sets the property tax collection rate, will grow at a minimal pace of approximately .25% in the upcoming year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

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Long-term capital outlay and capital improvement plans were approved at referendum in 2012. Final plans for the construction of new infrastructure are being developed and will be taking place in the fall of 2012 and spring of 2013.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$1,853,353. Total unassigned and assigned fund balance in the General Fund amounts to \$3,392,321. Of this amount, \$250,000 is being used to offset the 2012-2013 General Fund budget.

### **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, The Town of Plymouth, 80 Main Street, Terryville, Connecticut 06786.

# **Basic Financial Statements**

## TOWN OF PLYMOUTH, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 4,828,237
Investments	31,175
Restricted investments	1,146,920
Receivables, net	7,080,935
Net pension asset	5,680
Assets held for sale	2,513,558
Capital assets not being depreciated	53,707,143
Capital assets being depreciated, net	131,089,457
Total assets	<u>200,403,105</u>
Liabilities:	
Accounts and other payables	966,577
Accrued interest payable	91,113
Due to agency funds	129,805
Unearned revenue	79,539
Bond anticipation notes payable	5,285,000
Noncurrent liabilities:	
Due within one year	1,235,520
Due in more than one year	18,323,409
Total liabilities	<u>26,110,963</u>
Net Assets:	
Invested in capital assets, net of related debt	163,863,638
Restricted for:	
Perpetual care:	
Expendable	86,850
Nonexpendable	687,550
Libraries:	
Expendable	38,234
Nonexpendable	270,073
Debt service	19,860
Unrestricted	<u>9,325,937</u>
Total Net Assets	<u>\$ 174,292,142</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Net Assets
					Governmental Activities
Governmental activities:					
General administration	\$ 5,344,207	\$ 312,065	\$ 3,500	\$	\$ (5,028,642)
Public safety	2,731,321	185,007			(2,546,314)
Public works	7,142,486	1,745,884	57,559	1,705,314	(3,633,729)
Health and welfare	470,324	70,027	173,910		(226,387)
Library	500,323	12,709	1,732		(485,882)
Recreation	279,488	87,811			(191,677)
Education	28,268,369	206,700	15,061,087		(13,000,582)
Land use	239,813	11,638	22,745		(205,430)
Interest expense	707,960		15,636		(692,324)
Total Governmental Activities	\$ 45,684,291	\$ 2,631,841	\$ 15,336,169	\$ 1,705,314	(26,010,967)
General revenues:					
Property taxes					26,206,360
Grants and contributions not restricted to specific programs					525,354
Investment earnings					39,059
Miscellaneous					52,062
Total general revenues					26,822,835
Change in net assets					811,868
Net Assets at Beginning of Year					173,480,274
Net Assets at End of Year					\$ 174,292,142

The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,418,275	\$ 955,929	\$ 41,584	\$ 1,074,859	\$ 3,490,647
Investments				31,175	31,175
Restricted investments				1,146,920	1,146,920
Receivables, net:					
Property taxes	2,782,137				2,782,137
Interest	1,325,553			191,943	1,517,496
Assessments/use charges				1,201,938	1,201,938
Intergovernmental	202,254	151,987	554,153	157,631	1,066,025
Loans				471,470	471,470
Other	721			41,148	41,869
Due from other funds	<u>3,054,314</u>	<u>415,900</u>	<u>107,239</u>	<u>894,057</u>	<u>4,471,510</u>
Total Assets	<u>\$ 8,783,254</u>	<u>\$ 1,523,816</u>	<u>\$ 702,976</u>	<u>\$ 5,211,141</u>	<u>\$ 16,221,187</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 335,703	\$ 117,380	\$ 133,000	\$ 140,494	\$ 726,577
Due to other funds	1,203,262	1,087,541	1,111,404	659,547	4,061,754
Deferred revenue	3,851,968			1,944,890	5,796,858
Bond anticipation notes payable		4,085,000	1,200,000		5,285,000
Total liabilities	<u>5,390,933</u>	<u>5,289,921</u>	<u>2,444,404</u>	<u>2,744,931</u>	<u>15,870,189</u>
Fund balances:					
Nonspendable				957,623	957,623
Restricted				714,644	714,644
Committed		221,748		1,001,671	1,223,419
Assigned	1,538,968				1,538,968
Unassigned	1,853,353	(3,987,853)	(1,741,428)	(207,728)	(4,083,656)
Total fund balances	<u>3,392,321</u>	<u>(3,766,105)</u>	<u>(1,741,428)</u>	<u>2,466,210</u>	<u>350,998</u>
Total Liabilities and Fund Balances	<u>\$ 8,783,254</u>	<u>\$ 1,523,816</u>	<u>\$ 702,976</u>	<u>\$ 5,211,141</u>	<u>\$ 16,221,187</u>

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## TOWN OF PLYMOUTH, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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 from the governmental fund balance sheet because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	350,998
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Assets held for sale		2,513,558
Governmental capital assets	\$ 229,293,793	
Less accumulated depreciation	<u>(44,497,193)</u>	
Net capital assets		184,796,600

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

Property tax receivable greater than 60 days	2,526,415
Interest receivable on property taxes	1,325,553
Housing loans	471,470
Sewer use and assessments receivable	482,444
Interest receivable on sewer use and assessments	191,943
Water assessment receivable	719,494
Net pension asset	5,680

Internal service funds are used by management to charge the cost of medical insurance to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	558,029
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(15,485,000)
Deferred amount in refunding	69,137
Premium on refunding	(232,099)
Interest payable on bonds and notes	(91,113)
Net OPEB obligation	(1,743,568)
Compensated absences	(1,314,384)
Heart and hypertension	(15,161)
Early retirement incentive	(10,200)
Net pension obligation	(127,654)
Landfill postclosure costs	<u>(700,000)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u>174,292,142</u>
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The accompanying notes are an integral part of the financial statements



## TOWN OF PLYMOUTH, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 25,774,406		\$	\$	\$ 25,774,406
Charges for services	490,074		1,762,873	1,948,136	4,201,083
Intergovernmental	13,940,909			1,930,464	15,871,373
Income from investments	4,239	5,524	62	30,515	40,340
Net decrease in fair value of investments				(3,391)	(3,391)
Contributions				25,545	25,545
Other	243,888	31,780	129,895	206,856	612,419
Total revenues	<u>40,453,516</u>	<u>37,304</u>	<u>1,892,830</u>	<u>4,138,125</u>	<u>46,521,775</u>
Expenditures:					
Current:					
General administration	4,543,105			42,945	4,586,050
Public safety	2,397,068			130,258	2,527,326
Public works	3,513,833			1,117,040	4,630,873
Health and welfare	191,218			254,413	445,631
Library	464,411			13,485	477,896
Recreation	186,879			55,284	242,163
Education	25,174,301			2,113,392	27,287,693
Land use	205,759				205,759
Debt service	3,146,549				3,146,549
Capital outlay		13,267	4,002,525		4,015,792
Total expenditures	<u>39,823,123</u>	<u>13,267</u>	<u>4,002,525</u>	<u>3,726,817</u>	<u>47,565,732</u>
Excess (Deficiency) of Revenues over Expenditures	<u>630,393</u>	<u>24,037</u>	<u>(2,109,695)</u>	<u>411,308</u>	<u>(1,043,957)</u>
Other Financing Sources (Uses):					
Transfers in	350,000		695,000	122,315	1,167,315
Transfers out	(817,315)			(350,000)	(1,167,315)
Total other financing sources (uses)	<u>(467,315)</u>	<u>-</u>	<u>695,000</u>	<u>(227,685)</u>	<u>-</u>
Net Change in Fund Balances	163,078	24,037	(1,414,695)	183,623	(1,043,957)
Fund Balances at Beginning of Year	<u>3,229,243</u>	<u>(3,790,142)</u>	<u>(326,733)</u>	<u>2,282,587</u>	<u>1,394,955</u>
Fund Balances at End of Year	<u>\$ 3,392,321</u>	<u>\$ (3,766,105)</u>	<u>(1,741,428)</u>	<u>\$ 2,466,210</u>	<u>\$ 350,998</u>

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**TOWN OF PLYMOUTH, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - 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)	\$ (1,043,957)
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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	2,959,177
Depreciation expense	(2,685,337)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(37,458)
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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 receivable - accrual basis change	177,226
Property tax interest revenue - accrual basis change	254,728
Housing loans receivable - accrual basis change	(37,136)
Sewer use and assessment receivable - accrual basis change	73,010
Sewer use and assessment interest receivable - accrual change	3,460
Water assessment receivable - accrual basis change	(101,449)
School building grant receipts	(397,565)

Change in pension asset	(556)
-------------------------	-------

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:

Bonds and notes principal payments	2,420,635
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Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds:

Net OPEB expense	(311,122)
Compensated absences	(92,918)
Heart and hypertension	62,747
Early retirement incentive	15,825
Net pension obligation	(56,755)
Landfill postclosure costs	25,000
Accrued interest payable	6,313
Deferred charges in refunding	(4,938)
Unamortized premium in refunding	16,579

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.

Internal service funds are used by management to charge costs of medical insurance to individual departments	(433,641)
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Change in Net Assets of Governmental Activities (Exhibit II)	\$ 811,868
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The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Assets:	
Cash and cash equivalents	\$ <u>1,337,590</u>
Liabilities:	
Due to other funds	539,561
Claims payable	<u>240,000</u>
Total liabilities	<u>779,561</u>
Net Assets:	
Unrestricted	\$ <u><u>558,029</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

## FOR THE YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities <u>Internal Service Fund</u></b>
Operating Revenues:	
Charges for services	\$ <u>3,163,746</u>
Operating Expenses:	
Claims incurred	3,130,196
Administration	<u>469,301</u>
Total operating expenses	<u>3,599,497</u>
Operating Loss	(435,751)
Nonoperating Revenues:	
Revenues from use of money	<u>2,110</u>
Changes in Net Assets	(433,641)
Net Assets at Beginning of Year	<u>991,670</u>
Net Assets at End of Year	<u>\$ <u>558,029</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
	<u>                    </u>
Cash Flows from Operating Activities:	
Cash received from charges for services	\$ 3,163,746
Cash paid for benefits	(3,083,061)
Cash paid for administration	(469,301)
Cash payments for interfund services used	(400,000)
Net cash used in operating activities	<u>(788,616)</u>
 Cash Flows from Investing Activities:	
Interest on investments	<u>2,110</u>
 Net Decrease in Cash and Cash Equivalents	(786,506)
 Cash and Cash Equivalents at Beginning of Year	<u>2,124,096</u>
 Cash and Cash Equivalents at End of Year	<u>\$ 1,337,590</u>
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (435,751)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Increase (decrease) in due to other funds	(400,000)
Increase (decrease) in claims payable	<u>47,135</u>
 Net Cash Used in Operating Activities	<u>\$ (788,616)</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	<u>Pension Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ _____	\$ 2,996	\$ 434,089
Investments:			
Guaranteed investment contract	9,940,461		
Equity mutual funds	196,096		
Fixed income mutual funds	168,505		
Total investments	<u>10,305,062</u>	<u>-</u>	<u>-</u>
Accounts receivable	<u>39,192</u>		
Due from other funds			<u>129,805</u>
Total assets	<u>10,344,254</u>	<u>2,996</u>	<u>563,894</u>
Liabilities:			
Accounts payable and due to others			<u>563,894</u>
Net Assets:			
Held in Trust for Pension/Other Benefits	<u>\$ 10,344,254</u>	<u>\$ 2,996</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF PLYMOUTH, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Pension Fund</u>	<u>Private Purpose Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 517,330	\$
Plan members	92,261	
Total contributions	<u>609,591</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	50,794	
Interest and dividends	463,512	6
Total investment income	<u>514,306</u>	<u>6</u>
Less investment expense	(4,553)	
Net investment income	<u>509,753</u>	<u>6</u>
Total additions	<u>1,119,344</u>	<u>6</u>
Deductions:		
Benefits	1,074,901	
Administration	92,325	
Total deductions	<u>1,167,226</u>	<u>-</u>
Change in Net Assets	(47,882)	6
Net Assets Held in Trust for Pension/Other Benefits at Beginning of Year	<u>10,392,136</u>	<u>2,990</u>
Net Assets Held in Trust for Pension/Other Benefits at End of Year	<u>\$ 10,344,254</u>	<u>\$ 2,996</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF PLYMOUTH, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Plymouth (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 operates under a home rule charter which was adopted in 1974. The Town operates under a Mayor-Town Council form of government and provides the following public services as authorized by its charter: public safety (police and fire), public works, parks and recreation, sanitation, health and social services, planning and zoning, and education.

#### 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.

#### 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. 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 accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Capital and Nonrecurring Fund is used to account for the financial resources that are restricted, committed or assigned to be used for capital outlays, including the acquisition or construction of capital facilities and other capital assets funded by debt issuance.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the self insurance activities related to health benefits and deductibles on commercial insurance policies.

The Pension Trust Fund accounts for the activities of the Town pension plans, which accumulate resources for pension benefit payments to qualified Town employees.

The Private Purpose Trust Fund is used to account for a Hospice fund that benefits local individuals. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

The Agency Funds account for monies held on behalf of students, other community groups and performance bonds.

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's 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 Town's internal service fund are charges for medical insurance premiums. Operating expenses for internal service fund include the cost of medical claims and administrative expenses. 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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

#### **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.

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." All trade and property tax receivables, are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Loan receivables consist of Community Development Block Grant loans. The Town provides low interest loans for residential rehabilitation as well as loans to local businesses for facility improvements.

Property taxes (receivable - taxes) are assessed as of October 1, levied after the adoption of the Town budget by referendum and become legally due and payable on July 1. Taxes are overdue on August 1, and interest is levied at a rate of 1-1/2% per month. Liens are placed on delinquent real estate taxes owed on June 30th. Liens will be placed sooner in cases where the Tax Collector deems the taxes to be in jeopardy.

An amount of \$200,000 has been established as an allowance for uncollectible taxes as of June 30, 2012.

#### **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. Restricted Assets**

### CDBG Loans

Certain passbook accounts are pledged as collateral for loans made by the bank to participants in the Town's Community Development Loan Program. This amount is adjusted as loans are repaid.

## **H. Assets Held for Sale**

Assets held for sale are the Phase III Industrial Park lots available for sale. Assets held for sale are not depreciated.

## **I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life in excess of two years. 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	75-100
Building improvements	50
Land improvements	50
Roads	50-100
Bridges	50-75
Sewer plant	50
Sewer lines	100
Vehicles	5-20
Office equipment	5-25

## **J. Compensated Absences**

Employees are paid by a prescribed formula for absence due to vacation and sickness based upon the various union contracts and the Town's personnel policies. The eligibility for vacation pay, and in some instances sick pay, does not vest.

## **K. 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 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.

## **L. Fund 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 assets are restricted because they 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:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Plymouth Board of Finance) by adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Board of Finance that has been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

### **M. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **N. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

The Town adheres to the following procedures in establishing the annual budget. No later than February 10, each department head, office or agency shall file with the mayor a detailed estimate of the expenditures and revenues to be made by his or her department, office or agency in the ensuing fiscal year. These estimates shall be filed with the Board of Finance on or before February 22. The Board of Education shall file estimated expenditures with the Board of Finance on or before February 28. The Board of Finance shall hold one or more public hearings no later than April 23. Immediately after the public hearings the Board of Finance shall meet with the Town Council and representatives of the Board of Education to present the recommended budget, at which time the Board of Finance, if a quorum of its members are present, may, by majority vote of its members, make changes to the budget to be recommended to the Town referendum. Within ten business days after such meeting the Board of Finance shall present the recommended budget to the budget referendum, and, at least five business days prior to the referendum, the Board of Finance shall cause the recommended budget to be published in the newspaper. The Town Council schedules the annual budget referendum to be held on or before May 3. If the budget is rejected by a majority vote, a second referendum will be scheduled by the Town Council to be held within 20 days. If the budget is rejected a second time, the Town Council is authorized to adopt a budget by June 15. Council adjustments to the individual department budgets, excluding debt service shall not exceed three percent of the current year's budgets. When adopted, the Board of Finance shall file the same with the Town Clerk and also fix the tax rate in mills.

- The Sewer Operating Budget is approved prior to July 1st by the Water Pollution Control Authority.

- The Finance Director is authorized to transfer budgeted amounts within departments up to \$1,000; all transfers over \$1,000 require Board of Finance approval. Budget over expenditures in departmental line items are approved by the Board of Finance, although no actual budgetary entries are made. Additional appropriations must be approved by the Town Council. Appropriations in excess of \$50,000 must be submitted to a Town Meeting for approval. There were no additional appropriations for General Fund. There were no additional Sewer Operating Fund appropriations authorized during the year.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level for the General Fund and at the fund level for the Sewer Operating Fund.
- Budgeted amounts shown are as originally adopted, or as amended by the Town Council and Board of Finance during the course of the year.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval and, if over \$50,000, Town Meeting approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2012, expenditures exceeded appropriations in the Economic Development by \$2,131. This overexpenditure was funded by the available fund balance.

**C. Fund Deficits**

Fund balance deficits existed as of June 30, 2012 in the following funds:

Capital Projects	\$ 3,766,105
Capital and Nonrecurring	1,741,428
Nonmajor Governmental Funds:	
Special Revenue Funds:	
Water Assessment	207,728

These fund deficits will be reduced or eliminated by transfers from the General Fund or when permanent financing is obtained.

### 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.

#### Deposits

*Deposit Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$3,855,143 of the Town’s bank balance of \$5,517,420 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,360,726
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>494,417</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 3,855,143</u>

## Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$955,869. 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. The pools all have maturities of less than one year.

	<u>Standard &amp; Poor's</u>
Money market*	
Cutwater Asset Management - Cooperative Liquid Assets Security System (CLASS), Connecticut CLASS Plus	AAA/m
*Not rated	

## Investments

As of June 30, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 5</u>	<u>More Than 5</u>
Interest-bearing investments:					
Guaranteed investment contracts	N/A	\$ 9,940,461	\$	\$	\$ 9,940,461
Certificates of deposit	*	<u>320,576</u>	<u>125,610</u>	<u>194,966</u>	
Total		10,261,037	<u>\$ 125,610</u>	<u>\$ 194,966</u>	<u>\$ 9,940,461</u>
Other investments:					
Mutual funds		<u>1,222,120</u>			
Total Investments		<u>\$ 11,483,157</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.  
N/A Not applicable

*Interest Rate Risk* - The Town does not have a formal investment policy that limits its 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 allows the same type of investments as State Statutes.

*Concentration of Credit Risk* - The Town has no policy limiting an 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. The Town does not have a policy for custodial credit risk. At June 30, 2012, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.



#### 4. DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 2,526,415	\$
Accrued interest on property taxes	1,325,553	
CDBG loans receivable	471,470	
Sewer use receivable	467,669	
Sewer assessment receivable	14,775	
Accrued interest on sewer use and assessment	191,943	
Miscellaneous grants		79,539
Water assessment receivable	<u>719,494</u>	
 Total Deferred/Unearned Revenue for Governmental Funds	 <u>\$ 5,717,319</u>	 <u>\$ 79,539</u>

#### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 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	\$ 4,912,352	\$ 1,450,000	\$	\$ 6,362,352
Construction in progress	47,344,791			47,344,791
Total capital assets not being depreciated	<u>52,257,143</u>	<u>1,450,000</u>	<u>-</u>	<u>53,707,143</u>
Capital assets being depreciated:				
Buildings	36,366,028	177,905		36,543,933
Building improvement	2,992,151	187,136		3,179,287
Land improvement	6,712,023			6,712,023
Machinery and equipment	5,278,292	283,087	20,073	5,541,306
Vehicles	5,925,807	538,349	198,499	6,265,657
Infrastructure	117,021,744	322,700		117,344,444
Total capital assets being depreciated	<u>174,296,045</u>	<u>1,509,177</u>	<u>218,572</u>	<u>175,586,650</u>
Less accumulated depreciation for:				
Buildings	(11,664,914)	(553,252)		(12,218,166)
Building improvement	(1,397,680)	(71,937)		(1,469,617)
Land improvement	(3,124,443)	(200,487)		(3,324,930)
Machinery and equipment	(1,327,675)	(175,861)	20,073	(1,483,463)
Vehicles	(2,598,967)	(268,847)	161,041	(2,706,773)
Infrastructure	(21,879,291)	(1,414,953)		(23,294,244)
Total accumulated depreciation	<u>(41,992,970)</u>	<u>(2,685,337)</u>	<u>181,114</u>	<u>(44,497,193)</u>
Total capital assets being depreciated, net	<u>132,303,075</u>	<u>(1,176,160)</u>	<u>37,458</u>	<u>131,089,457</u>
Governmental Activities Capital Assets, Net	<u>\$ 184,560,218</u>	<u>\$ 273,840</u>	<u>\$ 37,458</u>	<u>\$ 184,796,600</u>

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

Governmental activities:	
General administration	\$ 80,581
Public safety	194,046
Public works	1,922,419
Health and welfare	25,889
Library	13,499
Recreation	38,635
Education	363,783
Land use	<u>46,485</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>2,685,337</u></u>

### Construction Commitments

The Town has active construction projects as of June 30, 2012. The projects include the following:

<u>Project</u>	<u>Appropriations</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Plymouth School Project	\$ 47,000,000	\$ 46,969,189	\$ 30,811
Bridge and Roadwork Project	2,150,000	2,074,033	75,967
Industrial Park Phase III	3,650,000	2,942,855	707,145
Additional Paving Fall Mountain	490,000	16,274	473,726
Various Improvements - Downtown Terryville	300,000	66,905	233,095
Burr Road and Harwinton Avenue Water	<u>1,200,000</u>	<u>                    </u>	<u>1,200,000</u>
 Total	 \$ <u><u>54,790,000</u></u>	 \$ <u><u>52,069,256</u></u>	 \$ <u><u>2,720,744</u></u>

### 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 980,302
General Fund	Capital and Nonrecurring	883,404
General Fund	Nonmajor Governmental Funds	651,047
General Fund	Health Insurance	539,561
Capital Projects	General Fund	179,400
Capital Projects	Capital and Nonrecurring	228,000
Capital Projects	Nonmajor Governmental Funds	8,500
Capital and Nonrecurring	Capital Projects	107,239
Nonmajor Funds	General Fund	894,057
Performance Bonds	General Fund	<u>129,805</u>
		<u>\$ 4,601,315</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

	<b>Transfer In</b>			
	<b>General Fund</b>	<b>Capital and Nonrecurring</b>	<b>Nonmajor Governmental</b>	<b>Total Transfer Out</b>
Transfers out:				
General Fund	\$	\$ 695,000	\$ 122,315	\$ 817,315
Nonmajor Governmental Funds	350,000			350,000
Total Transfer In	<u>\$ 350,000</u>	<u>\$ 695,000</u>	<u>\$ 122,315</u>	<u>\$ 1,167,315</u>

Transfers are used to 1) move money to General Fund for debt service payments due to refunding and monies set aside for the new high school and 2) to move revenues from General Fund to capital and nonrecurring fund for capital and nonrecurring projects.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 17,255,000	\$	\$ 1,770,000	\$ 15,485,000	\$ 1,135,000
Deferred amounts in refunding	(74,075)		(4,938)	(69,137)	
Premium on refunding	248,678		16,579	232,099	
Total bonds payable	<u>17,429,603</u>	-	<u>1,781,641</u>	<u>15,647,962</u>	<u>1,135,000</u>
Notes payable	650,635		650,635	-	
Net OPEB obligation	1,432,446	311,122		1,743,568	
Compensated absences	1,221,466	152,483	59,565	1,314,384	65,320
Heart and hypertension	77,908		62,747	15,161	
Early retirement incentive	26,025		15,825	10,200	10,200
Net pension obligation	70,899	56,755		127,654	
Landfill postclosure costs	<u>725,000</u>		<u>25,000</u>	<u>700,000</u>	<u>25,000</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 21,633,982</u>	<u>\$ 520,360</u>	<u>\$ 2,595,413</u>	<u>\$ 19,558,929</u>	<u>\$ 1,235,520</u>

Compensated absences and net OPEB obligation are generally liquidated by the General Fund.

A schedule of bonds and notes payable at June 30, 2012 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2012</u>
Bonds Payable:					
General purpose:					
Refunding bonds	8/19/2009	5/15/2016	2.00-4.00	\$ 1,585,000	\$ 940,000
Refunding bonds	8/19/2009	5/15/2020	2.00-3.50	5,520,000	1,075,000
Refunding bonds	9/16/2010	12/15/2028	2.00-4.00	1,000,000	875,000
School:					
Refunding bonds	8/19/2009	5/15/2020	2.00-3.50	5,520,000	3,910,000
Refunding bonds	9/16/2010	12/15/2028	2.00-4.00	8,820,000	<u>8,685,000</u>
Total Bonds					<u>\$ 15,485,000</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2012, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,135,000	\$ 493,131
2014	1,175,000	458,431
2015	1,200,000	422,831
2016	1,240,000	390,994
2017	995,000	353,556
2018-2022	5,240,000	1,221,478
2023-2027	4,405,000	338,544
2028-2029	<u>95,000</u>	<u>3,238</u>
Total	<u>\$ 15,485,000</u>	<u>\$ 3,682,203</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 57,783,641	\$ 4,090,000	\$ 53,693,641
Schools	115,567,281	17,027,409	98,539,872
Sewers	96,306,068	385,000	95,921,068
Urban renewal	83,465,259		83,465,259
Pension deficit	77,044,854		77,044,854

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$179,771,326.

The definition of indebtedness above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which debt is issued and outstanding. Net indebtedness is reduced by State of Connecticut grant commitments in the amount of \$29,000,000.

## 8. BOND ANTICIPATION NOTES

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2012:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
High School	08/26/10	08/25/11	1.50	\$ 5,080,000	\$	\$ 5,080,000	\$ -
High School	08/25/11	07/19/12	1.50		5,285,000		5,285,000
Total				\$ 5,080,000	\$ 5,285,000	\$ 5,080,000	\$ 5,285,000

The notes were issued to finance the construction of the high school prior to the issuance of the bonds at the completion of the project. These notes are reported in the Capital Projects Fund and will be retired or permanently financed in the future.

### Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require landfill closures to meet certain standards. The Town has finalized an agreement with the State Department of Environmental Protection for final capping of the landfill. Monitoring costs for the next 28 years at \$25,000 per year are \$700,000. These amounts are based on estimates which are subject to change due to inflation, technology or applicable laws and regulations.

### Termination Benefits

The Board of Education provides early retirement incentive benefits to 28 former employees. Benefits are paid annually based on the retirement agreement for each employee from the Board of Education budget. The amount paid for the fiscal year ended June 30, 2012 was \$15,825. Benefits are payable through 2013.

## 9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town established as an Internal Service Fund, the Self-Insurance Fund, to account for and finance the retained risk of loss for Board of Education medical benefits coverage. A third party administers the plan for which the fund pays a fee. The Self-Insurance Fund provides coverage for all Board of Education employees. The Town has purchased a stop-loss policy for total claims in anyone year exceeding an aggregate of 125% of expected claims and for individual claims exceeding \$125,000. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

Only the Board of Education participates in this self-insurance program and payments to the fund are based upon estimates by number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability reported in the fund is based upon the provisions of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation, and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses:

	<b>Claims Payable July 1</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Paid</b>	<b>Claims Payable June 30</b>
2010-2011	\$ 199,823	\$ 2,858,319	\$ 2,865,277	\$ 192,865
2011-2012	192,865	3,130,196	3,083,061	240,000

## 10. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Capital and Nonrecurring</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Fund balances:					
Nonspendable:					
Permanent funds	\$	\$	\$	\$ 957,623	\$ 957,623
Restricted for:					
Grants				694,784	694,784
Debt service				19,860	19,860
Committed to:					
Industrial park phase 3		154,060			154,060
Fall mountain water project		67,688			67,688
Education sinking fund				118,315	118,315
Sewer operating and assessment				343,514	343,514
General administration				35,918	35,918
Public safety				148,920	148,920
Health and welfare				82,927	82,927
Recreation				24,637	24,637
Education				121,011	121,011
Economic development				232	232
Engineering services				1,113	1,113
Permanent funds				125,084	125,084
Assigned to:					
Subsequent year's budget	250,000				250,000
Education	1,288,968				1,288,968
Unassigned	<u>1,853,353</u>	<u>(3,987,853)</u>	<u>(1,741,428)</u>	<u>(207,728)</u>	<u>(4,083,656)</u>
Total Fund Balances	<u>\$ 3,392,321</u>	<u>\$ (3,766,105)</u>	<u>(1,741,428)</u>	<u>\$ 2,466,210</u>	<u>\$ 350,998</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned category of the General Fund.

## 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Pension Trust Fund

#### A. Plan Description

The Town administers two single-employer, contributory, defined benefit pension plans (Town Plan and Board of Education). Plan benefit and contribution requirements are established by plan document as amended April 1, 1982, and approved by the Town Council. Both plans are part of the Town's reporting entity and are included in the Town's financial report as a single Pension Trust Fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plans do not issue separate stand-alone financial reports.

At July 1, 2010 the plan's membership consisted of:

	<u>Town</u>	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	52	21
Terminated employees entitled to benefits but not yet receiving them	12	5
Active plan members	<u>22</u>	<u>47</u>
Total	<u>86</u>	<u>73</u>

The plans provide for retirement and disability income for all eligible employees. All employees who work at least 20 hours a week are eligible on their date of hire. The plans cover substantially all noncertified Board of Education employees and all regular Town employees except police personnel and elected officials.

#### B. Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:** The plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due pursuant to contractual requirements. Benefit payments and refunds are payable when due and payable in accordance with the terms of the plan. Administrative costs are funded by the income of the fund.

**Method Used to Value Investments:** All funds are invested and administered through various portfolio management plans and are reported at market value. There are no investments of 5% or greater in any one organization.

#### C. Funding Status and Progress

Employees covered under the Town and Board of Education plans are required to contribute 5% and 2.5% respectively, of their earnings to the plan. The Town and Board of Education contributions are actuarially determined on an annual basis. For the fiscal year ended June 30, 2012, these required contributions were \$354,912 and \$218,012 for the Town and Board of Education, respectively.

**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:

	<u>Town</u>	<u>Board of Education</u>
Annual required contribution	\$ 354,912	\$ 218,012
Interest on net pension obligation	771	(452)
Adjustment to annual required contribution	<u>684</u>	<u>714</u>
Annual pension cost	356,367	218,274
Contributions made	<u>299,612</u>	<u>217,718</u>
Increase in net pension obligation	56,755	556
Net pension obligation (asset) beginning of year	<u>70,899</u>	<u>(6,236)</u>
Net Pension Obligation (Asset) End of Year	\$ <u><u>127,654</u></u>	\$ <u><u>(5,680)</u></u>

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

	<u>Town</u>	<u>Board of Education</u>
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level of Payroll	Level Dollar
Remaining amortization period	24 years (decreasing) Closed	10 years Open
Asset valuation method	Fair Value	Fair Value
Valuation type	Closed Group	Open Group
Actuarial assumptions:		
Investment rate of return	6.5%/annum	7.25%/annum
Projected salary increases	4%/annum	4%/annum
Underlying inflation	3%	3%



**E. Trend Information**

<b>Town</b>			
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/10	\$ 158,836	100%	\$ -
6/30/11	282,921	74.9%	70,899
6/30/12	356,367	84.1	127,654

<b>Board of Education</b>			
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Asset)</b>
6/30/10	\$ 222,436	98.3%	\$ 3,847
6/30/11	222,198	104.5%	(6,236)
6/30/12	218,274	99.7	(5,680)

**Schedule of Funding Progress**

<b>Town</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability(AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/03	\$ 5,014,093	\$ 6,095,151	\$ (1,081,058)	82.3%	\$ 2,492,835	(43.4)%
7/1/05	5,964,894	6,681,834	(716,940)	89.3	2,103,562	(34.1)
7/1/07	6,671,185	8,920,725	(2,249,540)	74.8	1,830,723	(122.9)
7/1/08	6,648,575	9,195,986	(2,547,411)	72.3	1,739,452	(146.4)
7/1/10	6,364,010	10,431,734	(4,067,724)	61.0	1,261,567	(322.4)

<b>Board of Education</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability(AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/02	\$ 2,583,866	\$ 2,530,499	\$ 53,367	102.1%	\$ 1,191,486	4.5%
7/1/04	2,599,567	3,022,632	(423,065)	86.0	1,362,211	(31.1)
7/1/06	2,989,024	3,427,714	(438,690)	87.2	1,562,455	(28.1)
7/1/08	3,506,017	3,998,273	(492,256)	87.7	1,642,217	(30.0)
7/1/10	3,966,319	4,575,969	(609,650)	86.7	1,682,735	(36.2)

Note: Biennial valuation

## Schedule of Employer Contributions

Fiscal Year Ended	Town		Board of Education	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
6/30/07	\$ 221,127	100.0%	\$ 218,781	100.0%
6/30/08	202,661	100.0	241,517	100.0
6/30/09	183,749	100.0	256,775	100.0
6/30/10	158,836	100.0	218,589	98.0
6/30/11	212,022	74.9	232,281	104.5
6/30/12	354,912	84.4	218,012	99.9

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the date indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

### Municipal Employees' Retirement Fund

#### A. Plan Description

All police officers of the Town participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension Trust Fund. The MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, Connecticut 06106.

#### B. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases between 3% and 5% are paid to disabled members and nondisabled retired members who have reached age 65. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average of earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years.

#### C. Funding Policy

Covered employees are required by State Statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Town's employer and employee contributions for for the years ended June 30, 2012, 2011 and 2010 were \$224,138, \$351,860 and \$191,563 respectively, equal to the required contributions for each year.

## **Teacher Retirement**

All Town of Plymouth teachers participate in the State of Connecticut Teacher's Retirement System, a cost sharing plan with a special funding situation, under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- 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' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$10,576,790 or 75.1% of the total Board of Education payroll of \$14,082,803.

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. For the year ended June 30, 2012, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue schools and schools expenditures in the amount of \$2,172,158 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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.

## **12. OTHER POSTEMPLOYMENT BENEFITS - RETIREE HEALTH CARE PLAN**

### **A. Plan Description**

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits plan is a single-employer defined benefit plan. The Town does not issue stand-alone financial statements for this program.

The healthcare benefits payable to members for the Town plan are for members who are age 55 with 25 years of service or at age 62 or older who are eligible for benefits from the pension plan. The retirees will pay the Town's share of the co-payment when they retire and shall be eligible for single coverage only. The retiree has the option to purchase health insurance at 100% of the cost for their spouse upon retirement. At age 65, the Town provides health insurance coverage up to 75% of the cost of Connecticut Blue Cross Blue Shield for the eligible retirees once enrolled in Medicare A & B programs.

At July 1, 2010, plan membership consisted of the following:

	<b>Retiree Healthcare Plan</b>
Active plan members	270
Retired members	78
Spouses of retirees	36
Total Participants	<u>384</u>

### **B. Funding Policy**

The Town's funding and payment of postemployment benefits for the year ended June 30, 2012 are accounted for in the General Fund on a pay-as-you-go basis. As of June 30, 2012, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

### **C. Annual OPEB Cost and Net OPEB Obligations**

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<b>Retiree Healthcare Plan</b>
Annual required contribution (ARC)	\$ 1,013,000
Interest on net OPEB obligation	57,298
Adjustment to annual required contribution	<u>(55,176)</u>
Annual OPEB cost	1,015,122
Contributions made	<u>704,000</u>
Increase in net OPEB obligation	311,122
Net OPEB obligation, beginning of year	<u>1,432,446</u>
Net OPEB Obligation, End of Year	<u>\$ 1,743,568</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) for the fiscal year ended June 30, 2012 is presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2010	\$ 1,022,841	\$ 556,000	54.35%	\$ 911,841
6/30/2011	1,082,605	562,000	51.91	1,432,446
6/30/2012	1,015,122	704,000	69.35	1,743,568

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability(AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Percentage Funded (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/1/08	\$ -	\$ 13,987,000	\$ (13,987,000)	0.0%	N/A	N/A
7/1/10	-	14,612,000	(14,612,000)	0.0	N/A	N/A

**Schedule of Employer Contributions**

<b>Year Ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2010	\$ 1,021,000	54.45%
2011	1,080,000	52.04
2012	1,013,000	69.49

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

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

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year decreasing, closed group, level dollar amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 4.0% interest rate and annual payroll growth rate of 4.0%. The annual healthcare cost trend rate is 8% initially with an ultimate rate of 4%.

### **13. JOINT VENTURES**

The Town is a participant in two joint ventures as described below.

#### **Tunxis Recycling Operating Committee**

The Town is a participant with 13 other cities and towns in a joint venture, the Tunxis Recycling Operating Committee (TROC). TROC is responsible for the development, operations and management of a solid waste recycling program for all participating communities. The governing board consists of town officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the intercommunity agreement dated as of June 21, 1990. Expenditures of \$16,355 were incurred in 2011-12 related to the Town's participation in TROC.

Unassigned fund balance for fiscal year ended June 30, 2012 as reflected in TROC's financial statements is \$890,000. A complete set of financial statements for TROC can be obtained from TROC's administrative office at 43 Enterprise Drive, Bristol, Connecticut.

#### **Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the trash to energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements.

The Town expenditures to BRRFOC amounted to \$371,447 this year. The unassigned fund balance for fiscal year ended June 30, 2012 as reflected in BRRFOC's financial statements is \$3.8 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. Should any Contracting Municipality default in its obligation to pay the service fee, the other Contracting Municipalities shall have an obligation to continue to pay the aggregate service fee. If the Company does not perform its obligations under the service agreement and Ogden Corporation (now Covanta Bristol, Inc.) fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee.

### **14. CONTINGENT LIABILITIES**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments, which would materially affect the Town's financial position.

## **15. SUBSEQUENT EVENTS**

On July 19, 2012, the Town issued \$9,500,000 of general obligation bonds with interest rates ranging from 2.0% to 4.0% and \$1,500,000 of general obligation bond anticipation notes with interest rate of 1.00%. The proceeds will be used to finance several general purpose and school projects for which bonds have been authorized to be issued.

**Required Supplementary  
Information**



## TOWN OF PLYMOUTH, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Current taxes	\$ 25,180,975	\$ 25,180,975	\$ 24,694,710	\$ (486,265)
Supplemental motor vehicle tax	175,000	175,000	197,284	22,284
Prior year taxes	600,000	600,000	548,684	(51,316)
Interest and lien fees	250,000	250,000	333,728	83,728
PILOT - retirement community	15,000	15,000	13,232	(1,768)
PILOT - housing authority	12,000	12,000	11,050	(950)
PILOT - telephone access	20,000	20,000	37,111	17,111
Total property taxes	<u>26,252,975</u>	<u>26,252,975</u>	<u>25,835,799</u>	<u>(417,176)</u>
Charges for services:				
Recording fees	55,000	55,000	52,149	(2,851)
Conveyance tax	100,000	100,000	50,775	(49,225)
Hunting and fishing licenses	300	300	462	162
Vital statistics	500	500	847	347
Miscellaneous town clerk	25,000	25,000	23,327	(1,673)
Planning and zoning	6,000	6,000	4,351	(1,649)
Sub-division hearings	3,000	3,000	502	(2,498)
Public hearings	2,000	2,000	1,521	(479)
Zoning board of appeals	3,500	3,500	3,528	28
Fire marshal	600	600	1,087	487
Police permits	2,500	2,500	4,195	1,695
Insurance reports	600	600	446	(154)
Parking tickets & alarm fines	600	600	135	(465)
Extra duty reimbursements	5,000	5,000	6,000	1,000
Hancock dam control	2,500	2,500	4,768	2,268
Miscellaneous public works	25,000	25,000	9,054	(15,946)
Transfer station tipping fees	200,000	200,000	204,417	4,417
Transfer station permits	10,000	10,000	11,725	1,725
Metal reimbursement			24,528	24,528
Conservation commission	2,500	2,500	1,736	(764)
Structural permits	50,000	50,000	49,752	(248)
Electrical permits	5,000	5,000	4,230	(770)
Demolition permits	600	600	1,345	745
Plumbing permits	4,000	4,000	3,480	(520)
Heating permits	5,000	5,000	7,291	2,291
Library petty cash	5,000	5,000	8,619	3,619
Recreation - programs	10,000	10,000	8,024	(1,976)
Aircraft registrations	450	450	630	180
False alarms	500	500	1,150	650
Total charges for services	<u>525,150</u>	<u>525,150</u>	<u>490,074</u>	<u>(35,076)</u>

(Continued on next page)

## TOWN OF PLYMOUTH, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental revenues:				
PILOT - state property	\$ 12,220	\$ 12,220	\$ 12,226	\$ 6
Property tax relief for the elderly freeze	3,400	3,400	2,000	(1,400)
Property tax relief for the elderly - circuit breaker	75,000	75,000	85,351	10,351
Veteran's grant	11,500	11,500	10,788	(712)
Manufacturer's PILOT			124,508	124,508
Disability exemption	1,100	1,100	2,728	1,628
Civil preparedness	3,500	3,500	170	(3,330)
ECS grant	9,743,270	9,743,270	9,755,606	12,336
Out placement - excess income	475,000	475,000	686,860	211,860
School construction building grant	200,000	200,000	413,201	213,201
School transportation	243,000	243,000	231,373	(11,627)
Pequot PILOT	73,040	73,040	74,224	1,184
Federal PILOT	1,400	1,400	1,589	189
Miscellaneous grants	25,000	25,000	150,377	125,377
Total intergovernmental revenues	<u>10,867,430</u>	<u>10,867,430</u>	<u>11,551,001</u>	<u>683,571</u>
Income from investments	<u>60,000</u>	<u>60,000</u>	<u>4,239</u>	<u>(55,761)</u>
Other revenues:				
Insurance reimbursements	55,000	55,000	76,927	21,927
Judicial refunds	750	750	2,303	1,553
Miscellaneous	2,000	2,000	63,155	61,155
Total other revenues	<u>57,750</u>	<u>57,750</u>	<u>142,385</u>	<u>84,635</u>
Total Revenues	<u>37,763,305</u>	<u>37,763,305</u>	<u>38,023,498</u>	<u>260,193</u>
Other financing sources:				
Cancellation of prior year's encumbrances	10,000	10,000	70,752	60,752
Note premiums			51,160	51,160
Transfers in	600,000	600,000	350,000	(250,000)
Total other financing sources	<u>610,000</u>	<u>610,000</u>	<u>471,912</u>	<u>(138,088)</u>
Total Revenues and Other Financing Sources	<u>\$ 38,373,305</u>	<u>\$ 38,373,305</u>	<u>38,495,410</u>	<u>\$ 122,105</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			2,172,158	
Magnet school transportation grant			206,700	
Cancellation of prior year encumbrances are recognized as budgetary revenue			<u>(70,752)</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>\$ 40,803,516</u>	

## TOWN OF PLYMOUTH, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
General administration:				
Mayor	\$ 147,040	\$ 174,727	\$ 174,727	\$ -
Town Council	5,570	5,572	4,179	1,393
Human Resource	42,550	57,272	57,272	-
Comptroller	150,290	169,438	169,438	-
Central Office	127,500	133,717	133,715	2
Treasurer	3,600	3,600	2,700	900
Registrar	47,600	41,843	41,843	-
Board of Finance	127,500	66,555	66,554	1
Assessors	120,080	115,267	115,266	1
Board of Assessment Appeals	890	879	878	1
Tax Collector	99,540	109,957	109,956	1
Legal Services	112,500	128,257	128,256	1
Insurance	691,200	752,066	752,065	1
Employee Benefits	2,544,500	2,524,675	2,524,675	-
Heart and Hypertension	47,500	140,290	140,289	1
Town Clerk	118,345	97,768	97,767	1
Probate Court	3,400	3,400	3,400	-
Special Services	20,500	20,125	20,125	-
Total general administration	<u>4,410,105</u>	<u>4,545,408</u>	<u>4,543,105</u>	<u>2,303</u>
Public safety:				
Fire Marshal	54,935	52,604	52,604	-
Police Department	1,715,860	1,709,509	1,709,509	-
Emergency Management	17,000	12,708	11,882	826
Dog Warden	27,750	27,000	27,000	-
Communications	383,565	368,590	368,590	-
Fire Department	240,140	230,203	227,483	2,720
Total public safety	<u>2,439,250</u>	<u>2,400,614</u>	<u>2,397,068</u>	<u>3,546</u>
Public works:				
Facilities	285,970	299,864	299,864	-
Snow Removal	402,100	239,228	177,108	62,120
Highway Department	985,265	913,262	889,285	23,977
Transfer Station	867,770	817,770	800,765	17,005
Public Works Director	186,225	186,225	180,794	5,431
Maintenance Garage	447,425	533,601	533,600	1
Utilities - Hydrants and Streetlights	498,000	520,670	520,670	-
Other Public Buildings	21,200	43,133	43,133	-
Building Inspector	70,110	70,110	68,614	1,496
Total public works	<u>3,764,065</u>	<u>3,623,863</u>	<u>3,513,833</u>	<u>110,030</u>
Health and welfare:				
Human Services Commission	2,000	2,000	978	1,022
Public Health	52,900	52,900	52,300	600
Medical Director	68,360	72,757	72,756	1
Ambulance Corps	26,150	26,162	26,161	1
Public Health - other	45,815	41,406	39,023	2,383
Total health and welfare	<u>195,225</u>	<u>195,225</u>	<u>191,218</u>	<u>4,007</u>

(Continued on next page)

## TOWN OF PLYMOUTH, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Library services:				
Terryville Library	\$ 448,625	\$ 448,625	\$ 441,111	\$ 7,514
Plymouth Library	23,300	23,300	23,300	-
Total library services	<u>471,925</u>	<u>471,925</u>	<u>464,411</u>	<u>7,514</u>
Parks and recreation	<u>188,565</u>	<u>186,880</u>	<u>186,880</u>	<u>-</u>
Education	<u>22,996,115</u>	<u>22,996,115</u>	<u>22,899,507</u>	<u>96,608</u>
Land use:				
Planning and Zoning	157,500	164,175	164,175	-
Zoning Board of Appeals	4,350	2,194	2,194	-
Conservation Commission	5,300	3,248	3,248	-
Economic Development	32,155	30,542	32,673	(2,131)
St. Matthew Cemetery	2,800	3,020	3,020	-
Historic Properties	1,950	1,096	449	647
Total land use	<u>204,055</u>	<u>204,275</u>	<u>205,759</u>	<u>(1,484)</u>
Debt service	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,146,549</u>	<u>153,451</u>
Total expenditures	<u>37,969,305</u>	<u>37,924,305</u>	<u>37,548,330</u>	<u>375,975</u>
Other financing uses:				
Transfers out:				
Capital and nonrecurring	650,000	695,000	695,000	-
Hillside cemetery	2,000	2,000	2,000	-
Plymouth cemetery (West)	2,000	2,000	2,000	-
Total other financing uses	<u>654,000</u>	<u>699,000</u>	<u>699,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 38,623,305</u>	<u>\$ 38,623,305</u>	<u>38,247,330</u>	<u>\$ 375,975</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 2,172,158

Magnet school transportation grant 206,700

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 14,250

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 40,640,438

**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund budget is legally adopted at the a budget referendum. The General Fund utilizes the modified accrual basis of accounting.

## TOWN OF PLYMOUTH, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,418,275	\$ 1,327,445
Receivables:		
Property taxes receivable, net of allowance for uncollectible of \$200,000 in 2012 and 2011	2,782,137	2,524,485
Interest tax receivable	1,325,553	1,070,825
Intergovernmental	202,254	55,116
Other	721	485,614
Due from other funds	<u>3,054,314</u>	<u>2,263,181</u>
Total Assets	<u>\$ 8,783,254</u>	<u>\$ 7,726,666</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts and other payables	\$ 335,703	\$ 346,072
Due to other funds	1,203,262	731,337
Deferred revenues	<u>3,851,968</u>	<u>3,420,014</u>
Total liabilities	<u>5,390,933</u>	<u>4,497,423</u>
Fund Equity:		
Assigned		
Encumbrances	1,288,968	1,373,970
Designated for subsequent year's budget	250,000	200,000
Unassigned	<u>1,853,353</u>	<u>1,655,273</u>
Total fund equity	<u>3,392,321</u>	<u>3,229,243</u>
Total Liabilities and Fund Equity	<u>\$ 8,783,254</u>	<u>\$ 7,726,666</u>



TOWN OF PLYMOUTH, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

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Grand List as of October 1,	Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers to Suspense	Adjustments	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2012	
		Additions	Deductions				Taxes	Interest and Lien Fees	Suspense Collection		Total
1995	\$ 19,215	\$ 1,051	\$ 8,635	\$	\$	\$ 11,631	\$ 1,109	\$ 2,991	\$ 319	\$ 4,419	\$ 10,522
1996	19,215	1,051	7,672			12,594	2,071	5,299	190	7,560	10,523
1997	20,593	1,512	9,501			12,604	1,168	3,960		5,128	11,436
1998	23,237		8,365			14,872	707	2,250	3,004	5,961	14,165
1999	24,214		8,944			15,270	602	1,573	1,249	3,424	14,668
2000	24,008		8,741			15,267	366	1,306	1,425	3,097	14,901
2001	25,295		8,240			17,055	1,188	1,932	4,143	7,263	15,867
2002	33,549	1,739	11,487			23,801	2,132	4,553	1,590	8,275	21,669
2003	40,741	955	12,996			28,700	4,749	4,794	883	10,426	23,951
2004	101,510	51	14,135			87,426	5,282	6,509	2,952	14,743	82,144
2005	115,934		16,503			99,431	5,170	6,110	2,681	13,961	94,261
2006	266,265	1,304	24,215			243,354	20,227	11,875	1,967	34,069	223,127
2007	388,704	818	25,945			363,577	41,408	26,909	1,801	70,118	322,169
2008	565,417	1,836	27,986	44,640		494,627	97,386	43,875		141,261	397,241
2009	1,037,965	2,494	30,989			1,009,470	351,781	81,266		433,047	657,689
Total prior years	2,705,862	12,811	224,354	44,640	-	2,449,679	535,346	205,202	22,204	762,752	1,914,333
2010	25,974,867	15,047	124,126			25,865,788	24,797,984	118,882		24,916,866	1,067,804
Total	\$ 28,680,729	\$ 27,858	\$ 348,480	\$ 44,640	\$ -	\$ 28,315,467	\$ 25,333,330	\$ 324,084	\$ 22,204	\$ 25,679,618	\$ 2,982,137

**Nonmajor  
Governmental Funds**

**NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds utilize the modified accrual basis of accounting.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Sewer Operating	User Fees	Operations of the Sewer Collection System
Sewer Assessment	Special Assessment	Collection of old assessments levied for sewer connections
Water Assessment	Grants and General Fund appropriations	Collection of water assessments and asset construction/purchases
Dog Fund	Fees, GF Contribution	Operations of animal control and K9
Miscellaneous Contributions	Donations	Management of funds related to Fuel Bank, Small Wonders and trust fund income accounts.
ATM Fund	State and Federal grants	Police department drug and asset forfeiture fund and various police department grants and contributions
CDBG Loan	State and Federal grants	Loan administration by the Town and a third party contractor that benefit low and moderate income households for housing and commercial rehabilitation.
Small Cities	State grants	State administered loan/grant program by the Town and a third party contractor that benefits low and moderate income households for housing rehabilitation projects.
Open Space	Charges for Services	Purchase and procurement of open space pursuant to State Statutes and Town ordinances.
Hospice	Donations	Donations made for services that are provided for hospice.
Economic Development	Sale of Land, GF Contribution	Grants to businesses and related expenses for expansion of economic development within the Town.
Police Extra Duty	Charges for Services	Accounts for extra duty hired police officers paid for by contractors.
Recreational Revolving	Charges for Services	Accounts for recreational activities and programs that are self supporting.
Historical Preservation	Charges for Services, Fees	Accounts for document and historic preservation and stated in the Connecticut General Statutes
Subdivision Engineering	Charges for Services	Fund established to pay outside contractors for engineering services the Town required.
Education Grants	State and Federal Grants, Donations	Providing additional educational opportunities.
School Cafeteria	Intergovernmental, Charges for Services	School cafeteria program in the Town school system.

Education Sinking Fund is used to account for the financial resources committed for the replacement of capital outlay for building and grounds for the Board of Education. The fund is funded by transfers from surplus funds in the General Fund at the end of the fiscal year from the Board of Education as approved by the Board of Finance. The fund value may not exceed 1% of the latest Board of Education’s operating budget.

Debt Service Fund is used to account for the accumulation of resources for debt payments.

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

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Hillside Cemetery Trust	Trust Income, GF Contribution	To pay for the maintenance and operations of Hillside Cemetery
Plymouth Cemetery Trust	Trust Income, GF Contribution	To pay for the maintenance and operations of the Plymouth Cemetery
Allentown Cemetery Trust	Trust Income	To pay for the maintenance of Allentown Cemetery
Terryville Public Library Trust	Trust Income, Intergovernmental	To assist the Terryville Library in its expansion of books for circulation and operations
Mercy J. Cone Trust	Trust Income	To assist the Terryville Library in its expansion of books for circulation and operations
St. Matthews Trust	Contributions	To pay for the maintenance of St. Matthews Cemetery

TOWN OF PLYMOUTH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

Special Revenue

	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Water Assessment</u>	<u>Dog Fund</u>	<u>Miscellaneous Contributions</u>	<u>ATM Fund</u>	<u>CDBG Loan Fund</u>	<u>Small Cities</u>	<u>Open Space</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 34,984	\$ 41,410	\$ 145,215	\$ 116,334	\$ 59,295	\$ 38,980	\$ 16,695	\$ 84,802	\$
Investments						5,666			
Restricted investments							189,297		
Receivables:									
Interest	191,943								
Assessments/use charges	467,669	14,775	719,494						
Intergovernmental									
Loans								471,470	
Other									
Due from other funds	<u>413,779</u>	<u>1,171</u>	<u>20,000</u>					<u>29,800</u>	<u>227,700</u>
Total Assets	<u>\$ 1,108,375</u>	<u>\$ 57,356</u>	<u>\$ 884,709</u>	<u>\$ 116,334</u>	<u>\$ 59,295</u>	<u>\$ 44,646</u>	<u>\$ 205,992</u>	<u>\$ 586,072</u>	<u>\$ 227,700</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 127,830	\$	\$	\$ 242	\$	\$	\$	\$ 11,505	\$
Due to other funds		20,000	372,943	10,286			38,842	8,500	
Deferred revenue	<u>659,612</u>	<u>14,775</u>	<u>719,494</u>					<u>497,504</u>	
Total liabilities	<u>787,442</u>	<u>34,775</u>	<u>1,092,437</u>	<u>10,528</u>	<u>-</u>	<u>-</u>	<u>38,842</u>	<u>517,509</u>	<u>-</u>
<b>Fund balances:</b>									
Nonspendable									
Restricted						44,646	167,150	68,563	227,700
Committed	320,933	22,581		105,806	59,295				
Unassigned			(207,728)						
Total fund balance	<u>320,933</u>	<u>22,581</u>	<u>(207,728)</u>	<u>105,806</u>	<u>59,295</u>	<u>44,646</u>	<u>167,150</u>	<u>68,563</u>	<u>227,700</u>
Total Liabilities and Fund Balances	<u>\$ 1,108,375</u>	<u>\$ 57,356</u>	<u>\$ 884,709</u>	<u>\$ 116,334</u>	<u>\$ 59,295</u>	<u>\$ 44,646</u>	<u>\$ 205,992</u>	<u>\$ 586,072</u>	<u>\$ 227,700</u>

(Continued on next page)

**TOWN OF PLYMOUTH, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**

JUNE 30, 2012

	<u>Special Revenue</u>							<u>Capital Project</u>	
	<u>Hospice</u>	<u>Economic Development</u>	<u>Police Extra Duty</u>	<u>Recreational Revolving</u>	<u>Historical Preservation</u>	<u>Subdivision Engineering</u>	<u>Education Grants</u>	<u>School Cafeteria</u>	<u>Education Sinking Fund</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 23,632	\$ 11,098	\$	\$	\$	\$ 1,113	\$ 323,864	\$ 89,950	\$
Investments									
Restricted investments									
Receivables:									
Interest									
Assessments/use charges									
Intergovernmental							130,477	27,154	
Loans									
Other			37,241					3,907	
Due from other funds		1,992	5,873	24,637	35,918				118,315
<b>Total Assets</b>	<b>\$ 23,632</b>	<b>\$ 13,090</b>	<b>\$ 43,114</b>	<b>\$ 24,637</b>	<b>\$ 35,918</b>	<b>\$ 1,113</b>	<b>\$ 454,341</b>	<b>\$ 121,011</b>	<b>\$ 118,315</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$	\$	\$	\$	\$	\$	\$ 917	\$	\$
Due to other funds		3,000					223,052		
Deferred revenue		9,858					43,647		
<b>Total liabilities</b>	<b>-</b>	<b>12,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267,616</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>									
Nonspendable									
Restricted							186,725		
Committed	23,632	232	43,114	24,637	35,918	1,113		121,011	118,315
Unassigned									
<b>Total fund balance</b>	<b>23,632</b>	<b>232</b>	<b>43,114</b>	<b>24,637</b>	<b>35,918</b>	<b>1,113</b>	<b>186,725</b>	<b>121,011</b>	<b>118,315</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 23,632</b>	<b>\$ 13,090</b>	<b>\$ 43,114</b>	<b>\$ 24,637</b>	<b>\$ 35,918</b>	<b>\$ 1,113</b>	<b>\$ 454,341</b>	<b>\$ 121,011</b>	<b>\$ 118,315</b>

(Continued on next page)

**TOWN OF PLYMOUTH, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**JUNE 30, 2012**

	<u>Debt Service</u>	<u>Permanent</u>						<u>Eliminations</u>	<u>Total Nonmajor Governmental Funds</u>	
	<u>Debt Service Fund</u>	<u>Hillside Cemetery Trust</u>	<u>Plymouth Cemetery Trust</u>	<u>Allentown Cemetery Trust</u>	<u>Terryville Public Library Trust</u>	<u>Mercy J. Cone Trust</u>	<u>St. Matthews Trust</u>			
<b>ASSETS</b>										
Cash and cash equivalents	\$	\$ 24,495	\$ 39,595	\$ 1,346	\$ 14,477	\$ 6,052	\$ 1,522	\$	\$ 1,074,859	
Investments		25,509							31,175	
Restricted investments		476,972	210,578		87,801	182,272			1,146,920	
Receivables:										
Interest									191,943	
Assessments/use charges									1,201,938	
Intergovernmental									157,631	
Loans									471,470	
Other									41,148	
Due from other funds		19,860			16,183			(21,171)	894,057	
<b>Total Assets</b>	<b>\$</b>	<b>\$ 19,860</b>	<b>\$ 526,976</b>	<b>\$ 250,173</b>	<b>\$ 1,346</b>	<b>\$ 118,461</b>	<b>\$ 188,324</b>	<b>\$ 1,522</b>	<b>\$ (21,171)</b>	<b>\$ 5,211,141</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$ 140,494	
Due to other funds		4,095						(21,171)	659,547	
Deferred revenue									1,944,890	
<b>Total liabilities</b>		<b>4,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(21,171)</b>	<b>2,744,931</b>	
<b>Fund balances:</b>										
Nonspendable		476,972	210,578		87,801	182,272			957,623	
Restricted	19,860								714,644	
Committed		45,909	39,595	1,346	30,660	6,052	1,522		1,001,671	
Unassigned									(207,728)	
<b>Total fund balance</b>	<b>19,860</b>	<b>522,881</b>	<b>250,173</b>	<b>1,346</b>	<b>118,461</b>	<b>188,324</b>	<b>1,522</b>	<b>-</b>	<b>2,466,210</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 19,860</b>	<b>\$ 526,976</b>	<b>\$ 250,173</b>	<b>\$ 1,346</b>	<b>\$ 118,461</b>	<b>\$ 188,324</b>	<b>\$ 1,522</b>	<b>\$ (21,171)</b>	<b>\$ 5,211,141</b>	

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## TOWN OF PLYMOUTH, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue								
	Sewer Operating	Sewer Assessment	Water Assessment	Dog Fund	Miscellaneous Contributions	ATM Fund	CDBG Loan Fund	Small Cities	Open Space
Revenues:									
Charges for services	\$ 1,025,688	\$	\$ 131,968	\$ 36,522	\$	\$	\$	\$	\$
Intergovernmental								171,110	
Income from investments	422	84	149		83	119	2,258	87	
Net change in fair value of investments									
Contributions									22,745
Other	135,710				10,288	4,265		55,691	
Total revenues	<u>1,161,820</u>	<u>84</u>	<u>132,117</u>	<u>36,522</u>	<u>10,371</u>	<u>4,384</u>	<u>2,258</u>	<u>226,888</u>	<u>22,745</u>
Expenditures:									
Current:									
General administration						5,723	3,697		
Public safety				20,003					
Public works	1,117,040								
Health and welfare					9,346			171,912	
Library									
Recreation									
Education									
Total expenditures	<u>1,117,040</u>	<u>-</u>	<u>-</u>	<u>20,003</u>	<u>9,346</u>	<u>5,723</u>	<u>3,697</u>	<u>171,912</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>44,780</u>	<u>84</u>	<u>132,117</u>	<u>16,519</u>	<u>1,025</u>	<u>(1,339)</u>	<u>(1,439)</u>	<u>54,976</u>	<u>22,745</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out			(350,000)						
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	44,780	84	(217,883)	16,519	1,025	(1,339)	(1,439)	54,976	22,745
Fund Balances at Beginning of Year	<u>276,153</u>	<u>22,497</u>	<u>10,155</u>	<u>89,287</u>	<u>58,270</u>	<u>45,985</u>	<u>168,589</u>	<u>13,587</u>	<u>204,955</u>
Fund Balances at End of Year	<u>\$ 320,933</u>	<u>\$ 22,581</u>	<u>\$ (207,728)</u>	<u>\$ 105,806</u>	<u>\$ 59,295</u>	<u>\$ 44,646</u>	<u>\$ 167,150</u>	<u>\$ 68,563</u>	<u>\$ 227,700</u>

(Continued on next page)



TOWN OF PLYMOUTH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue							Capital Projects	
	Hospice	Economic Development	Police Extra Duty	Recreational Revolving	Historical Preservation	Subdivision Engineering	Education Grants	School Cafeteria	Education Sinking Fund
Revenues:									
Charges for services	\$	\$	\$ 128,401	\$ 79,787	\$ 39,528	\$	\$	\$ 460,968	\$
Intergovernmental					3,500		1,552,953	201,169	
Income from investments	49	32							
Net change in fair value of investments									
Contributions									
Other		902							
Total revenues	<u>49</u>	<u>934</u>	<u>128,401</u>	<u>79,787</u>	<u>43,028</u>	<u>-</u>	<u>1,552,953</u>	<u>662,137</u>	<u>-</u>
Expenditures:									
Current:									
General administration		18,000			15,525				
Public safety			110,255						
Public works									
Health and welfare									
Library									
Recreation				55,284					
Education							1,524,850	588,542	
Total expenditures	<u>-</u>	<u>18,000</u>	<u>110,255</u>	<u>55,284</u>	<u>15,525</u>	<u>-</u>	<u>1,524,850</u>	<u>588,542</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49</u>	<u>(17,066)</u>	<u>18,146</u>	<u>24,503</u>	<u>27,503</u>	<u>-</u>	<u>28,103</u>	<u>73,595</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in									118,315
Transfers out									
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,315</u>
Net Change in Fund Balances	49	(17,066)	18,146	24,503	27,503	-	28,103	73,595	118,315
Fund Balances at Beginning of Year	<u>23,583</u>	<u>17,298</u>	<u>24,968</u>	<u>134</u>	<u>8,415</u>	<u>1,113</u>	<u>158,622</u>	<u>47,416</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 23,632</u>	<u>\$ 232</u>	<u>\$ 43,114</u>	<u>\$ 24,637</u>	<u>\$ 35,918</u>	<u>\$ 1,113</u>	<u>\$ 186,725</u>	<u>\$ 121,011</u>	<u>\$ 118,315</u>

(Continued on next page)

TOWN OF PLYMOUTH, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	Debt Service	Permanent						Eliminations	Total Nonmajor Governmental Funds
	Debt Service Fund	Hillside Cemetery Trust	Plymouth Cemetery Trust	Allentown Cemetery Trust	Terryville Public Library Trust	Mercy J. Cone Trust	St. Matthews Trust		
Revenues:									
Charges for services	\$	\$ 31,900	\$ 9,284	\$	\$ 4,090	\$	\$	\$	\$ 1,948,136
Intergovernmental					1,732				1,930,464
Income from investments		8,474	9,951	1	1,559	7,247			30,515
Net change in fair value of investments		10,245	(5,404)		(4,294)	(3,938)			(3,391)
Contributions							2,800		25,545
Other									206,856
Total revenues	<u>-</u>	<u>50,619</u>	<u>13,831</u>	<u>1</u>	<u>3,087</u>	<u>3,309</u>	<u>2,800</u>	<u>-</u>	<u>4,138,125</u>
Expenditures:									
Current:									
General administration									42,945
Public safety									130,258
Public works									1,117,040
Health and welfare		49,475	23,460				220		254,413
Library					5,428	8,057			13,485
Recreation									55,284
Education									2,113,392
Total expenditures	<u>-</u>	<u>49,475</u>	<u>23,460</u>	<u>-</u>	<u>5,428</u>	<u>8,057</u>	<u>220</u>	<u>-</u>	<u>3,726,817</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>1,144</u>	<u>(9,629)</u>	<u>1</u>	<u>(2,341)</u>	<u>(4,748)</u>	<u>2,580</u>	<u>-</u>	<u>411,308</u>
Other Financing Sources (Uses):									
Transfers in		2,000	2,000						122,315
Transfers out									(350,000)
Net other financing sources (uses)	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,685)</u>
Net Change in Fund Balances	-	3,144	(7,629)	1	(2,341)	(4,748)	2,580	-	183,623
Fund Balances at Beginning of Year	<u>19,860</u>	<u>519,737</u>	<u>257,802</u>	<u>1,345</u>	<u>120,802</u>	<u>193,072</u>	<u>(1,058)</u>	<u>-</u>	<u>2,282,587</u>
Fund Balances at End of Year	<u>\$ 19,860</u>	<u>\$ 522,881</u>	<u>\$ 250,173</u>	<u>\$ 1,346</u>	<u>\$ 118,461</u>	<u>\$ 188,324</u>	<u>\$ 1,522</u>	<u>\$ -</u>	<u>\$ 2,466,210</u>

## TOWN OF PLYMOUTH, CONNECTICUT

## SEWER OPERATING FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Revenues:				
Use charges collected:				
Current year	\$ 947,078	\$ 947,078	\$ 855,710	\$ (91,368)
Prior year	80,000	80,000	98,215	18,215
Interest and lien	50,000	50,000	58,663	8,663
Sewer connection - lateral fees	12,000	12,000	12,500	500
Investment income	10,000	10,000	422	(9,578)
Permit fees	1,200	1,200	600	(600)
Miscellaneous	200	200	135,710	135,510
Total revenues	<u>1,100,478</u>	<u>1,100,478</u>	<u>1,161,820</u>	<u>61,342</u>
Expenditures:				
Wages and benefits:				
Wages	294,905	294,905	310,756	(15,851)
Wages - tax collector	3,694	3,694	3,694	-
Wages - overtime	37,595	37,595	47,228	(9,633)
Wages/benefits adjustment	10,086	10,086		10,086
Medical health insurance	71,250	71,250	92,265	(21,015)
Social Security	25,820	25,820	26,780	(960)
Worker's compensation	32,000	32,000	34,276	(2,276)
Seniority pay	900	900	900	-
Retirement	24,000	24,000	40,705	(16,705)
Audit	4,500	4,500	4,450	50
Conferences/memberships	500	500	152	348
Education	2,000	2,000		2,000
Total wages and benefits	<u>507,250</u>	<u>507,250</u>	<u>561,206</u>	<u>(53,956)</u>
Plant Expenditures:				
Physical Plant:				
Maintenance/service contracts	28,000	28,000	31,027	(3,027)
Repair and maintenance	25,000	25,000	27,090	(2,090)
Vehicle repairs	2,000	2,000	1,646	354
Safety	2,400	2,400	3,960	(1,560)
Insurance	38,000	38,000	41,326	(3,326)

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## TOWN OF PLYMOUTH, CONNECTICUT

## SEWER OPERATING FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Supplies:				
Chemicals	\$ 12,000	\$ 12,000	\$ 5,901	\$ 6,099
Lab supply/equipment	2,500	2,500	2,570	(70)
Clothing allowance	2,500	2,500	2,208	292
Utilities:				
Electric	117,000	117,000	89,399	27,601
Diesel fuel	500	500	218	282
Natural gas	18,000	18,000	9,222	8,778
Water	1,900	1,900	2,698	(798)
Telephone	4,600	4,600	5,669	(1,069)
Sludge disposal	107,406	107,406	94,986	12,420
New vehicles	5,000	5,000		5,000
Total plant expenditures	<u>366,806</u>	<u>366,806</u>	<u>317,920</u>	<u>48,886</u>
Collection System Expenditures:				
Utilities:				
Fuel Oil	2,000	2,000	1,092	908
Electric	36,500	36,500	31,524	4,976
Telephone	1,180	1,180	1,532	(352)
Maintenance: manhole rehabilitation	30,000	30,000	34,525	(4,525)
Total collection system expenditures	<u>69,680</u>	<u>69,680</u>	<u>68,673</u>	<u>1,007</u>
Administrative Expenditures:				
Office supplies	1,000	1,000	851	149
Advertising/printing	3,000	3,000	2,986	14
Postage	2,100	2,100	2,396	(296)
Bank fees			40	(40)
Legal fees	3,000	3,000		3,000
NPDES permit fee	2,918	2,918	2,978	(60)
Nitrogen purchase/credit	6,031	6,031	6,031	-
Computer/software	5,500	5,500	4,770	730
Total administrative expenditures	<u>23,549</u>	<u>23,549</u>	<u>20,052</u>	<u>3,497</u>

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## TOWN OF PLYMOUTH, CONNECTICUT

## SEWER OPERATING FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital Projects:				
Capital outlay	\$ 40,000	\$ 40,000	\$ 56,906	\$ (16,906)
Capital nonrecurring	77,000	77,000		77,000
Major infrastructure repair	64,500	64,500	92,283	(27,783)
Engineer services	10,000	10,000		10,000
Total capital projects	<u>191,500</u>	<u>191,500</u>	<u>149,189</u>	<u>42,311</u>
Total expenditures	<u>1,158,785</u>	<u>1,158,785</u>	<u>1,117,040</u>	<u>41,745</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(58,307)</u>	<u>(58,307)</u>	<u>44,780</u>	<u>103,087</u>
Net Change in Fund Balance	<u>\$ (58,307)</u>	<u>\$ (58,307)</u>	<u>44,780</u>	<u>\$ 103,087</u>
Fund Balance - Beginning of Year			<u>272,653</u>	
Fund Balance - End of Year			<u>\$ 317,433</u>	
Reconciliation to GAAP Basis - Exhibit B-2		<u>Expenditures</u>	<u>Fund Balance</u>	
Balance Budgetary Basis - June 30, 2012		\$ 1,117,040	\$ 317,433	
Encumbrances outstanding at June 30, 2011 liquidated during the year ended July 30, 2012			<u>3,500</u>	
Balance - June 30, 2012 GAAP Basis		<u>\$ 1,117,040</u>	<u>\$ 320,933</u>	

## TOWN OF PLYMOUTH, CONNECTICUT

## SEWER OPERATING FUND

## SCHEDULE OF SEWER USE CHARGES RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2012

<u>Due Date</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Current Year Use Charges and Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2012</u>
October 1, 2011	\$	\$ 1,030,557	\$ 855,710	\$ 174,847
October 1, 2010	155,507	(378)	53,455	101,674
October 1, 2009	96,327	(125)	22,602	73,600
October 1, 2008	63,606	(460)	12,056	51,090
October 1, 2007	36,146	(454)	5,354	30,338
October 1, 2006	21,296	(244)	2,667	18,385
October 1, 2005	8,551	(205)	774	7,572
October 1, 2004	4,486	(188)	564	3,734
October 1, 2003	2,468	(178)	301	1,989
October 1, 2002	1,847	(170)	170	1,507
October 1, 2001	1,401	(163)	163	1,075
October 1, 2000	899	(158)	109	632
October 1, 1999	607	(158)		449
October 1, 1998	468	(156)		312
October 1, 1997	450	(150)		300
October 1, 1996	450	(285)		165
October 1, 1995	150	(150)		-
Total	\$ <u>394,659</u>	\$ <u>1,026,935</u>	953,925	\$ <u>467,669</u>
Interest and lien fees			<u>58,663</u>	
Total Collections			\$ <u>1,012,588</u>	

## TOWN OF PLYMOUTH, CONNECTICUT

## SEWER ASSESSMENT FUND

## SCHEDULE OF SEWER ASSESSMENT RECEIVABLE

## FOR THE YEAR ENDED JUNE 30, 2012

<u>Due Date</u>	<u>Uncollected Balance July 1, 2011</u>	<u>Current Year Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2012</u>
Sewer Assessment Phase III	\$ <u>14,775</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>14,775</u>
Water Line Assessment	\$ <u>820,943</u>	\$ <u>-</u>	\$ <u>101,449</u>	\$ <u>719,494</u>

## **Fiduciary Funds**



## **AGENCY FUNDS**

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are as follows:

Student Activity Fund - to account for the collection and payment of expenses for education extra-curricular activities at the high school, middle schools and grammar schools.

Performance Bonds - to account for all bonds collected from contractors, developers and others - these bonds will be returned to payee upon successful completion of related construction projects.

## TOWN OF PLYMOUTH, CONNECTICUT

## AGENCY FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>Student Activity</u>	<u>Performance Bonds</u>	<u>Totals</u>
Assets:			
Cash and cash equivalents	\$ 167,648	\$ 266,441	\$ 434,089
Due from other funds		<u>129,805</u>	<u>129,805</u>
Total Assets	<u>\$ 167,648</u>	<u>\$ 396,246</u>	<u>\$ 563,894</u>
Liabilities:			
Deposits and amounts due to student groups and participants	<u>\$ 167,648</u>	<u>\$ 396,246</u>	<u>\$ 563,894</u>
Total Liabilities	<u>\$ 167,648</u>	<u>\$ 396,246</u>	<u>\$ 563,894</u>

## TOWN OF PLYMOUTH, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Student Activity</b>				
Assets:				
Cash and cash equivalents	\$ 145,530	\$ 279,981	\$ 257,863	\$ 167,648
Liabilities:				
Due to student groups	\$ 145,530	\$ 279,981	\$ 257,863	\$ 167,648
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 265,441	\$ 8,500	\$ 7,500	\$ 266,441
Due from other funds	128,805	1,000		129,805
Total Assets	\$ 394,246	\$ 9,500	\$ 7,500	\$ 396,246
Liabilities:				
Due to contractors	\$ 394,246	\$ 9,500	\$ 7,500	\$ 396,246
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 410,971	\$ 288,481	\$ 265,363	\$ 434,089
Due from other funds	128,805	1,000		129,805
Total Assets	\$ 539,776	\$ 289,481	\$ 265,363	\$ 563,894
Liabilities:				
Deposits and amounts due to student groups and participants	\$ 539,776	\$ 289,481	\$ 265,363	\$ 563,894
Total Liabilities	\$ 539,776	\$ 289,481	\$ 265,363	\$ 563,894

# **Statistical Section**

## Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

## TOWN OF PLYMOUTH, CONNECTICUT

NET ASSETS BY COMPONENT  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 163,863,638	\$ 161,399,980	\$ 159,710,588	\$ 158,322,383	\$ 157,731,934	\$ 142,349,741	\$ 47,528,984	\$ 33,727,248	\$ 35,490,457	\$ 34,157,886
Restricted for:										
Capital projects					1,453,242	4,710,403	16,874,222	2,189,835	3,323,338	2,792,060
Perpetual care:										
Nonexpendable	86,850	71,900	343,179	343,163	342,838	342,838	342,838	342,838	342,838	342,838
Expendable	687,550	706,984	346,314	260,355	406,140	455,284	381,068	356,737	344,957	308,869
Libraries:										
Nonexpendable	38,234	24,092	144,744	144,744	144,744	144,744	144,744	144,744	144,744	144,744
Expendable	270,073	289,782	125,963	110,740	171,849	141,122	165,367	148,962	144,173	130,690
Debt service	19,860	19,860	719,162	1,692,280	2,328,491	1,540,559	1,504,600	1,536,084	1,775,863	655,525
Unrestricted	9,325,937	10,967,676	11,279,775	12,244,581	7,588,344	12,742,064	(5,381,230)	14,053,948	5,959,123	8,177,531
Total Net Assets	<u>\$ 174,292,142</u>	<u>\$ 173,480,274</u>	<u>\$ 172,669,725</u>	<u>\$ 173,118,246</u>	<u>\$ 170,167,582</u>	<u>\$ 162,426,755</u>	<u>\$ 61,560,593</u>	<u>\$ 52,500,396</u>	<u>\$ 47,525,493</u>	<u>\$ 46,710,143</u>

## Notes:

(1) Schedule prepared on the accrual basis of accounting.

TOWN OF PLYMOUTH, CONNECTICUT

CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
Governmental activities:										
General government	\$ 5,344,207	\$ 4,721,379	\$ 4,444,531	\$ 4,401,717	\$ 1,582,154	\$ 1,399,212	\$ 2,056,283	\$ 1,973,957	\$ 1,687,084	\$ 1,880,964
Public safety	2,731,321	2,839,161	2,330,658	2,522,628	2,780,558	3,921,004	3,257,110	3,121,346	2,985,265	2,820,988
Public works	7,142,486	8,584,108	7,130,940	7,538,637	7,328,908	7,275,668	5,406,130	5,356,055	4,708,478	4,222,311
Health and welfare	470,324	257,151	298,839	492,510	1,203,097	1,235,984	1,104,969	1,476,889	981,742	1,137,685
Library	500,323	494,022	432,404	474,125	569,341	558,178	555,527	550,341	533,774	447,744
Recreation	279,488	207,751	234,430	247,200	351,869	344,758	450,308	376,314	1,512,838	1,574,699
Education	28,268,369	26,865,049	26,346,342	25,525,049	28,440,626	22,742,302	22,848,288	20,676,935	19,135,712	19,187,119
Land use	239,813	312,442	183,452	249,020	301,978	301,366	257,039	304,968	300,548	198,754
Interest expense	707,960	301,942	1,788,989	955,582	1,042,959	873,524	593,434	904,966	697,264	657,295
Total Expenses	<u>45,684,291</u>	<u>44,583,005</u>	<u>43,190,585</u>	<u>42,406,468</u>	<u>43,601,490</u>	<u>38,651,996</u>	<u>36,529,088</u>	<u>34,741,771</u>	<u>32,542,705</u>	<u>32,127,559</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	312,065	145,910	218,357	214,973	274,552	1,702,065	186,436	375,781	334,299	263,555
Public safety	185,007	207,184	115,744	85,246	146,689	89,762	72,487	118,517	109,149	164,000
Public works	1,745,884	1,566,852	1,590,834	1,858,654	1,542,448	1,705,356	1,397,008	1,377,166	1,067,935	1,085,663
Health and welfare	70,027	48,400	48,611	233,366	433,420	460,289	518,835	557,813	632,028	546,946
Library	12,709	13,092	16,659	9,921	7,668	15,324	14,159	8,716	11,672	16,778
Recreation	87,811		31,222	8,161	35,223	35,088	49,407	58,495	37,258	41,110
Education	206,700	268,000	675,010	539,234	333,025	314,217	305,187	328,353	321,859	604,558
Land use	11,638	14,916	41,344	42,830	328	58,303	38,194	138,005	49,329	45,490
Operating grants and contributions	15,336,169	14,329,706	13,636,979	13,350,706	17,206,543	11,746,059	11,761,330	11,172,134	9,906,842	11,359,787
Capital grants and contributions	1,705,314	2,360,889	954,848	3,925,125	5,685,567	12,841,292	7,519,884	3,577,235	1,012,882	1,028,763
Total Program Revenues	<u>19,673,324</u>	<u>18,954,949</u>	<u>17,329,608</u>	<u>20,268,216</u>	<u>25,665,463</u>	<u>28,967,755</u>	<u>21,862,927</u>	<u>17,712,215</u>	<u>13,483,253</u>	<u>15,156,650</u>
Net Expenses:										
Governmental activities	<u>(26,010,967)</u>	<u>(25,628,056)</u>	<u>(25,860,977)</u>	<u>(22,138,252)</u>	<u>(17,936,027)</u>	<u>(9,684,241)</u>	<u>(14,666,161)</u>	<u>(17,029,556)</u>	<u>(19,059,452)</u>	<u>(16,970,909)</u>
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	26,206,360	25,752,017	24,870,975	24,997,252	24,630,034	23,196,430	22,812,553	21,163,585	19,188,457	18,049,497
Grants and contributions not restricted to specific programs	525,354	439,693	373,942	514,338	378,485	514,908	410,428	412,853	520,898	449,366
Investment income (loss)	39,059	192,386	126,921	(77,663)	272,622	679,694	362,653	273,266	124,305	112,215
Miscellaneous	52,062	54,509	40,618	27,969	334,808	61,933	140,724	154,755	41,142	66,532
Total Governmental Activities	<u>26,822,835</u>	<u>26,438,605</u>	<u>25,412,456</u>	<u>25,461,896</u>	<u>25,615,949</u>	<u>24,452,965</u>	<u>23,726,358</u>	<u>22,004,459</u>	<u>19,874,802</u>	<u>18,677,610</u>
Changes in Net Assets	<u>\$ 811,868</u>	<u>\$ 810,549</u>	<u>\$ (448,521)</u>	<u>\$ 3,323,644</u>	<u>\$ 7,679,922</u>	<u>\$ 14,768,724</u>	<u>\$ 9,060,197</u>	<u>\$ 4,974,903</u>	<u>\$ 815,350</u>	<u>\$ 1,706,701</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

**TOWN OF PLYMOUTH, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Reserved	\$	\$	\$ 719,569	\$ 549,187	\$ 476,976	\$ 534,791	\$ 536,196	\$ 334,136	\$ 279,186	\$ 311,753
Unreserved			2,334,881	2,291,700	1,907,108	1,871,019	1,581,952	1,478,219	1,254,094	1,218,289
Assigned	1,538,968	1,573,970								
Unassigned	<u>1,853,353</u>	<u>1,655,273</u>								
Total General Fund	<u>\$ 3,392,321</u>	<u>\$ 3,229,243</u>	<u>\$ 3,054,450</u>	<u>\$ 2,840,887</u>	<u>\$ 2,384,084</u>	<u>\$ 2,405,810</u>	<u>\$ 2,118,148</u>	<u>\$ 1,812,355</u>	<u>\$ 1,533,280</u>	<u>\$ 1,530,042</u>
All other governmental funds:										
Reserved	\$	\$	\$ 1,227,587	\$ 2,180,187	\$ 4,345,785	\$ 6,811,892	\$ 18,939,900	\$ 4,243,908	\$ 5,638,671	\$ 3,950,972
Unreserved, reported in:										
Special revenue funds			1,449,744	1,494,852	1,162,693	1,329,111	905,346	918,755	897,635	839,272
Capital projects funds			(3,941,295)	(3,216,613)	(2,416,894)	2,831,871	(13,549,003)	2,289,533	(2,879,821)	(1,196,110)
Permanent funds			472,277	371,095	577,989	657,271	546,435	505,699	489,090	438,759
Nonspendable	957,623	996,766								
Restricted	714,644	611,598								
Committed	1,223,419	675,281								
Unassigned	<u>(5,937,009)</u>	<u>(4,117,933)</u>								
Total all Other Governmental Funds	<u>\$ (3,041,323)</u>	<u>\$ (1,834,288)</u>	<u>\$ (791,687)</u>	<u>\$ 829,521</u>	<u>\$ 3,669,573</u>	<u>\$ 11,630,145</u>	<u>\$ 6,842,678</u>	<u>\$ 7,957,895</u>	<u>\$ 4,145,575</u>	<u>\$ 4,032,893</u>

Note 1: Schedule prepared on the modified accrual basis of accounting



**TOWN OF PLYMOUTH, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes	\$ 25,774,406	\$ 24,976,767	\$ 24,634,459	\$ 24,683,591	\$ 24,300,101	\$ 23,186,787	\$ 22,583,139	\$ 21,281,202	\$ 19,178,006	\$ 18,028,543
Charges for services	4,201,083	2,335,496	2,291,113	2,459,462	3,077,317	2,984,686	2,706,269	2,966,922	2,740,943	2,512,210
Intergovernmental	15,871,373	17,235,099	15,531,786	18,133,510	23,709,773	25,476,517	20,152,103	13,915,927	11,947,392	13,475,227
Income on investments	36,949	186,848	117,381	(93,849)	375,192	639,963	323,463	236,399	97,779	117,593
Other revenues	637,964	311,708	448,619	410,813	277,442	10,273,175	317,994	6,806,071	1,731,512	186,054
Total revenues	<u>46,521,775</u>	<u>45,045,918</u>	<u>43,023,358</u>	<u>45,593,527</u>	<u>51,739,825</u>	<u>62,561,128</u>	<u>46,082,968</u>	<u>45,206,521</u>	<u>35,695,632</u>	<u>34,319,627</u>
Expenditures:										
General government	4,586,050	4,423,085	4,206,184	4,119,628	4,121,178	4,002,658	3,727,548	3,954,069	3,719,375	3,075,627
Public safety	2,527,326	2,579,324	2,387,842	2,304,344	2,220,602	2,085,921	2,254,131	2,177,073	2,074,095	2,065,322
Public works	4,630,873	5,183,968	4,648,712	4,960,877	4,484,985	4,076,563	3,935,266	3,363,222	3,344,351	3,185,984
Health and welfare	445,631	421,158	275,525	505,434	918,494	880,550	825,267	950,895	715,618	771,183
Library	477,896	466,395	461,358	457,503	435,453	433,093	442,488	406,913	390,047	371,951
Recreation	242,163	216,220	200,505	208,679	186,502	223,873	216,433	237,980	1,384,300	1,479,681
Board of Education	27,287,693	25,934,148	25,655,632	25,118,856	28,426,889	22,988,487	22,497,675	20,507,220	18,789,813	18,004,450
Land use	205,759	208,762	205,481	274,693	223,779	210,654	205,505	263,692	194,780	158,245
Capital outlay	4,015,792	3,249,573	3,510,302	2,896,935	15,744,640	19,798,122	10,424,811	6,261,117	2,289,402	4,925,663
Debt service:										
Principal	2,420,635	2,692,212	3,383,227	7,157,796	2,959,601	2,786,078	2,363,268	2,992,945	2,667,931	2,642,425
Interest	725,914	538,881	659,683							
Total expenditures	<u>47,565,732</u>	<u>45,913,726</u>	<u>45,594,451</u>	<u>48,004,745</u>	<u>59,722,123</u>	<u>57,485,999</u>	<u>46,892,392</u>	<u>41,115,126</u>	<u>35,569,712</u>	<u>36,680,531</u>
Excess of revenue over (under) expenditures	<u>(1,043,957)</u>	<u>(867,808)</u>	<u>(2,571,093)</u>	<u>(2,411,218)</u>	<u>(7,982,298)</u>	<u>5,075,129</u>	<u>(809,424)</u>	<u>4,091,395</u>	<u>125,920</u>	<u>(2,360,904)</u>
Other financing sources (uses):										
Transfers in	1,167,315	1,488,000	1,268,279	1,396,607	1,239,530	1,286,394	1,186,658	1,596,863	2,537,816	1,445,607
Transfers out	(1,167,315)	(1,488,000)	(1,268,279)	(1,396,607)	(1,239,530)	(1,286,394)	(1,186,658)	(1,596,863)	(2,537,816)	(1,345,607)
Premium on debt issue		248,678		27,969						
Issuance of bonds and loans			1,067,000							
Issuance of refunding bonds		9,820,000	7,105,000							
Payment to escrow bond agent		(10,068,678)	(7,008,552)							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,163,448</u>	<u>27,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	<u>\$ (1,043,957)</u>	<u>\$ (867,808)</u>	<u>\$ (1,407,645)</u>	<u>\$ (2,383,249)</u>	<u>\$ (7,982,298)</u>	<u>\$ 5,075,129</u>	<u>\$ (809,424)</u>	<u>\$ 4,091,395</u>	<u>\$ 125,920</u>	<u>\$ (2,260,904)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>7.1%</u>	<u>7.3%</u>	<u>10.3%</u>	<u>17.2%</u>	<u>7.2%</u>	<u>8.0%</u>	<u>6.9%</u>	<u>9.4%</u>	<u>8.7%</u>	<u>9.1%</u>

Note 1: Schedule prepared on the modified accrual basis of accounting

**TOWN OF PLYMOUTH, CONNECTICUT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
(In Thousands)

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value As a Percentage of Actual Taxable Value(2)
	Residential	Commercial	Industrial							
2012	\$ 667,528	\$ 32,862	\$ 27,489	\$ 27,672	\$ 76,918	\$ 8,459	\$ 824,010	31.50	\$ 1,177,157	70%
2011	667,412	34,512	26,913	27,458	75,611	9,715	822,191	30.75	1,174,559	70%
2010	663,396	34,463	27,211	28,992	73,071	9,699	817,434	30.10	1,167,763	70%
2009	652,410	32,862	25,429	27,844	77,090	6,278	809,357	30.10	1,156,224	70%
2008 (3)	651,729	32,862	25,413	27,844	77,077	6,978	807,947	30.10	1,154,210	70%
2007	411,724	26,055	19,361	28,016	75,637	6,657	554,136	41.30	791,623	70%
2006	404,448	26,130	19,296	25,534	70,191	6,553	539,046	40.70	770,066	70%
2005	399,867	26,327	19,181	23,512	66,006	6,630	528,263	39.20	754,661	70%
2004	395,111	26,567	19,773	23,953	66,946	7,713	524,637	35.70	749,481	70%
2003 (3)	388,983	27,764	20,327	31,834	63,742	9,238	523,412	33.60	747,731	70%

(1) Assessed values for all real and personal property located within the Town on October 1, are included on the Grand List by the Assessor's office. A Board of Assessment Appeals determines whether adjustments to the Assessor's list under appeal are warranted. Assessments are computed at 70% of market value. A revaluation of all property within the Town is required to be completed no less than every ten years.

(2) Equalized Net Grand List is compiled by the State of Connecticut Office of Policy and Management as a factor in figuring aid to education and is produced by comparing sample sales of real estate, or market value, to the assessed value of the property on the Town books. The resulting sales assessment ratio is used to equalize grand lists for each Town/City in Connecticut. These computations usually take one year to compile.

(3) Revaluation year

TABLE 6

## TOWN OF PLYMOUTH, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS  
2010 AND 2000

Taxpayer	October 1, 2010			October 1, 2000		
	Taxable Assessed Value	Rank	Percentage Of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage Of Total Town Taxable Assessed Value
Connecticut Light & Power	\$ 6,610,220	1	0.8%	\$ 2,252,750	5	0.5%
Connecticut Water Company	5,360,530	2	0.7%	2,962,090	3	0.6%
Roth Collection Inc.	3,602,410	3	0.4%			
Jasper Associates Limited Partnership	2,858,310	4	0.3%			
City of Bristol Water Company	2,604,210	5	0.3%	2,003,250	6	0.4%
Cook Willow Realty Partnership	2,241,190	6	0.3%	1,617,050	9	0.4%
Iseli Swiss Screw Company	2,192,580	7	0.3%	3,355,770	2	0.7%
Senior Housing at Quail Hollow Inc.	1,968,820	8	0.2%			
Brittany Property Management Inc.	1,962,800	9	0.2%			
Connecticut Residential Inc.	1,483,400	10	0.2%			
O.Z. Gedney				8,473,960	1	1.9%
NAPCO, Incorporated				2,353,510	4	0.5%
Plymouth Commons Realty Corporation				1,885,390	7	0.4%
Har-Strom Associates				1,622,470	8	0.4%
Braverman Properties/R&R Corrugated				1,328,040	10	0.3%
Total	\$ <u>30,884,470</u>		<u>3.7%</u>	\$ <u>27,854,280</u>		<u>6.08%</u>
October 1 2010 Net Assessment Post BAA	\$ 824,029,263			\$ 457,827,441		

Source: Town of Plymouth Assessor

**TOWN OF PLYMOUTH, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Rate In Mills</b>	<b>Taxes Levied For The Fiscal year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Collection In Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2012	31.50	\$ 25,865,788	\$ 24,797,984	95.87	\$	\$ 24,797,984	95.87
2011	30.75	25,267,568	24,229,603	95.89	384,083	24,613,686	97.41
2010	30.10	24,420,880	23,684,247	96.98	344,293	24,028,540	98.39
2009	30.10	24,510,715	23,637,046	96.44	552,834	24,189,880	98.69
2008	30.10	24,372,343	23,368,389	95.88	780,827	24,149,216	99.08
2007	41.30	22,953,247	22,154,884	96.52	703,945	22,858,829	99.59
2006	40.70	22,120,621	21,369,928	96.61	669,770	22,039,698	99.63
2005	39.20	20,720,072	20,033,618	96.69	662,503	20,696,121	99.88
2004	35.70	18,817,234	18,185,415	96.64	610,150	18,795,565	99.88
2003	33.60	17,638,487	16,997,510	96.37	625,110	17,622,620	99.91

Source: Tax Collector's Report; Comprehensive Annual Financial Report

**TOWN OF PLYMOUTH, CONNECTICUT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Total Primary Government</b>	<b>Ratio of Debt to Estimated Taxable Assessed Value</b>	<b>Debt Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Notes Payable</b>			
2012	\$ 15,115,000	\$ 5,285,000	\$ 20,400,000	2.50%	\$ 1,666
2011	17,255,000	5,730,635	22,985,635	2.80%	1,874
2010	18,963,650	6,288,513	25,252,163	3.07%	2,101
2009	17,880,000	10,125,666	28,005,666	3.43%	2,328
2008	19,045,000	4,837,032	23,882,032	2.96%	1,995
2007	20,220,000	5,599,670	25,819,670	4.66%	2,150
2006	11,370,000	6,346,966	17,716,966	3.29%	1,457
2005	12,320,000	7,004,995	19,324,995	3.66%	1,586
2004	8,690,000	6,312,580	15,002,580	2.86%	1,238
2003	9,975,000	5,435,681	15,410,681	2.94%	1,277

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

## TOWN OF PLYMOUTH, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2012

Total tax collections, including interest and lien fees	\$ 25,679,618
Reimbursement for loss of revenues:	
Tax relief for elderly - freeze	<u>2,000</u>
Base	<u>\$ 25,681,618</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 57,783,641	\$	\$	\$	\$
4-1/2 times base		115,567,281			
3-3/4 times base			96,306,068		
3-1/4 times base				83,465,259	
3 times base					<u>77,044,854</u>
Total	<u>57,783,641</u>	<u>115,567,281</u>	<u>96,306,068</u>	<u>83,465,259</u>	<u>77,044,854</u>
Indebtedness:					
Bonds and notes payable	2,890,000	12,595,000			
Bond anticipated notes payable	1,200,000	4,085,000			
Bonds authorized-unissued		<u>347,409</u> *	<u>385,000</u>		
Total	<u>4,090,000</u>	<u>17,027,409</u>	<u>385,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 53,693,641</u>	<u>\$ 98,539,872</u>	<u>\$ 95,921,068</u>	<u>\$ 83,465,259</u>	<u>\$ 77,044,854</u>

\* Bonds authorized and unissued have been reduced by State of Connecticut grant commitments in the amount of \$29,000,000

1. In no event shall total debt exceed seven times annual receipts from taxation. The maximum permitted under this formula would be \$179,771,326.
2. There is no overlapping debt for the Town of Plymouth.

## TOWN OF PLYMOUTH, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limitation	\$ 179,771,326	174,183,331	\$ 172,864,755	\$ 172,224,416	\$ 169,182,041	\$ 160,730,339	\$ 157,416,021	\$ 147,269,486	\$ 133,115,724	\$ 125,114,010
Total net debt applicable to limit	<u>21,502,409</u>	<u>25,218,479</u>	<u>24,953,791</u>	<u>29,648,595</u>	<u>17,456,930</u>	<u>18,226,957</u>	<u>8,986,449</u>	<u>12,594,549</u>	<u>8,462,592</u>	<u>7,573,803</u>
Legal Debt Margin	<u>\$ 158,268,917</u>	<u>148,964,852</u>	<u>\$ 197,818,546</u>	<u>\$ 142,575,821</u>	<u>\$ 151,725,111</u>	<u>\$ 142,503,382</u>	<u>\$ 148,429,572</u>	<u>\$ 134,674,937</u>	<u>\$ 124,653,132</u>	<u>\$ 117,540,207</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>11.96%</u>	<u>14.48%</u>	<u>14.22%</u>	<u>17.22%</u>	<u>7.44%</u>	<u>11.34%</u>	<u>5.71%</u>	<u>8.55%</u>	<u>6.36%</u>	<u>6.05%</u>

Source: Annual financial reports - Schedule of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation

TOWN OF PLYMOUTH, CONNECTICUT

TABLE 11

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Per Capita Income(2)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>
2012	12,235	\$ 28,564	41.2	1,830	10.5%
2011	12,235	28,564	41.2	1,830	10.5%
2010	12,014	23,244	40.0	1,842	11.5%
2009	12,031	23,244	40.0	1,851	9.9%
2008	11,969	23,244	40.0	1,907	6.7%
2007	12,011	23,244	40.0	1,905	5.3%
2006	12,164	23,244	40.0	1,921	5.0%
2005	12,183	23,244	40.0	1,940	5.9%
2004	12,117	23,244	40.0	1,915	6.2%
2003	12,067	23,244	40.0	1,888	7.3%

- (1) Source: State Health Department
- (2) Source: U.S. Department of Commerce, Bureau of Census, Census 2000
- (3) Source: Plymouth Board of Education
- (4) Source: State Department of Labor



TOWN OF PLYMOUTH, CONNECTICUT

TABLE 12

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO

Employer	Nature of Business	2012			2002		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Plymouth	Government	324	1	11.74%	360	1	11.58%
Cook Willow Convalescent Home	Convalescent facility	121	2	4.39%	98	3	3.15%
Richards Corporation	Construction	65	3	2.36%			
Laurentano, Inc.	Manufacturing	52	4	1.88%	40	10	1.29%
Wollenberg's Inc.	Transportation	51	5	1.85%			
Terryville Chevrolet	Car Dealership	46	6	1.67%			
Early Learning Center	Daycare Facility	44	7	1.59%			
Worhunsky/Pete and Steve's Construct.	Transp./Construction	42	8	1.52%			
Elm Press	Manufacturing	40	9	1.45%			
Advance Micro Controls, Inc.	Manufacturing				45	9	1.45%
IGA Supermarket	Grocery Store	31	10	1.12%			
OZ Gedney	Manufacturing				190	2	6.11%
NAPCO, Inc.	Plastics moldings				83	5	2.67%
Iseli Swiss Screw Machine	Manufacturing				93	4	2.99%
Cold Form Inc.	Manufacturing				56	6	1.80%
R & R Corrugated	Manufacturing				54	8	1.74%
American Modular	Modular Buildings				55	7	1.77%
Total		<u>2,759</u>		<u>29.58%</u>	<u>3,110</u>		<u>34.53%</u>

Source: Town of Plymouth

## TOWN OF PLYMOUTH, CONNECTICUT

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Full-Time Equivalent Employees as of June 30,

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Mayor's Office	3	3	3	3	3	3	3	3	3	3
Public Safety	30	29	29	29	29	28	27	26	25	25
Public Health	1	1	1	1	6	16	16	16	16	16
Planning & Zoning	3	3	3	3	3	3	3	3	3	3
Finance and Accounting	3	2.5	3	3	3	3	3	3	3	3
Town Clerk	2	2	2	3	3	3	3	3	3	3
Town Assessor	1	1	1	2	2	2	2	2	2	2
Tax Collector	2	2	2	2	2	2	2	2	3	3
Recreation	3	3	3	3	3	3	3	3	3	3
Library	5	5	5	5	5	5	5	5	5	5
Public Works	18	18	18	17	18	17	17	17	17	17
Education	247	245	250	241	240	239	239	241	248	253
Water Pollution Control	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total	<u>324</u>	<u>321</u>	<u>326</u>	<u>318</u>	<u>323</u>	<u>330</u>	<u>329</u>	<u>330</u>	<u>337</u>	<u>342</u>

Source: Town of Plymouth Human Resources

## TOWN OF PLYMOUTH, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Building permits issued	286	254	231	282	478	897	463	945	862	931
Birth Certificates Issued	105	104	96	85	94	100	120	141	130	124
Marriage Certificates	41	50	35	26	21	41	50	61	40	25
Police:										
Calls for Service	23,512	21,010	19,451	18,741	18,923	17,232	13,010	12,154	11,185	10,115
Criminal Arrests	278	240	230	228	210	206	204	232	245	230
Accidents	152	145	125	118	100	132	140	114	127	151
Fire:										
Emergency responses	391	385	336	305	292	295	297	230	238	246
Investigations/Inspections	194	184	165	143	132	145	160	142	155	160
Refuse collection:										
Guaranteed Tonnage	6,005	6,100	6,950	7,100	7,060	7,220	7,522	7,218	6,005	6,600
Parks and recreation:										
Number of Programs Offered	71	75	80	85	85	40	71	76	74	78
Library:										
Total Programs	344	323	375	373	413	458	443	373	337	310
Active Cardholders	5,098	6,000	5,920	5,830	4,000	6,071	6,071	4,310	4,310	4,148
Reference Questions	6,517	6,100	4,290	4,285	3,000	2,500	5,000	5,000	5,380	5,673
Volumes in Collection	64,000	60,154	59,941	59,512	64,066	64,874	63,288	60,387	53,926	54,923
Use of Public Computers	12,094	11,179	11,250	9,283	8,500	8,000	8,302	4,000	N/A	N/A
Public Works										
Street Resurfacing (miles)	1.20	1.00	0.90	1.50	1.50	1.50	1.25	1.10	0.80	0.70
Education										
School Enrollment	1,648	1,830	1,842	1,851	1,907	1,905	1,921	1,940	1,915	1,888
Wastewater:										
Average daily sewage treatment (millions of gallons daily)	0.985	0.985	0.985	0.985	0.965	1.084	1.054	0.974	1.084	1.09

N/A - Information not available

Source: Various Town Departments

**TOWN OF PLYMOUTH, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Zones	3	3	3	3	3	3	3	3	3	3
Police Cars	11	11	11	11	11	11	10	10	9	8
Fire stations:										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Trucks	11	11	11	11	11	11	11	11	11	11
Public Works:										
Streets (miles)	82.8	82.8	82.8	82.8	82.8	82.1	82.1	81.5	81.5	81.5
State Highways	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4	12.4
Streetlights	1,186	1,188	1,186	1,184	1,184	1,180	1,180	1,178	1,178	1,160
Fire hydrants	238	236	234	232	232	230	225	218	215	212
Parks and recreation:										
Acres of Park Land	25	25	25	25	25	25	25	25	25	25
Basketball Courts	3	3	3	3	3	3	3	3	3	3
Playgrounds	6	6	6	6	6	6	6	6	6	6
Baseball/softball diamonds	5	5	5	5	5	5	5	5	5	5
Tennis Courts	4	4	4	4	4	4	4	4	4	4
MultiUse Fields:	6	6	6	6	6	6	6	6	6	6
Library:										
Public Library Locations	1	1	1	1	1	1	1	1	1	1
Private Library Locations	1	1	1	1	1	1	1	1	1	1
Education:										
Number of High Schools	1	1	1	1	1	1	1	1	1	1
Number of Middle School	1	1	1	1	1	1	1	1	1	1
Number of Elementary Schools	2	2	2	2	2	3	3	3	3	3
Water Pollution Control:										
Treatment capacity (millions per day)	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75

Source: Various Town Departments

To the Members of the Board of Finance  
Town of Plymouth, Connecticut

In planning and performing our audit of the financial statements of the Town of Plymouth, Connecticut (the Town) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices:

#### Town General Ledger Control

During the audit of the Town we made the following observations:

- There are several interfund balances (due to/from) that have been recorded in the general ledger for several years. The large number of interfund balances makes it very difficult at year end to reconcile these accounts.
- Pension Trust Fund activity for the Town and Board of Education is recorded only at year end.
- Performance bonds need to be updated to reflect changes to cash accounts in order to properly reflect balances on a regular basis.

We offer the following recommendations regarding our observations:

- Interfund balances should be analyzed and, where possible, funds should reimburse amounts owed to other funds. Due to/from activity should be used for temporary borrowing of funds from one fund to the other and not for the purpose of long-term financing of activities.

- Pension Trust Fund activity should be recorded monthly and the employer and employee contributions amounts should be reconciled to the investment activity account on monthly basis.
- Planning and Public Works personnel should update and forward information to Comptroller's office on regular basis.

#### Consolidating Cash Accounts

While performing the audit of cash accounts, we noted that the Town maintains separate cash accounts for most of the custodial accounts as well as several accounts for general operations. This requires that a significant amount of time be spent each month reconciling each account. To increase the efficiency of operations, we suggest that all cash accounts be reviewed to determine if accounts can be combined and otherwise eliminated. If it is necessary to track the cash balance of a particular program or fund, the features of the accounting software should be used to accomplish this task.

#### Accounting Policies and Procedures Manual

During our audit, we noted that the Town does not have an accounting policies and procedures manual. We recommend that the Town develop a comprehensive accounting policies and procedures manual. The manual should include:

- An organizational chart
- Job descriptions, outlining duties and responsibilities
- Descriptions of methods, procedures and accounting principles to be followed, including explanations and examples of principle transactions
- A chart of accounts with detailed explanation of the items to be included therein
- Any other documents or forms for which uniformity of use is desired

In the process of developing the manual, we recommend a comprehensive review of the existing accounting system, offering management the opportunity to eliminate or improve procedures and thereby create a more efficient and effective system. A well-structured accounting policies and procedures manual can be very helpful in ensuring that proper procedures and related internal controls are in place and consistently followed. Also, an accounting manual can be used as an aid in the training of new employees and assist management in delegating and segregating duties.

#### Tax Collector

The tax collector's office collects revenues from all departments. We have noticed that currently there are no written policies and procedures governing the transmission of cash receipts to the tax collector for deposit. We recommend that the Town develop and formalize policies related to cash receipts and deposits. These policies and procedures should be combined with the current accounting policies and procedures.

While performing the Test of Collections and Deposits as well as control walkthroughs over the deposit of cash receipts, we noted that when taxpayers make payments on their tax bills, the tax bills that they returned to the Tax Collector are not stamped to indicate that they were paid. We recommend that all bills are stamped paid.

Perform a Fraud Risk Assessment

During our discussions with management, we noted that the Town has not performed a fraud risk assessment. Current economic and business conditions have created an environment in which the risk of fraud has increased dramatically. Whereas the highly publicized frauds at large public companies typically involve fraudulent financial reporting, for municipalities, one of the primary fraud risks is the ever-present risk of misappropriation of assets (theft), particularly fraudulent cash disbursements. The opportunity to commit and conceal fraud exists where there are assets susceptible to misappropriation and inadequate controls to prevent or detect the fraud. To address this risk, we recommend that the Town perform a risk assessment to identify, analyze and manage the risk of asset misappropriation. A fraud risk assessment examines existing controls, investigating whether or not controls can be circumvented, and considers the susceptibility of controls to being overridden. Such an assessment should also focus specifically on measures aimed at preventing or detecting fraud within the Town.

This letter should be read in conjunction with our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 20, 2012.

This communication is intended solely for the information and use of management, members of the Board of Finance, the Town Council, others within the organization, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 20, 2012