

**TOWN OF LITCHFIELD, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# TOWN OF LITCHFIELD, CONNECTICUT

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Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Board of Finance  
Town of Litchfield  
Litchfield, 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 Litchfield, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Litchfield, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Litchfield, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011 on our consideration of the Town of Litchfield, 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.

Management's discussion and analysis on pages 3 through 12 and the budgetary comparison information on pages 47 through 51 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

November 17, 2011

**TOWN OF LITCHFIELD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2011**

This discussion and analysis of the Town of Litchfield, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

**FINANCIAL HIGHLIGHTS**

- The Town issued \$2.21 million in bond anticipation notes with the principal and interest due on February 8, 2012 with an effective rate of .6997%.
- Net assets of the Town's governmental activities increased by \$2.4 million, or 5.1%, primarily due to the continuing investment in its roads, schools and firehouses.
- During the year, the Town earned tax and other revenues for governmental programs of \$30.8 million that was \$2.4 million more than program expenses.
- Total cost of all of the Town's programs was \$29.4 million.
- General Fund Property Tax revenues, including interest and lien fees, exceeded budget by \$147 thousand, helping to offset the loss of state education grants that were paid directly to the Special Education Fund (due to state's funding with economic stimulus).
- In June of 2011, the Town established the OPEB Trust Fund (similar to the pension trust funds already established). The amount transferred into this trust fund from the former OPEB fund was \$300 thousand. The Board of Education contributed an extra \$100 thousand at the end of the Fiscal Year 2011 to raise the total to \$400 thousand in the OPEB Trust Fund.
- Unassigned fund balance of the General Fund increased by \$39 thousand from \$3.63 million at June 30, 2010 to \$3.67 million at June 30, 2011, due to cost savings from the Town and the Board of Education. There was a \$323 thousand transfer to fund a portion of the Town's capital projects, and a transfer of \$100 thousand to the OPEB Fund.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a long-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The required supplementary information provides budgetary information for the General Fund. The combining and individual fund statements and schedules provide additional information about activities of the Town.

***Government-Wide Financial Statements***

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

These two statements report the Town's net assets and changes in them. One measure of the Town's financial health is the Town's net assets, the difference between assets and liabilities, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net assets and the statement of activities, the Town reports its governmental activities. These include the Town's basic services: general government, public safety, public works, health and welfare, libraries, recreation, education and interest on long-term debt. Property taxes, charges for services, and state and federal grants finance most of these activities.

### ***Fund Financial Statements***

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State Statute (e.g., General Fund). Other funds are established by the Town to help control and manage financial activities for particular purposes (like the Town Hall Annex and Sewer Operating Funds) or to show that it is meeting legal responsibilities for state and federal grants and other money (like the Renovation of Schools Capital Projects Fund). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation within the fund financial statements.
- *Proprietary Funds (Exhibits V to VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. At present, the Town has one proprietary fund which is its Internal Service Fund used to report activities of its medical self insurance services provided to the Town and Board of Education.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the fiduciary administrator for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net assets increased from \$46.6 million to \$49.1 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 16,116	\$ 14,252
Noncurrent assets	68,063	67,871
Total assets	<u>84,179</u>	<u>82,123</u>
Current liabilities	6,587	4,782
Noncurrent liabilities	28,622	30,763
Total liabilities	<u>35,209</u>	<u>35,545</u>
Net Assets:		
Investment in capital assets, net of related debt	36,130	35,787
Restricted for trust purposes	10	10
Unrestricted	<u>12,830</u>	<u>10,781</u>
Total Net Assets	<u>\$ 48,970</u>	<u>\$ 46,578</u>

Total net assets of the Town's governmental activities increased 5.1% (\$49.0 million compared to \$46.6 million). This is reflected in the Town's investments in capital assets, net of related debt, which increased \$.3 million from \$35.8 million at June 30, 2010 to \$36.1 million at June 30, 2011, primarily due to improvement and new capital assets.

Unrestricted net assets - the part of net assets that can be used to finance daily operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased \$2.0 million from \$10.8 million at June 30, 2010 to \$12.8 million on June 30, 2011.

**TABLE 2**  
**CHANGE IN NET ASSETS**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,697	\$ 1,682
Operating grants and contributions	4,492	3,477
Capital grants and contributions	980	764
General revenues:		
Property taxes	24,296	23,273
Grants not restricted to specific purposes	199	233
Unrestricted investment earnings and other	157	182
Total revenues	31,821	29,611
 Program expenses:		
General government	1,807	2,179
Public safety	1,309	1,603
Public works	4,932	4,465
Health and welfare	1,092	122
Libraries	334	325
Recreation	448	401
Education	18,499	17,882
Interest on long-term debt	1,008	1,376
Total program expenses	29,429	28,353
 Increase in Net Assets	\$ 2,392	\$ 1,258

The Town's total revenue was \$31.8 million. The total cost of all programs and services was \$29.4 million. There was a \$1 million increase in property tax revenue collected as compared to June 30, 2010 as well as a \$216 thousand increase in capital grants and contribution for June 30, 2011. This differs from the \$1.5 million reduction from 2010 to 2011 for capital grants and contributions due to the prior year completion of two grant funded capital projects in 2010 (\$33 million High School and Intermediate School expansion and renovation project and High Bridge Road Bridge). Our analysis below separately considers the operations of governmental activities.

***Governmental Activities***

Approximately 79% of the revenues were derived from property tax. Restricted operating grants and contributions and restricted capital grants and contributions, accounted for 11% and 3% of revenues, respectively. Charges for services represented 5% of revenues and the 2% remaining revenues were from unrestricted grants, investments earnings and miscellaneous revenue.

Major revenue factors included:

- Property tax revenues of \$24.3 million were generated from a mil rate of 21.9 mils (21.2 for prior year) on the net taxable grand list of \$1.1 billion.
- Restricted program operating grants and contributions of \$4.6 million increased \$1.2 million.
- Restricted capital grants and contributions increased \$216 thousand to \$980 thousand from \$764 thousand a year earlier.
- Unrestricted investment earnings and other decreased 14% from the prior year to \$157 thousand because of the continued reduction in investment of return.

Table 3 presents the cost of each of the Town’s programs, as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town’s taxpayers by each of these functions.

**TABLE 3  
GOVERNMENTAL ACTIVITIES  
(In Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General government	\$ 1,807	\$ 2,179	\$ 287	\$ 1,601
Public safety	1,309	1,603	1,276	1,508
Public works	4,932	4,465	2,948	2,742
Health and welfare	1,092	122	1,084	111
Libraries	334	325	334	325
Recreation	448	401	270	294
Education	18,499	17,882	15,053	14,473
Interest on long-term debt	1,008	1,376	1,008	1,376
<b>Total</b>	<b>\$ 29,429</b>	<b>\$ 28,353</b>	<b>\$ 22,260</b>	<b>\$ 22,430</b>

For governmental activities, 63% of the Town’s expenditures related to education; 17% for public works; 9% for general governmental activities and interest on long-term debt; and 11% for public safety, health and welfare, libraries and recreation services. The general government decrease of \$372 thousand in cost of service is mainly due to transfer to capital projects for the fiscal year 2010-2011 Capital Improvement Plan (CIP) as well as a contribution to the OPEB fund. There was also an increase in operating grants and contributions from \$67 thousand in fiscal year 2010 to \$1 million in fiscal year 2011. Public safety expenses decreased to \$1.3 million from \$1.6 million the prior year, due to capital projects in fiscal year 2010 such as the Northfield Firehouse project. Public works cost of services increased by \$400 thousand and included the various road and bridge projects as well as the winter storm of 2011, which not only affected clean up costs but road repair costs as well. The net cost of services for public works increased from \$2.7 million for 2010 to \$2.9 million for 2011 due to grant funding in fiscal year 2011 for completed projects (West Street Sidewalks and Center School Boiler). The Education total cost of services increased \$636 thousand primarily due to the increased special education fund costs, for salaries, that were funded by economic stimulus grant funds.

## TOWN FUNDS FINANCIAL ANALYSIS

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

### *Governmental Funds*

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

At June 30, 2011, the Town's governmental funds reported a combined fund balance of \$7.2 million, a 4% decrease of \$240 thousand from June 30, 2010, of which \$203 thousand was in the Capital Projects Fund. The Capital Projects Fund decrease was due to: completion of capital projects funded in prior year; completion of the Center School Boiler Project (\$64 thousand); approved transfers to use funds from the Capital and Non-Recurring Fund to repair windows (\$15 thousand) and improve Knife Shop Road Project (\$20 thousand); and the Center School Parking Lot (\$24 thousand).

The Town's combined governmental fund balance of \$7.1 million is comprised of unassigned fund balance of \$3.0 million, assigned fund balance of \$439 thousand, committed fund balance of \$3.0 million, nonspendable fund balance of \$41 thousand and restricted fund balance of \$765 thousand.

The General Fund is the chief operating fund of the Town. At June 30, 2011, fund balance increased \$106 to \$4.2 million. General Fund unassigned fund balance increased \$40 thousand from \$3.6 million at June 30, 2010 to \$3.7 million at June 30, 2011, due to \$323 thousand transferred to fund a portion of the Town's capital projects and a \$100 thousand transfer to the Other Post Employment Fund for Board of Education retirees, which was offset by net cost savings from the Board of Education and the Town, approximating \$599 thousand. Of the \$599 thousand of the expenditure cost savings, \$415 thousand was due to the Board of Education to help offset the redirection of state education grants to the Special Education Fund. Property tax revenues, including interest and liens, exceeded budget by \$147 thousand, which help to offset the \$211 thousand shortfall for the education grants. The Town Clerk also collected \$12 thousand more in conveyance tax fees, which meant the department exceeded the budget by a total of \$17 thousand. The Town also collected \$34 thousand from FEMA for the snow storm in the winter of 2011. There were shortfalls with building fees of \$23 thousand due to the economy and \$6 thousand less investment income than budgeted due to reduced interest rates.

The total fund balance of the Sewer Assessment Fund decreased by \$11 thousand to \$785 thousand from \$796 thousand the previous year.

The Nonmajor Governmental Funds fund balance decreased by \$251 thousand from \$1.28 million to \$1.03 million. During fiscal year 2010, a new fund was established in this group called Other Post Employment Benefits Fund (OPEB). During fiscal year 2011, an OPEB Trust was established with \$300 thousand transferred from the OPEB Fund to the OPEB Trust. This includes \$150,000 that was transferred from the General Fund to continue funding for the medical and lump-sum benefits for certain Board of Education retirees in fiscal year 2011. The fund was converted into a Trust Fund of the Town (similar to the Pension Funds) when the taxpayers authorized a Trust for these funds on March 29, 2011. The OPEB Trust Fund was established in June 2011. An additional \$100 thousand was contributed to the OPEB Trust prior to June 30, 2011, which results in a total of \$400 thousand in the OPEB Trust Fund.

### ***Proprietary Fund***

The Town's proprietary fund is an Internal Service Fund which accounts for the health insurance costs of the Town and Board of Education (BOE) employees, including some retired BOE employees. The total net assets of the fund at June 30, 2011 increased \$561 thousand to \$2.0 million primarily due to claims of \$556 thousand less than contributions from the Town and BOE. Under negotiated wage contracts, employees are paying a higher share of their health care costs.

### ***Pension Trust Funds***

For fiscal year 2011, the net assets of the Pension Trust Funds increased 26% from the year earlier to \$10.3 million. This was due to Town/BOE contributions of \$938 thousand, \$1.5 million appreciation of the fair value of its investments and \$269 thousand of investments earnings to provide \$535 thousand of benefits and expenses.

### ***General Fund Budgetary Highlights***

The original budget was approved at the Annual Budget Meeting on May 12, 2010 with appropriations of \$26.8 million. The budget was amended by actions of the Board of Finance and, as necessary, by the Town at various town meetings. Use of fund balance in the amount of \$373 thousand was authorized to increase the expenditure budget for a transfer of \$273 thousand to the Capital Projects Fund. The amount was used for the portion of the fiscal year 2010 Capital Improvement Program projects that were not funded with bonds. Use of fund balance in the amount of \$100 thousand was authorized for an extra contribution to the OPEB Fund. Thus, the final budget of \$26.5 million had \$423 thousand more in appropriations than resources.

For the year, actual revenues and transfers in of \$26.7 million on a budgetary basis were \$17 thousand less than the final budget. This reduced the \$599 thousand cost savings from expenditures and transfers out less than budget. Actual revenues were less than the final budget primarily due to: building department fees (\$23 thousand under budget) and development and planning fees (\$26 thousand under budget) due to the continued economic slowdown and \$6 thousand shortfall in investment income due to lower interest rates than budgeted. Actual property taxes, including interest and lien fees, were \$147 thousand over budget, which offset the shortfall in education grants that were paid to the Special Education Fund as required by the state. Transfers in of \$424 thousand were from the Sewer Assessment and Sewer Operations Funds to reimburse General Fund for their share of debt service.

Actual expenditures and transfers out on a budgetary basis total \$26.6 million, which is \$599 thousand less than the final budget of \$27.2 million. The favorable variance was due to cost savings throughout the Town's various departments. The greatest savings from the final budget were: 1) \$415 thousand from the Board of Education due to departmental cost savings, funds for snow removal during the storm of 2011, and \$211 thousand to offset shortfall in state education grant funding; 2) \$62 thousand in the Public Works account, mainly in the highway section due to the harsh winter; 3) \$60 thousand in all general government accounts; 4) \$24 thousand in public safety; and 5) \$11 thousand in fringe benefit accounts. The Board of Education generated \$533 thousand of the cost savings of which \$211 thousand was to offset the shortfall in state education grant funding and \$100 thousand was deposited in to the OPEB Trust Fund. The additional BOE savings was in special education tuition and transportation costs due to state placements, parents providing transportation and additional grant funds.

The excess of revenues and other financing sources under expenditures and other financing uses on a budgetary basis was \$158 thousand.

Of the General Fund's fund balance, 87.9% constitutes unassigned fund balance.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2011, the Town had \$68.1 million invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and infrastructure (Table 4). This amount represents a net increase (including additions and deductions) of \$192 thousand, or .3%, over last year.

Machinery and equipment purchases of \$85 thousand were used to acquire playground equipment at Center School and a new vehicle for public safety.

Infrastructure additions of \$715 thousand were to improve the Town's 121 miles of roads and bridges.

Buildings and Improvements of \$115 thousand were to improve windows, carpets and boilers at Center School, as well as landfill improvements.

**TABLE 4**  
**CAPITAL ASSETS (Net of Depreciation)**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 1,296	\$ 1,296
Buildings and improvements	43,775	43,911
Machinery and equipment	2,668	2,716
Infrastructure	20,324	19,948
Total	<u>\$ 68,063</u>	<u>\$ 67,871</u>

The Town's fiscal year 2011-12 CIP budget authorizes spending \$2.7 million for capital projects, of which \$978 thousand is to be funded from grants and other local funding. This includes \$1.1 million toward the replacement/restoration of bridges; \$307 thousand for major road projects; and \$352 thousand for work on the Town's 121 miles of roads.

The Town Hall Building Committee developed a plan to consolidate Town Hall and Town Hall Annex operations into one location. The project was postponed; however, with record low interest rates, the Town is considering engaging in a dialogue with the community as to whether or not to proceed with the project.

Additional detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

## Long-Term Debt

At June 30, 2011, the Town had \$29.7 million in bonds outstanding versus \$31.9 million last year, a decrease of 6.9% or \$2.2 million - as shown in Table 5.

**TABLE 5**  
**OUTSTANDING DEBT**  
**(In Thousands)**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
General obligation bonds (backed by the Town)	\$ 29,720	\$ 31,934

On February 9, 2011, as authorized at the Town's Annual Meeting, the Town issued \$2.21 million in bond anticipation notes with the principal and interest due on February 8, 2012 with an effective rate of .6997%. The notes are used for the following projects: \$475,000 for the High School and Intermediate School expansion and renovation project, \$141,600 for school improvements, \$75,000 for the East Litchfield Fire House parking lot, \$1.5 million for road and bridge projects, and \$3,592 for debt administration. The BANs issued were used to address projects from the 2010-2011 CIP. Additional financing is expected to be obtained during fiscal year 2012 to fund the 2011-2012 CIP using a combination of bond proceeds and pay as you go capital.

In May 2010, Moody's Investors Services, Inc., recalibrated their Connecticut municipal ratings to its Global Rating Scale. Accordingly, the Town's rating went to Aa2 from Aa3. Moody's does not believe the recalibration reflects credit quality improvement. The Town's rating of Aa2 was reaffirmed in January 2011. The State limits the amount of general obligation debt that municipalities can issue using a formula determined under State Statutes that is based on the type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$164 million State-imposed limit at June 30, 2011.

Detailed information about other long-term obligations of the Town's is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND MIL RATE**

At June 30, 2011, employment in Litchfield was 4,202, .9% greater than a year earlier. The Town's unemployment rate at June 30, 2011 was 7.1%, 5% less than the prior year date. This rate compares favorably to both the State and national unemployment rates of 9.1% and 9.2%, respectively. Inflation increased for the Northeast area for the year ended June 30, 2011 by 1.7% to 3.4%. Likewise, the national Consumer Price Index - All Urban Consumers (CPI 1982-84=100) increased 3.5% continuing its 1.1% annual increase at June 30, 2011.

The fiscal year 2012 budget was adopted at the Town's Annual Budget Meeting on May 11, 2011. The Town's net taxable grand list rose .1% from the prior year to \$1.1 billion. The Town's elected Board of Finance set the fiscal year 2011-2012 tax mil rate at 22.2, 1.3% increase from the prior year mil rate of 21.9. Amounts available for appropriation in the original fiscal 2012 General Fund budget are \$27.1 million, an increase of 1.2% from the original 2011 budget of \$26.8 million. The increase was necessary to fund the \$163 thousand increase for the Board of Education (mainly salaries and medical benefits) and the \$88 thousand increase in the Selectman's budget (mainly road maintenance costs formerly in the capital budget and employee benefits).

The Town has maintained its services without freezing wages or union concessions. Certain nonunion BOE employees are taking some furlough days. Due to the continuing high unemployment, the Town faces various challenges to minimize tax rate increases. In addition to funding inflationary increases to maintain the present level of services, other funding considerations consist of the actuarial liability for the Board of Education's OPEB for retirees and additional pension funding.

### **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Litchfield, 74 West Street, P.O. Box 488, Litchfield, Connecticut 06759.

## TOWN OF LITCHFIELD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2011  
(In Thousands)

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 10,442
Investments	1,533
Receivables, net	3,459
Prepaid items	31
Net pension asset	515
Other assets	136
Capital assets not being depreciated	1,296
Capital assets being depreciated, net	<u>66,767</u>
Total assets	<u>84,179</u>
Liabilities:	
Accounts payable	1,596
Bond anticipation notes	2,210
Unearned revenue	201
Noncurrent liabilities:	
Due within one year	2,580
Due in more than one year	<u>28,622</u>
Total liabilities	<u>35,209</u>
Net Assets:	
Invested in capital assets, net of related debt	36,130
Restricted for trust purposes	10
Unrestricted	<u>12,830</u>
Total Net Assets	<u>\$ 48,970</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF LITCHFIELD, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,807	\$ 518	\$ 1,002	\$	\$ (287)
Public safety	1,309	33			(1,276)
Public works	4,932	970	34	980	(2,948)
Health and welfare	1,092	8			(1,084)
Libraries	334				(334)
Recreation	448	167	11		(270)
Education	18,499	1	3,445		(15,053)
Interest on long-term debt	1,008				(1,008)
Total	\$ 29,429	\$ 1,697	\$ 4,492	\$ 980	(22,260)
General revenues:					
Property taxes					24,296
Grants and contributions not restricted to specific programs					199
Unrestricted investment earnings					55
Miscellaneous					102
Total general revenues					24,652
Change in net assets					2,392
Net Assets at Beginning of Year					46,578
Net Assets at End of Year					\$ 48,970

The accompanying notes are an integral part of the financial statements

**TOWN OF LITCHFIELD, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011  
(In Thousands)**

	<u>General</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 10,286	\$	\$	\$ 95	\$ 10,381
Investments	1,533				1,533
Receivables, net	885	1,167	628	779	3,459
Due from other funds	326	785	3,197	1,019	5,327
Other assets	31				31
<b>Total Assets</b>	<u>\$ 13,061</u>	<u>\$ 1,952</u>	<u>\$ 3,825</u>	<u>\$ 1,893</u>	<u>\$ 20,731</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 979	\$	\$ 154	\$ 42	\$ 1,175
Due to other funds	7,180		323	3	7,506
Due to other governments				2	2
Bond anticipation notes payable			2,210		2,210
Deferred revenue	725	1,167	17	814	2,723
<b>Total liabilities</b>	<u>8,884</u>	<u>1,167</u>	<u>2,704</u>	<u>861</u>	<u>13,616</u>
Fund balances:					
Nonspendable	31			10	41
Restricted	34		477	254	765
Committed		785	1,417	768	2,970
Assigned	439				439
Unassigned	3,673		(773)		2,900
<b>Total fund balances</b>	<u>4,177</u>	<u>785</u>	<u>1,121</u>	<u>1,032</u>	<u>7,115</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 13,061</u>	<u>\$ 1,952</u>	<u>\$ 3,825</u>	<u>\$ 1,893</u>	<u>\$ 20,731</u>

(Continued on next page)

## TOWN OF LITCHFIELD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

**JUNE 30, 2011**  
**(In Thousands)**

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

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

Fund balances - total governmental funds	\$	7,115
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	91,672
Less accumulated depreciation		<u>(23,609)</u>
Net capital assets		68,063

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

Net pension asset		515
Property tax receivables greater than 60 days		535
Property tax interest receivables greater than 60 days		146
Assessments receivable		1,167
Housing loans		138
Sewer use receivables		536

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.

2,042

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

Bonds payable		(29,720)
Premium on refunding bonds		(371)
Deferred amount in refunding		232
Deferred bond issuance costs		136
Interest payable on bonds and notes		(221)
Compensated absences		(346)
Landfill closure		(47)
OPEB obligation		(915)
Claims and judgments		<u>(35)</u>

Net Assets of Governmental Activities (Exhibit I)

\$ 48,970

The accompanying notes are an integral part of the financial statements

## TOWN OF LITCHFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDSFOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)

	<u>General</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 24,221	\$	\$	\$	\$ 24,221
Intergovernmental	2,846		703	2,118	5,667
Charges for services	410	160		1,220	1,790
Investment income	44	3		1	48
Other	2		95	8	105
Total revenues	<u>27,523</u>	<u>163</u>	<u>798</u>	<u>3,347</u>	<u>31,831</u>
Expenditures:					
Current:					
General government	1,377			283	1,660
Public safety	845				845
Public works	2,344			807	3,151
Health and welfare	105			975	1,080
Libraries	326				326
Recreation	258			133	391
Education	17,177			1,267	18,444
Employee benefits	1,425				1,425
Capital outlay			1,533		1,533
Debt service	3,335				3,335
Total expenditures	<u>27,192</u>	<u>-</u>	<u>1,533</u>	<u>3,465</u>	<u>32,190</u>
Excess (Deficiency) of Revenues over Expenditures	<u>331</u>	<u>163</u>	<u>(735)</u>	<u>(118)</u>	<u>(359)</u>
Other Financing Sources (Uses):					
Transfers in	424		625	393	1,442
Transfers out	(649)	(174)	(93)	(526)	(1,442)
Total other financing sources (uses)	<u>(225)</u>	<u>(174)</u>	<u>532</u>	<u>(133)</u>	<u>-</u>
Net Change in Fund Balances	106	(11)	(203)	(251)	(359)
Fund Balances at Beginning of Year, Restated	<u>4,071</u>	<u>796</u>	<u>1,324</u>	<u>1,283</u>	<u>7,474</u>
Fund Balances at End of Year	<u>\$ 4,177</u>	<u>\$ 785</u>	<u>\$ 1,121</u>	<u>\$ 1,032</u>	<u>\$ 7,115</u>

(Continued on next page)

## TOWN OF LITCHFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$	(359)
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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	955
Depreciation expense	(763)

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	51
Property tax interest and lien revenue - accrual basis change	24
Sewer assessment receivable - accrual basis change	(106)
Sewer use receivable - accrual basis change	14
Net pension asset	(11)

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

Bond principal payments	2,214
Premium on refunding bonds	28
Deferred amount on refunding	(17)
Deferred bond issue costs	(10)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(15)
Claims and judgments	3
Accrued interest	116
OPEB obligation	(302)
Landfill postclosure care	9

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.

561
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Change in Net Assets of Governmental Activities (Exhibit II)	\$	<u>2,392</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF LITCHFIELD, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUND

JUNE 30, 2011  
(In Thousands)

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 61
Due from other funds	2,179
Total assets	<u>2,240</u>
Liabilities:	
Claims payable	<u>198</u>
Net Assets:	
Unrestricted	\$ <u><u>2,042</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF LITCHFIELD, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUNDFOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)

	<u>Governmental Activities</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Charges for services	\$ 2,836	
Operating Expenses:		
Claims incurred		<u>2,280</u>
Operating Income		556
Nonoperating Revenue:		
Interest income		<u>5</u>
Change in Net Assets		561
Net Assets at Beginning of Year		<u>1,481</u>
Net Assets at End of Year	\$	<u><u>2,042</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF LITCHFIELD, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<b><u>Governmental</u></b>	<b><u>Activities</u></b>
	<b><u>Internal</u></b>	
	<b><u>Service Fund</u></b>	
Cash Flows from Operating Activities:		
Cash received from customers and users	\$	2,263
Payment to benefit providers		<u>(2,281)</u>
Net cash used in operating activities		(18)
Cash Flow from Investing Activities:		
Interest received on investments		<u>5</u>
Net Decrease in Cash and Cash Equivalents		(13)
Cash and Cash Equivalents at Beginning of Year		<u>74</u>
Cash and Cash Equivalents at End of Year	\$	<u><u>61</u></u>
Reconciliation of Operating Income to Net Cash		
Used in Operating Activities:		
Operating income	\$	556
Adjustments to reconcile operating income to net cash		
used in operating activities:		
Increase in due from other funds		(573)
Decrease in incurred but not reported claims (IBNR)		<u>(1)</u>
Net Cash Used in Operating Activities	\$	<u><u>(18)</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF LITCHFIELD, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011  
(In Thousands)

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,081	\$ 301	\$ 260
Investments:			
Common stock	5,198		
Mutual funds	3,977		
Receivables:			
Interest and dividends	12		
Due from other funds	<u>        </u>	<u>100</u>	<u>136</u>
Total assets	10,268	401	\$ <u><u>396</u></u>
Liabilities:			
Due to student groups and others	<u>-</u>	<u>-</u>	\$ <u><u>396</u></u>
Net Assets:			
Held in Trust for Pension and OPEB Benefits	\$ <u><u>10,268</u></u>	\$ <u><u>401</u></u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF LITCHFIELD, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS  
PENSION AND OPEB TRUST FUNDSFOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ <u>938</u>	\$ <u>401</u>
Investment income:		
Net appreciation in fair value of investments	1,551	
Interest and dividends	<u>269</u>	
Total investment income	1,820	-
Less investment expense:		
Investment management fees	<u>51</u>	
Net investment income	<u>1,769</u>	-
Total additions	2,707	401
Deductions:		
Benefits	<u>593</u>	
Net Increase	2,114	401
Net Assets Held in Trust for Pension and OPEB Benefits at Beginning of Year	<u>8,154</u>	
Net Assets Held in Trust for Pension and OPEB Benefits at End of Year	\$ <u><u>10,268</u></u>	\$ <u><u>401</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF LITCHFIELD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS (In Thousands)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

The Town was incorporated in 1719. The Town operates under a Selectmen/Town Meeting and Board of Finance form of government and provides the following services: general government, public safety, public works, recreation, health and welfare, libraries and education.

GAAP require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Codification Section 2100 has been considered, and there are no agencies or entities that should be, but are not, combined in the financial statements of the Town.

#### 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. The effect of interfund activity has been removed from these statements.

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

#### 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 pension trust funds 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. 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 Sewer Assessment Fund accounts for the activities related to the incurrence and payment of debt associated with betterments to sewer users. The major source of revenue for this fund is sewer assessment charges.

The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and current tax revenues.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for its self-insured medical benefits.

The Pension Trust Funds account for the activities of the Town's defined benefit pension plans, which accumulate resources for pension benefit payments to qualified participants.

The OPEB Trust Fund accounts for the activities of the Town's other postemployment benefits for Board of Education retirees and their beneficiaries.

The Agency Funds account for monies held as a custodian for outside groups and agencies and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. 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.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town 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.

Property taxes are assessed on property as of October 1, levied on the following July 1, billed and due in two installments, July 1 and the following January 1. Liens are filed by the last day of the fiscal year. All property taxes receivable at June 30, 2011 that have not been collected within 60 days of June 30 have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60-day period have been recorded as revenue. Property taxes receivable are reported net of a \$15 allowance for estimated uncollectible balances.

## F. 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 (amount not rounded) 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 value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend assets' lives is not capitalized.

Major outlays for capital assets are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Distribution and collection systems	50-65
Public domain infrastructure	50
System infrastructure	30
Machinery and equipment	5-20

In the governmental fund financial statements, capital outlay (assets) is reported as an expenditure, and no depreciation expense is recorded.

## **G. Compensated Absences**

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement, as follows:

Vacation and sick leave expenses to be paid in future periods are accrued when earned in the government-wide financial statements.

A liability for these amounts is reported in the governmental funds only for the amounts expected to be paid (matured), for example, as a result of employee resignations and retirements.

## **H. Long-Term Obligations**

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

## **I. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the budgeted governmental fund types. Encumbrances outstanding at year-end are reported as a reservation of fund balance as they do not constitute either expenditures or liabilities.

## **J. 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. The Town currently has no assets under restriction.

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 (Litchfield Board of Selectmen).

**Assigned Fund Balance** - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts 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.

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

### **A. Budgetary Information**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. In May, the Board of Finance submits to the annual Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally enacted through passage of a resolution.
- The Board of Finance is authorized to transfer budgeted amounts between appropriations and can approve additional appropriations up to an aggregate of \$20 thousand per department per year. Transfers and additional appropriations aggregating more than \$20 thousand for any one department per year must be approved by the Town Meeting. During the year, the Board of Finance and, where required, the Town Meeting approved additional appropriations of \$424.
- Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting and on-behalf payments made for State Teachers’ Retirement, the budget is prepared on the modified accrual basis of accounting.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and, if necessary, Town Meeting approval.

Generally, all unencumbered appropriations lapse at year-end except those for the capital projects fund. Encumbered appropriations are carried forward. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one year.

### 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*, \$8,531 of the Town’s bank balance of \$10,456 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	7,668
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name		<u>863</u>
Total Amount Subject to Custodial Credit Risk	\$	<u><u>8,531</u></u>

## Cash Equivalents

At June 30, 2011 the Town's cash equivalents amounted to \$6,797. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by a nationally recognized statistical rating organization. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>
Reich and Tang Tax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm
Litchfield Bancorp Money Market Funds**	

\*Not rated

\*\*Subject to coverage by Federal Depository Insurance and collateralization

## Investments

As of June 30, 2011, 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 – 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 1,533	\$	\$ 1,533	\$
U.S. Government obligations	N/A	1,023			1,023
Corporate bonds and notes	N/Avail	1,323			1,323
			\$	-	\$ 1,533
					\$ 2,346
Other investments:					
Common stock		5,198			
Mutual funds		1,631			
Total Investments		\$ 10,708			

\*Subject to coverage by Federal Depository Insurance and collateralization.

N/A - Not applicable

N/Avail - Not available

*Interest Rate Risk* - The Town has, for the Pension Trust Funds, an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Pension Commission's Investment Policy requires its fixed income portion to be high quality bonds managed consistent with Bank of America's forecast of interest rates, inflation and valuation levels, and the benchmark is the Lehman Brothers Aggregate Index for high quality and the J.P. Morgan Developed B/B Index for high yield. This is a means to manage the Town's 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 Investment Policy (described in the preceding paragraph) further limits its investment choices. The Town's interest-bearing investments are not subject to rating.

The Pension Commission’s investment benchmark for large capitalization companies is the S&P 500 Index, and for small capitalization companies the benchmark is the Russell 2000. The benchmark for international equities is the Morgan Stanley EAFE Index.

*Concentration of Credit Risk* - The Investment Policy sets forth the following asset allocation targets: Equities 50% - 70%; Fixed Income 30% - 50%; and Cash 0% - 20%.

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2011, the Town’s noninterest-bearing investments were uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town’s name, or are not subject to categorization of custodial credit risk.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Assessment</u>	<u>Capital Projects</u>	<u>Nonmajor and Other</u>	<u>Total</u>
Receivables:					
Taxes	\$ 818	\$	\$	\$	\$ 818
Accounts				566	566
Intergovernmental	34		628	106	768
Special assessments		1,167			1,167
Housing loans				137	137
Other	48				48
Gross receivables	<u>900</u>	<u>1,167</u>	<u>628</u>	<u>809</u>	<u>3,504</u>
Less allowance for uncollectibles	<u>15</u>			<u>30</u>	<u>45</u>
Net Total Receivables	<u>\$ 885</u>	<u>\$ 1,167</u>	<u>\$ 628</u>	<u>\$ 779</u>	<u>\$ 3,459</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 535	\$
Delinquent property tax interest receivable	146	
Sewer use receivable	536	
Special assessments not yet due	1,167	
Advance tax collections		44
Grant drawdowns prior to meeting all eligibility requirements		154
Advance program fees		3
Housing loans	<u>138</u>	
Total Deferred Revenue for Governmental Funds	<u>\$ 2,522</u>	<u>\$ 201</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 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	\$ 1,296	\$	\$	\$ 1,296
Capital assets being depreciated:				
Buildings and improvements	52,028	155		52,183
Machinery and equipment	7,453	85		7,538
Infrastructure	<u>29,940</u>	<u>715</u>		<u>30,655</u>
Total capital assets being depreciated	<u>89,421</u>	<u>955</u>	<u>-</u>	<u>90,376</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,117)	(291)		(8,408)
Machinery and equipment	(4,737)	(133)		(4,870)
Infrastructure	<u>(9,992)</u>	<u>(339)</u>		<u>(10,331)</u>
Total accumulated depreciation	<u>(22,846)</u>	<u>(763)</u>	<u>-</u>	<u>(23,609)</u>
Total capital assets being depreciated, net	<u>66,575</u>	<u>192</u>	<u>-</u>	<u>66,767</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,871</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 68,063</u>

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

Governmental activities:

General government	\$	3
Public safety		107
Public works		522
Recreation		10
Education		121
		<u>121</u>

Total Depreciation Expense - Governmental Activities	\$	<u><u>763</u></u>
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## 6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, funds make transfers to other funds to provide funding. A summary of interfund balances as of June 30, 2011 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Funds	\$ 323
	Nonmajor Governmental Funds	<u>3</u>
		326
Sewer Assessment Fund	General Fund	785
Capital Projects Funds	General Fund	3,197
Internal Service Fund	General Fund	2,179
Nonmajor Governmental Funds	General Fund	<u>1,019</u>
Total		\$ <u><u>7,506</u></u>

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

Interfund transfers:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Govern- mental Funds</u>	
Transfers out:				
General Fund	\$	\$ 349	\$ 300	\$ 649
Sewer Assessment	174			174
Capital Projects			93	93
Nonmajor Governmental	<u>250</u>	<u>276</u>		<u>526</u>
Total Transfers In	\$ <u><u>424</u></u>	\$ <u><u>625</u></u>	\$ <u><u>393</u></u>	\$ <u><u>1,442</u></u>

Transfers are used to move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 31,934	\$	\$ 2,214	\$ 29,720	\$ 2,435
Premium on refunding bonds	399		28	371	
Deferred amount on refunding bonds	(249)		(17)	(232)	
Compensated absences	331	148	133	346	133
OPEB obligation	613	302		915	
Landfill monitoring closure and postclosure costs	56		9	47	9
Claims and judgments	38		3	35	3
	<u>38</u>	<u></u>	<u>3</u>	<u>35</u>	<u>3</u>
Governmental Activity Long-Term Liabilities	<u>\$ 33,122</u>	<u>\$ 450</u>	<u>\$ 2,370</u>	<u>\$ 31,202</u>	<u>\$ 2,580</u>

### Subsequent Event - Advance Refunding

On July 14, 2011, the Town issued general obligation bonds of \$7,555 with interest rates ranging from 3-4% to refund general obligation bonds of \$7,800. The proceeds of the new bonds were placed into an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds will not be included in the Town's financial statements.

## General Obligation Bonds

A schedule of bonds outstanding at June 30, 2011 is presented below:

	<u>Outstanding Amount</u>
Sewer bonds due 6/25/13, annual principal payments of \$12, plus interest due semi-annually at 7.125%	\$ 24
Clean Water Fund bond due 7/31/23, monthly payments of \$23 including principal and interest at 2%	2,964
Clean Water Fund bond due 1/31/17, monthly payments of \$4 including principal and interest at 2%	286
Clean Water Fund bond due 7/31/18, monthly payments of \$3 including principal and interest at 2%	226
General Obligation Bonds due 6/15/26, annual principal payments ranging from \$600 to \$625 plus interest due semi-annually at 3.75% to 5.0%	9,025
General Obligation Bonds due 2/01/25, annual principal payments ranging from \$100 to \$125 plus interest due semi-annually at 3.0% to 4.0%	1,650
General Obligation Bonds due 2/01/24, annual principal payments ranging from \$255 to \$265 plus interest due semi-annually at 2.0% to 4.0%	3,375
General Obligation Refunding Bonds due 8/15/24, annual principal payments ranging from \$245 to \$1,020 plus interest due semi-annually at 2.0% to 4.0%	10,815
General Obligation Bonds due 2/01/20, annual principal payments ranging from \$125 to \$180 plus interest due semi-annually at 2.0% to 3.125%	<u>1,355</u>
Total	<u>\$ 29,720</u>

The Town has pledged its full faith and credit as collateral for its bonded indebtedness. General obligation bonds will be paid from taxes levied on taxable property in the Town.

The following is a summary of general obligation bond debt and Clean Water Fund debt maturities:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,435	\$ 965	\$ 3,400
2013	2,421	887	3,308
2014	2,425	812	3,237
2015	2,286	740	3,026
2016	2,293	678	2,971
2017-2021	10,577	2,388	12,965
2022-2026	<u>7,283</u>	<u>693</u>	<u>7,976</u>
Total	<u>\$ 29,720</u>	<u>\$ 7,163</u>	<u>\$ 36,883</u>

Bonds authorized and unissued at June 30, 2011 are presented below:

	<b><u>Total Authorization</u></b>
General purpose	\$ 1,095
Schools	<u>9,475</u>
Total	<u><u>\$ 10,570</u></u>

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

<b><u>Category</u></b>	<b><u>Debt Limit</u></b>	<b><u>Net Indebtedness</u></b>	<b><u>Balance</u></b>
General purpose	\$ 54,392	\$ 7,791	\$ 46,601
Schools	108,783	20,987	87,796
Sewers	90,653	4,615	86,038
Urban renewal	78,566	-	78,566
Pension deficit	72,522	-	72,522

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$169 million (amount not rounded). All long-term debt obligations are retired through General Fund appropriations. Net indebtedness includes bonds authorized and unissued and bond anticipation notes outstanding, net of estimated State building grant commitments.

#### **Landfill Closure and Postclosure Care Costs**

The Town's estimated costs to monitor the landfill for the next six years are \$47 at June 30, 2011. This amount is based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

#### **Claims and Judgments**

In connection with the settlement of claims brought against the Town by a neighborhood alleging that the Town's landfill contaminated their drinking water, the Town agreed to pay to connect the residents to the Town water supply and pay their water bills for 20 years. The properties were connected during 2001, and, at June 30, 2011, \$35 has been accrued as an estimate of the cost to provide water for the remaining 11 years of the agreement.

#### **Bond Anticipation Notes**

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2011:

##### **Capital Projects Fund**

<b><u>Date Issued</u></b>	<b><u>Maturity Date</u></b>	<b><u>Effective Interest Rate (%)</u></b>	<b><u>Balance July 1, 2010</u></b>	<b><u>Issued</u></b>	<b><u>Retired</u></b>	<b><u>Balance June 30, 2011</u></b>
2/10/2010	2/9/2011	.75	\$ 475	\$	\$ 475	\$ -
2/9/2011	2/9/2012	.6997	<u>          </u>	<u>2,210</u>	<u>          </u>	<u>2,210</u>
Total			<u><u>\$ 475</u></u>	<u><u>\$ 2,210</u></u>	<u><u>\$ 475</u></u>	<u><u>\$ 2,210</u></u>

The proceeds from the bond anticipation notes outstanding at June 30, 2011 are to be used to fund the \$33 million school building project.

**8. CONTINGENT LIABILITIES**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by Town management and counsel to result in a judgment or judgments which would have a material adverse effect on the Town’s financial position.

**9. FUND BALANCES**

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<b>General Fund</b>	<b>Major Special Revenue Fund Sewer Assessment Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Fund balances:					
Nonspendable:					
Endowment	\$	\$	\$	\$ 10	\$ 10
Inventories	31				31
Restricted for:					
Grants	34		477	203	714
Education				51	51
Committed to:					
Sewer assessment		785			785
Capital projects			1,417		1,417
General government				493	493
Public works				12	12
Health and welfare				2	2
Recreation				261	261
Assigned to:					
General government	33				33
Public safety	19				19
Public works	95				95
Health and welfare	3				3
Recreation	3				3
Education	282				282
Employee benefits	4				4
Unassigned	<u>3,673</u>		<u>(773)</u>		<u>2,900</u>
Total Fund Balances	<u>\$ 4,177</u>	<u>\$ 785</u>	<u>\$ 1,121</u>	<u>\$ 1,032</u>	<u>\$ 7,115</u>

Encumbrances outstanding at year end are reported as either committed or assigned fund balance depending on the nature of the restriction.

**10. OTHER POSTEMPLOYMENT BENEFITS**

**A. Overview**

The Retiree Health Plan (RHP) is a single-employer defined benefit healthcare plan administrated by the Board of Education (BOE). The RHP provides medical and dental insurance benefits to eligible retirees and their spouses. All employees of the BOE are eligible to participate in the plan.

A trust was officially established on March 29, 2011 between the Town of Litchfield and the Litchfield Board of Education and the Town’s Pension Commission. The monies in the OPEB special revenue fund were transferred to the OPEB trust fund at that date. As in prior years, all expenses for postemployment benefits were paid out of the general fund during fiscal year ended June 30, 2011. The plan does not issue a stand-alone financial report.

At July 1, 2010, plan participation consisted of the following (not rounded):

Actives	117
Retirees or continuing spouses	39
Spouses of current retirees	<u>6</u>
Total Participants	<u><u>162</u></u>

## **B. Funding Policy**

The BOE provides certain retirees with health care and lump-sum benefits, in accordance with Teacher and Administrators union contracts. Provisions of the benefits are as follows:

### **Litchfield Education Association OPEB Contract Provisions**

Upon retirement under the Connecticut State Teachers' Retirement System, teachers will be provided at BOE expense:

#### Amount of Benefit

1. For those who retired in either fiscal year 2008 or 2009:
  - a. \$5 on date of retirement and the BOE shall pay the cost of single health and dental insurance coverage under one of the plans (excluding the high deductible/health savings account option) offered by the BOE to actively employed teachers, less the contribution from the State of Connecticut Teachers' Retirement Board, for a period of 5 years immediately following retirement; or,
  - b. Teachers who do not elect the option set forth in (a) above, shall receive ten thousand dollars (\$10) at the time of retirement, and no other compensation or benefits.
2. For those who retire in fiscal year 2010 or thereafter:
  - a. \$5 at the time of retirement; or,
  - b. The BOE shall pay the cost of single health and dental insurance coverage under one of the plans (excluding the high deductible/health savings account option) offered by the BOE to actively employed teachers, less the contribution from the State of Connecticut Teachers' Retirement Board, for a period of 4 years immediately following retirement.

### **Litchfield Administrators Association OPEB Contract Provisions**

Upon retirement under the Connecticut State Teachers' Retirement System, qualified administrators employed on or prior to June 30, 2005 and whose employment with the Litchfield Public School is at least 10 years will be provided at BOE expense:

1. The cost of health and dental insurance coverage for the retiree and eligible dependents under one of the plans (excluding the high deductible/health savings account option) offered by the BOE to actively employed administrators, less the contribution from the State of Connecticut Teachers' Retirement Board, until eligible for Medicare; or,
2. \$5 annual payment until eligible for Medicare, age 65, or for 5 years immediately following retirement, whichever is less.

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

The BOE’s annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 15 years. The following table shows the components of the BOE’s annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan, and changes in the BOE’s net OPEB obligation (asset):

Annual required contribution (ARC)	\$	549
Interest on OPEB obligation		43
Adjustment to annual required contribution		<u>(54)</u>
Annual OPEB cost		538
Contributions made		<u>236</u>
Increase in net OPEB obligation		302
Net OPEB obligation - beginning of year		<u>613</u>
Net OPEB Obligation - End of Year	\$	<u><u>915</u></u>

The BOE’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2011, 2010 and 2009, are presented below.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 538	\$ 236	43.9 %	\$ 915
6/30/2010	475	191	40.2	613
6/30/2009	489	160	32.7	329

**D. Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -	\$ 3,199	\$ 3,199	0 %	N/A	N/A %
7/1/2010	-	5,373	5,373	0	9,795	55

## E. Employer Contributions

<u>Fiscal Year Ended</u>		<u>Annual Required Contribution</u>		<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>
2011	\$	549	\$	236	43.0 %
2010		489		160	32.7
2009		489		191	39.1

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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 actuarial assumptions include a 7% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 10% initially, decreasing 1% per year to an ultimate rate of 4% for 2016 and later. The actuarial value of assets was determined using the open group method. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2010 was 20 years.

## 11. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for employee health and medical claims. Settled claims, for all types of commercial coverage, have not exceeded coverage in any of the past three years.

The Internal Service Fund is utilized to report the self-insurance medical activity. Anthem Blue Cross/Blue Shield administers the plan, for which the Town pays a fee. The General Fund (Town and Board of Education) and Sewer Operations Fund (Special Revenue Fund) contribute based on Anthem Blue Cross/Blue Shield estimates made using the Town's historical data. The Town covers all claims up to \$100,000 (amount not rounded) per participant per year with an individual stop-loss policy covering amounts exceeding the limit. In addition, the Town has an aggregate stop-loss policy that would cover claims exceeding 120% of the total estimated claims for the plan year. The claims payable liability of approximately \$198 included in the Internal Service Fund at June 30, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date

of the financial statements and the amounts of the loss can be reasonably estimated. Claims payable are estimated based on claims paid for the year. Claim transactions for the last two years are as follows:

<u>Fiscal Year</u>	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Accrued Liability Claim Payments</u>	<u>Accrued Liability End of Fiscal Year</u>
2011	\$ 199	\$ 2,279	\$ 2,280	\$ 198
2010	194	2,579	2,574	199

The Town is a member of a public entity risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes, for workers' compensation pool insurance. The Town pays annual premiums for its coverage. During fiscal year 2010, the Town's membership was with Municipal Interlocal Risk Management Agency that reinsured in excess of \$250 for each insured occurrence. Beginning July 1, 2010, the Town changed its membership to Connecticut Interlocal Risk Management Agency that reinsures in excess of \$500 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies.

## 12. PENSION PLANS

### A. Plan Description

#### Town Retirement Plan

The Town has a defined benefit retirement plan (the Town Plan) covering substantially all employees of the Town and Board of Education except certified staff of the Board of Education covered by the State Teachers' Retirement Board Plan. The Town is the administrator of this single-employer public employee retirement system (PERS) established and administered to provide pension benefits for its employees. The Town Plan provides retirement, disability and death benefits to plan members and beneficiaries.

Employees are eligible to participate in the Town Plan when they complete one year of eligible service, have completed 1,000 hours during the first 12 months of employment and have attained the age of 18. For employees who do not complete 1,000 hours of service during the first 12 months of employment, eligibility begins on the first day of the plan year during which 1,000 hours were completed. Employees are 100% vested after five years of credited service.

#### Merit Service Plan

This defined benefit retirement plan (the Merit Service Plan) covers all volunteer firemen who belong to the volunteer fire departments and, as of July 1, 1992, the members of the volunteer ambulance corps. Volunteer firemen and ambulance corps members are eligible to participate in the Merit Service Plan on July 1 following the date on which one year of eligible service has been completed.

The Town's pension plans do not issue stand-alone financial statements.

Membership in the plans consisted of the following at July 1, 2010, the date of the last actuarial valuation:

	<u><b>Town Plan</b></u>	<u><b>Merit Service Plan</b></u>
Retirees and beneficiaries currently receiving benefits	54	44
Terminated plan members entitled to, but not yet receiving, benefits	32	41
Active plan members	<u>92</u>	<u>167</u>
Total	<u><u>178</u></u>	<u><u>252</u></u>

**Annual Pension Cost and Net Pension Asset**

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

	<u><b>Town Plan</b></u>	<u><b>Merit Service Plan</b></u>
Annual required contribution	\$ 726	\$ 212
Interest on net pension obligation	(22)	(15)
Adjustment to annual required contribution	<u>28</u>	<u>22</u>
Annual pension cost	732	219
Contributions made	<u>727</u>	<u>212</u>
Decrease in net pension asset	5	7
Net pension asset - beginning of year	<u>(316)</u>	<u>(211)</u>
Net Pension Asset - End of Year	<u><u>\$ (311)</u></u>	<u><u>\$ (204)</u></u>

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

	<u><b>Town Plan</b></u>	<u><b>Merit Service Plan</b></u>
Actuarial valuation date	July 1, 2010	July 1, 2010
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Open	Level Dollar, Open
Amortization period	20 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	4.0% compounded annually	N/A

**B. Trend Information**

<b>Town Plan</b>			
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
6/30/2011	\$ 732	99.3 %	\$ (311)
6/30/2010	777	118.5	(316)
6/30/2009	613	86.5	(172)

<b>Merit Service Plan</b>			
<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
6/30/2011	\$ 219	96.8 %	\$ (204)
6/30/2010	232	85.3	(211)
6/30/2009	170	85.9	(245)

**C. Pension Plan Required Supplementary Information**

**Schedule of Funding Progress**

<b>Town Plan</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
7/1/2010	\$ 6,216	\$ 11,661	\$ 5,445	53 %	\$ 3,773	144 %
7/1/2009	5,044	10,517	5,473	48	3,578	153
7/1/2008	5,806	9,784	3,978	59	4,018	99
7/1/2007	5,799	8,708	2,909	67	3,611	81
7/1/2006	4,984	6,868	1,884	73	3,338	56
7/1/2005	4,662	6,316	1,654	74	3,501	47

**Merit Service Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability(AAL) (b)</b>	<b>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>
7/1/2010	\$ 1,937	\$ 3,121	\$ 1,184	62 %	N/A	N/A
7/1/2009	1,648	3,155	1,506	52	N/A	N/A
7/1/2008	1,899	2,905	1,006	65	N/A	N/A
7/1/2007	1,983	2,754	771	72	N/A	N/A
7/1/2006	1,715	2,556	842	67	N/A	N/A
7/1/2005	1,433	2,262	829	63	N/A	N/A

**Schedule of Employer Contributions**

**Town Plan**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage of ARC Contributed</b>
2011	\$ 726	\$ 727	100.1 %
2010	774	921	119.0
2009	609	530	87.0
2008	509	677	132.6
2007	360	391	108.6
2006	354	354	100.0

**Merit Service Plan**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage of ARC Contributed</b>
2011	\$ 212	\$ 212	100.0 %
2010	224	198	88.4
2009	160	146	91.3
2008	115	126	109.6
2007	106	109	102.8
2006	105	295	280.9

**Pension Trust Funds**

The Town maintains two pension trust funds (Town Employees Retirement Plan and Merit Service Plan) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2011 and the changes in net assets for the year then ended.

**Schedule of Plan Net Assets**

	<b>Town Retirement Plan</b>	<b>Merit Service Retirement Plan</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 618	\$ 463	\$ 1,081
Investments	7,203	1,972	9,175
Accrued interest receivable	10	2	12
	<u>          </u>	<u>          </u>	<u>          </u>
Net Assets Held in Trust for Pension Benefits	\$ <u>7,831</u>	\$ <u>2,437</u>	\$ <u>10,268</u>

**Schedule of Changes in Plan Net Assets**

	<b>Town Retirement Plan</b>	<b>Merit Service Retirement Plan</b>	<b>Total</b>
Additions:			
Contributions:			
Employer	\$ <u>726</u>	\$ <u>212</u>	\$ <u>938</u>
Investment income:			
Net appreciation in fair value of investments	1,186	365	1,551
Interest and dividends	207	62	269
Total	<u>1,393</u>	<u>427</u>	<u>1,820</u>
Less investment expense:			
Investment management fees	40	11	51
Net investment income	<u>1,353</u>	<u>416</u>	<u>1,769</u>
Total additions	2,079	628	2,707
Deductions:			
Benefits	<u>465</u>	<u>128</u>	<u>593</u>
Net increase	1,614	500	2,114
Net assets held in trust for pension benefits, beginning of year	<u>6,217</u>	<u>1,937</u>	<u>8,154</u>
Net Assets Held in Trust for Pension Benefits, End of Year	\$ <u>7,831</u>	\$ <u>2,437</u>	\$ <u>10,268</u>

**Connecticut State Teachers' Retirement System**

The eligible faculty and professional personnel of the Board of Education participate in a multiple employer cost sharing contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited service, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board.

Certain part-time and full-time certified Board of Education personnel are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$1,273 for the year ended June 30, 2011.

**12. PRIOR PERIOD ADJUSTMENTS**

During the year, the Town implemented GASB Statement No. 54. This required the Town to review its special revenue funds and determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result, a special revenue fund did not meet those requirements and is now reported as part of the General Fund.

The beginning fund balances for the following funds were restated:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Balance, June 30, 2010	\$ 4,066	\$ 1,288
Reclassified to General Fund	<u>5</u>	<u>(5)</u>
Restated Fund Balance, June 30, 2010	<u>\$ 4,071</u>	<u>\$ 1,283</u>

## TOWN OF LITCHFIELD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Property taxes:				
Property taxes	\$ 23,924	\$ 23,924	\$ 24,025	\$ 101
Interest and lien fees	150	150	196	46
Total property taxes	<u>24,074</u>	<u>24,074</u>	<u>24,221</u>	<u>147</u>
Licenses, permits and fees:				
Selectmen:				
Resource recovery	19	19	8	(11)
Refuse collection permits	1	1	1	-
Demolition and brush fees	50	50	50	-
Tires	1	1		(1)
Public works labor	2	2	6	4
Total selectmen	<u>73</u>	<u>73</u>	<u>65</u>	<u>(8)</u>
Town Clerk:				
Town Clerk fees	78	78	80	2
Conveyance tax	105	105	117	12
Dog license fees	2	2	4	2
Licenses and permits	2	2	3	1
Total Town Clerk	<u>187</u>	<u>187</u>	<u>204</u>	<u>17</u>
Development and planning:				
Planning and zoning fees	21	21	18	(3)
Wetland fees	22	22	6	(16)
Zoning Board of Appeals	8	8	1	(7)
Total development and planning	<u>51</u>	<u>51</u>	<u>25</u>	<u>(26)</u>
Police Department:				
Private duty	18	18	17	(1)
Parking fines	26	26	8	(18)
Total Police Department	<u>44</u>	<u>44</u>	<u>25</u>	<u>(19)</u>
Building inspection:				
Building fees	70	70	47	(23)
Fire Marshal:				
Licenses and permits	4	4	3	(1)
Social services:				
Senior van donations	2	2	1	(1)
Elderly housing - Wells Run	15	15	25	10
Total social services	<u>17</u>	<u>17</u>	<u>26</u>	<u>9</u>
Special programs:				
Tax Assessor sale of maps	2	2	2	-
Parks and recreation	2	2	2	-
Probate court	10	10	10	-
Total special programs	<u>14</u>	<u>14</u>	<u>14</u>	<u>-</u>

(Continued on next page)

## TOWN OF LITCHFIELD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Education:				
Tuition and fees	\$ 1	\$ 1	\$ 1	\$ -
Total licenses, permits and fees	<u>461</u>	<u>461</u>	<u>410</u>	<u>(51)</u>
Intergovernmental:				
In lieu of taxes	78	78	85	7
Circuit breaker	55	55	57	2
Manufacturers' inventory	1	1	3	2
Veterans' exemption	3	3	3	-
Boat reimbursement			3	3
Mashantucket Pequot Fund	19	19	17	(2)
Educational transportation	45	45	35	(10)
Education cost sharing	1,480	1,480	1,269	(211)
Telephone access line grant	60	60	31	(29)
Municipal video training			36	36
FEMA snow storm			34	34
Total intergovernmental	<u>1,741</u>	<u>1,741</u>	<u>1,573</u>	<u>(168)</u>
Investment income	<u>50</u>	<u>50</u>	<u>44</u>	<u>(6)</u>
Other revenues:				
Miscellaneous	<u>10</u>	<u>10</u>	<u>71</u>	<u>61</u>
Total revenues	<u>26,336</u>	<u>26,336</u>	<u>26,319</u>	<u>(17)</u>
Other financing sources:				
Transfers in:				
Sewer Assessment	<u>424</u>	<u>424</u>	<u>424</u>	<u>-</u>
Total	<u>\$ 26,760</u>	<u>\$ 26,760</u>	26,743	<u>\$ (17)</u>

Budgetary revenues are different than GAAP revenues because:

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

Retirement System for Town teachers are not budgeted

1,273

Cancellation of prior year encumbrances are recognized as budgetary revenue

(69)

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

\$ 27,947

## TOWN OF LITCHFIELD, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General government:				
Board of Finance	\$ 32	\$ 32	\$ 30	\$ 2
Board of Selectmen	20	26	26	-
Municipal Management	166	166	165	1
Finance Department	141	155	155	-
Treasurer	7	7	7	-
Tax Collector	113	113	100	13
Assessor	178	178	169	9
Board of Assessment Appeals	1	1		1
Planning and Zoning	13	13	11	2
Wetlands	8	8	5	3
Zoning Board of Appeals	12	15	15	-
Conservation Commission	1	1		1
Land Use Administration	111	111	105	6
Building Inspector	112	112	110	2
Economic Development Commission	1	1		1
Town Clerk	113	113	110	3
Elections	20	20	20	-
Registrars	26	26	26	-
Legal counsel	76	88	88	-
Probate	9	9	9	-
Technology	60	60	54	6
Central Services and Town buildings	166	166	157	9
Total general government	<u>1,386</u>	<u>1,421</u>	<u>1,362</u>	<u>59</u>
Public safety:				
Police protection	161	161	161	-
Patrol services	129	129	123	6
Parking enforcement	44	44	29	15
Fire Marshal	75	75	72	3
Fire protection service	352	360	360	-
E911 Emergency	88	88	88	-
Litchfield emergency management	7	7	6	1
Total public safety	<u>856</u>	<u>864</u>	<u>839</u>	<u>25</u>

(Continued on next page)

## TOWN OF LITCHFIELD, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public works:				
Supervision	\$ 8	\$ 8	\$ 7	\$ 1
Operations	1,045	1,045	1,031	14
Highways	497	497	464	33
Equipment maintenance	157	269	269	-
Building and grounds maintenance	79	79	67	12
Solid waste disposal and recycling	396	442	441	1
Director of Public Works	65	65	64	1
Total public works	<u>2,247</u>	<u>2,405</u>	<u>2,343</u>	<u>62</u>
Health and welfare:				
Social services	35	35	33	2
Ambulance services	63	73	73	-
OSHA mandated health	2	2	1	1
Total health and welfare	<u>100</u>	<u>110</u>	<u>107</u>	<u>3</u>
Libraries	<u>326</u>	<u>326</u>	<u>326</u>	<u>-</u>
Recreation:				
Recreation	103	103	99	4
Co-op programs	143	143	143	-
Total recreation	<u>246</u>	<u>246</u>	<u>242</u>	<u>4</u>
Board of Education:				
Board of Education	16,385	16,385	15,970	415
Maintenance by Town	158	176	176	-
Total Board of Education	<u>16,543</u>	<u>16,561</u>	<u>16,146</u>	<u>415</u>
Other:				
Cemetery services	18	18	18	-
Beautification Commission	3	3		3
Contingency	101			-
Fringe benefits	1,392	1,353	1,342	11
Municipal insurance	140	64	64	-
Total other	<u>1,654</u>	<u>1,438</u>	<u>1,424</u>	<u>14</u>

(Continued on next page)

## TOWN OF LITCHFIELD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Debt service:				
Debt retirement principal	\$ 2,214	\$ 2,176	\$ 2,214	\$ (38)
Interest on long-term debt	1,117	1,117	1,117	-
Interest on bond anticipation notes	42	42	4	38
Total debt service	<u>3,373</u>	<u>3,335</u>	<u>3,335</u>	<u>-</u>
Total expenditures	<u>26,731</u>	<u>26,706</u>	<u>26,124</u>	<u>582</u>
Other financing uses:				
Transfers out:				
Capital improvements		349	349	-
Other	<u>29</u>	<u>129</u>	<u>112</u>	<u>17</u>
Total other financing uses	<u>29</u>	<u>478</u>	<u>461</u>	<u>17</u>
Total	\$ <u>26,760</u>	\$ <u>27,184</u>	26,585	\$ <u>599</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted 1,273  
Dog Fund was combined with the General Fund (GASB Statement No. 54) 4  
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 (21)

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

\$ 27,841

## TOWN OF LITCHFIELD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

(In Thousands)

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,286	\$ 8,440
Investments	1,533	1,516
Receivables, net:		
Property taxes	803	548
Intergovernmental	34	
Other	48	
Due from other funds	326	323
Other assets	<u>31</u>	<u>29</u>
Total Assets	<u>\$ 13,061</u>	<u>\$ 10,856</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 979	\$ 563
Due to other funds	7,180	5,715
Deferred revenue	<u>725</u>	<u>512</u>
Total liabilities	<u>8,884</u>	<u>6,790</u>
Fund balance:		
Nonspendable	31	29
Restricted	34	
Assigned	439	403
Unassigned	<u>3,673</u>	<u>3,634</u>
Total fund balance	<u>4,177</u>	<u>4,066</u>
Total Liabilities and Fund Balance	<u>\$ 13,061</u>	<u>\$ 10,856</u>

TOWN OF LITCHFIELD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

53

Grand List	Uncollected Taxes July 1, 2010	Current Levy	Lawful Corrections		Transfers To Suspense	Refunds	Net Amount Collectible	Collections				Uncollected Taxes June 30, 2011
			Additions	Deductions				Taxes	Interest	Fees	Total	
2009	\$	\$ 24,124	\$ 19	\$ 60	\$	\$ 14	\$ 24,097	\$ 23,651	\$ 105	\$	\$ 23,756	\$ 446
2008	387		1	14		9	383	248	57	1	306	135
2007	145			3		1	143	71	25	1	97	72
2006	39				23		16	9	5		14	7
2005	4						4		1		1	4
2004	2						2				-	2
2003	2						2				-	2
2002	-						-				-	-
2001	-						-				-	-
2000	-						-				-	-
1999	-						-				-	-
1998	-						-				-	-
1997	1						1				-	1
1996	1						1				-	1
1995	1						1				-	1
1994	1						1				-	1
	<u>\$ 583</u>	<u>\$ 24,124</u>	<u>\$ 20</u>	<u>\$ 77</u>	<u>\$ 23</u>	<u>\$ 24</u>	<u>\$ 24,651</u>	<u>\$ 23,979</u>	<u>\$ 193</u>	<u>\$ 2</u>	<u>\$ 24,174</u>	<u>\$ 672</u>

## TOWN OF LITCHFIELD, CONNECTICUT

## BOARD OF EDUCATION

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

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

Program	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Art	\$ 25	\$ 25	\$ 25	\$ -
Business Education	7	7		7
World Language	3	3	3	-
Family/consumer science	7	7	7	-
Technology education	17	17	21	(4)
Language arts	24	24	26	(2)
Mathematics	14	14	14	-
Music	19	19	19	-
Physical education	6	6	6	-
Science	21	21	24	(3)
Social studies	5	5	5	-
Kindergarten	1	1	1	-
Title 1 programs	1	1	1	-
Health education	1	1	1	-
Learning centers	3	3	3	-
Speech and language	29	29	19	10
Homebound instruction			1	(1)
Program evaluation	2	2		2
Psychological services	30	30	26	4
Guidance services	3	3	2	1
Health services	19	19	18	1
Career education	3	3	3	-
Occupational/physical therapy	96	96	82	14
Library/media services	32	32	32	-
Student activity support	78	78	80	(2)
Technology support	58	58	58	-
Salaries and wages	10,030	10,030	9,754	276
Employee benefits	2,907	2,907	2,842	65
Board of education	64	64	107	(43)
Central administration	37	37	32	5
School administration	65	65	52	13
Staff development	22	22	13	9
Special ed administration	4	4	4	-
General instructional support	71	71	68	3
Fiscal services	16	16	21	(5)
Care and upkeep of buildings	202	202	257	(55)
Care and upkeep of equipment	36	36	80	(44)
Utilities	641	641	594	47
Vehicle maintenance	1	1	2	(1)
Building furniture	1	1	35	(34)
Technology maintenance	41	41	88	(47)
Special ed transportation	174	174	145	29
Athletic transportation	57	57	56	1
Special education tuition	605	605	454	151
Regular transportation	723	723	723	-
Magnet school tuition			5	(5)
Non-public transportation	1	1	2	(1)
Vo-Ag tuition	176	176	152	24
Adult education	7	7	7	-
Total	\$ 16,385	\$ 16,385	\$ 15,970	\$ 415

Board of Education may exceed budget at the program level but may not legally exceed its total budget.

TOWN OF LITCHFIELD, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011  
(In Thousands)

Special Revenue Funds

	<u>Town Hall Annex</u>	<u>Special Education Grants</u>	<u>Parks and Recreation</u>	<u>Road Ordinance</u>	<u>Sewer Operations</u>	<u>Infrastructure</u>	<u>Town Aid Road</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$
Receivables, net		13			536	85	
Due from other funds	<u>504</u>	<u>107</u>	<u>90</u>	<u>3</u>	<u>33</u>		<u>114</u>
Total Assets	<u>\$ 504</u>	<u>\$ 120</u>	<u>\$ 90</u>	<u>\$ 3</u>	<u>\$ 569</u>	<u>\$ 85</u>	<u>\$ 114</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 11	\$ 4	\$ 2	\$	\$ 24	\$	\$
Due to other funds						3	
Due to other governments		2					
Deferred revenue		<u>114</u>	<u>3</u>		<u>536</u>		
Total liabilities	<u>11</u>	<u>120</u>	<u>5</u>	<u>-</u>	<u>560</u>	<u>3</u>	<u>-</u>
Fund balances:							
Nonspendable							
Restricted						82	114
Committed	<u>493</u>		<u>85</u>	<u>3</u>	<u>9</u>		
Total fund balance	<u>493</u>	<u>-</u>	<u>85</u>	<u>3</u>	<u>9</u>	<u>82</u>	<u>114</u>
Total Liabilities and Fund Balances	<u>\$ 504</u>	<u>\$ 120</u>	<u>\$ 90</u>	<u>\$ 3</u>	<u>\$ 569</u>	<u>\$ 85</u>	<u>\$ 114</u>

(Continued on next page)

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

**JUNE 30, 2011**  
**(In Thousands)**

Special Revenue Funds

	<u>Small Cities Grants</u>	<u>Miscellaneous Special Revenue</u>	<u>Scholarships</u>	<u>Other Post Employment Benefits</u>	<u>Total</u>	<u>Permanent Fund  Cemetery Trust</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 26	\$ 17	\$ 42	\$ -	\$ 85	\$ 10	\$ 95
Receivables, net	137	8	-	-	779	-	779
Due from other funds	-	159	9	-	1,019	-	1,019
Total Assets	<u>\$ 163</u>	<u>\$ 184</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ 10</u>	<u>\$ 1,893</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ -	\$ 1	\$ -	\$ -	\$ 42	\$ -	\$ 42
Due to other funds	-	-	-	-	3	-	3
Due to other governments	-	-	-	-	2	-	2
Deferred revenue	161	-	-	-	814	-	814
Total liabilities	<u>161</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>861</u>	<u>-</u>	<u>861</u>
Fund balances:							
Nonspendable	-	-	-	-	-	10	10
Restricted	-	7	51	-	254	-	254
Committed	2	176	-	-	768	-	768
Total fund balance	<u>2</u>	<u>183</u>	<u>51</u>	<u>-</u>	<u>1,022</u>	<u>10</u>	<u>1,032</u>
Total Liabilities and Fund Balances	<u>\$ 163</u>	<u>\$ 184</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 1,883</u>	<u>\$ 10</u>	<u>\$ 1,893</u>

**TOWN OF LITCHFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

		<u>Special Revenue Funds</u>						
		<u>Town Hall Annex</u>	<u>Special Education Grants</u>	<u>Parks and Recreation</u>	<u>Road Ordinance</u>	<u>Sewer Operations</u>	<u>Infrastructure</u>	<u>Town Aid Road</u>
Revenues:								
Intergovernmental	\$		\$ 866	\$ 92	\$	\$	\$ 85	\$ 191
Charges for services		236		92		832	5	
Investment income						1		
Other		5						
Total revenues		<u>241</u>	<u>866</u>	<u>92</u>	<u>-</u>	<u>833</u>	<u>90</u>	<u>191</u>
Expenditures:								
Current:								
General government		209						
Public works						807		
Health and welfare								
Recreation				77				
Education			866					
Total expenditures		<u>209</u>	<u>866</u>	<u>77</u>	<u>-</u>	<u>807</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures		<u>32</u>	<u>-</u>	<u>15</u>	<u>-</u>	<u>26</u>	<u>90</u>	<u>191</u>
Other Financing Sources (Uses):								
Transfers in						93		
Transfers out						(250)	(85)	(191)
Total other financing sources (uses)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157)</u>	<u>(85)</u>	<u>(191)</u>
Net Change in Fund Balances		32	-	15	-	(131)	5	-
Fund Balances at Beginning of Year, Restated		<u>461</u>	<u>-</u>	<u>70</u>	<u>3</u>	<u>140</u>	<u>77</u>	<u>114</u>
Fund Balances at End of Year	\$	<u><u>493</u></u>	<u><u>-</u></u>	<u><u>85</u></u>	<u><u>3</u></u>	<u><u>9</u></u>	<u><u>82</u></u>	<u><u>114</u></u>

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**TOWN OF LITCHFIELD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
	Small Cities Grants	Miscellaneous Special Revenue	Scholarships	Other Post Employment Benefits	Total	Cemetery Trust	
Revenues:							
Intergovernmental	\$ 965	\$ 11	\$	\$	\$ 2,118	\$	\$ 2,118
Charges for services		55			1,220		1,220
Investment income					1		1
Other			3		8		8
Total revenues	965	66	3	-	3,347	-	3,347
Expenditures:							
Current:							
General government	74				283		283
Public works					807		807
Health and welfare	965	10			975		975
Recreation		56			133		133
Education			1	400	1,267		1,267
Total expenditures	1039	66	1	400	3,465	-	3,465
Excess (Deficiency) of Revenues over Expenditures	(74)	-	2	(400)	(118)	-	(118)
Other Financing Sources (Uses):							
Transfers in		50		250	393		393
Transfers out					(526)		(526)
Total other financing sources (uses)	-	50	-	250	(133)	-	(133)
Net Change in Fund Balances	(74)	50	2	(150)	(251)	-	(251)
Fund Balances at Beginning of Year, Restated	76	133	49	150	1,273	10	1,283
Fund Balances at End of Year	\$ 2	\$ 183	\$ 51	\$ -	\$ 1,022	\$ 10	\$ 1,032

**TOWN OF LITCHFIELD, CONNECTICUT**  
**SCHEDULE OF SEWER USE CHARGES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

<u>Usage Year</u>	<u>Balance Uncollected July 1, 2010</u>	<u>Current Year Charges and Adjustments</u>	<u>Collections</u>	<u>Balance Uncollected June 30, 2011</u>
2011	\$	\$ 790	\$ 743	\$ 47
2010	128		28	100
2009	75		3	72
2008	69		2	67
2007	73			73
2006	70			70
2005	70			70
2004	67			67
Total	\$ <u>552</u>	\$ <u>790</u>	776	\$ <u>566</u>
Interest and lien fees			<u>(17)</u>	
Total Collection			\$ <u>759</u>	

**TOWN OF LITCHFIELD, CONNECTICUT**  
**SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

<u>Usage Year</u>	<u>Balance Uncollected July 1, 2010</u>	<u>Current Year Levy and Adjustments</u>	<u>Collections</u>	<u>Balance Uncollected June 30, 2011</u>
Contract No. 13	\$ 230	\$	\$ 19	\$ 211
Contract No. 14	166		28	138
Contract No. 15	15		1	14
Contract No. 17	347		22	325
Contract No. 18	515		36	479
Total	<u>\$ 1,273</u>	<u>\$ -</u>	106	<u>\$ 1,167</u>
Interest and lien fees			<u>                    </u>	
Total Collection			<u>\$ 106</u>	

## TOWN OF LITCHFIELD, CONNECTICUT

## CAPITAL PROJECTS FUND

## PROJECT COMBINING BALANCE SHEET

**JUNE 30, 2011**  
**(In Thousands)**

	<u>Capital Improvements</u>	<u>Capital and Nonrecurring</u>	<u>Renovation of Schools</u>	<u>WPCA Capital Reserve</u>	<u>Total</u>
<b>ASSETS</b>					
Receivables, net	\$ 628	\$	\$	\$	\$ 628
Due from other funds	<u>2,757</u>	<u>370</u>	<u></u>	<u>70</u>	<u>3,197</u>
Total Assets	<u>\$ 3,385</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 3,825</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 151	\$	\$	\$ 3	\$ 154
Due to other funds			323		323
Bond anticipation notes payable	1,760		450		2,210
Deferred revenue	17				17
Total liabilities	<u>1,928</u>	<u>-</u>	<u>773</u>	<u>3</u>	<u>2,704</u>
Fund Balances (Deficit):					
Restricted	477				477
Committed	980	370		67	1,417
Unassigned			(773)		(773)
Total fund balances	<u>1,457</u>	<u>370</u>	<u>(773)</u>	<u>67</u>	<u>1,121</u>
Total Liabilities and Fund Balances	<u>\$ 3,385</u>	<u>\$ 370</u>	<u>\$ -</u>	<u>\$ 70</u>	<u>\$ 3,825</u>

TOWN OF LITCHFIELD, CONNECTICUT

CAPITAL PROJECTS FUND

PROJECT COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2011

(In Thousands)

	<u>Capital Improvements</u>	<u>Capital and Nonrecurring</u>	<u>Renovation of Schools</u>	<u>WPCA Capital Reserve</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:						
Intergovernmental	\$ 703	\$	\$	\$	\$	\$ 703
Other	95					95
Total revenues	<u>798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>798</u>
Expenditures:						
Capital outlay	<u>1,529</u>		<u>-</u>	<u>4</u>		<u>1,533</u>
Deficiency of Revenues over Expenditures	<u>(731)</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(735)</u>
Other Financing Sources (Uses):						
Transfers in	649	170	25		(219)	625
Transfers out	<u>(170)</u>	<u>(49)</u>		<u>(93)</u>	<u>219</u>	<u>(93)</u>
Total other financing sources (uses)	<u>479</u>	<u>121</u>	<u>25</u>	<u>(93)</u>	<u>-</u>	<u>532</u>
Net Change in Fund Balances	(252)	121	25	(97)	-	(203)
Fund Balances at Beginning of Year	<u>1,709</u>	<u>249</u>	<u>(798)</u>	<u>164</u>	<u>-</u>	<u>1,324</u>
Fund Balances at End of Year	<u>\$ 1,457</u>	<u>\$ 370</u>	<u>\$ (773)</u>	<u>\$ 67</u>	<u>\$ -</u>	<u>\$ 1,121</u>

## TOWN OF LITCHFIELD, CONNECTICUT

## AGENCY FUNDS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ 191	\$ 339	\$ 339	\$ 191
Liabilities:				
Due to student groups	\$ 191	\$ 339	\$ 339	\$ 191
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ 2	\$ 396	\$ 329	\$ 69
Accounts receivable	124	72	60	136
Total Assets	\$ 126	\$ 468	\$ 389	\$ 205
Liabilities:				
Performance bonds	\$ 126	\$ 468	\$ 389	\$ 205
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 193	\$ 735	\$ 668	\$ 260
Accounts receivable	124	72	60	136
Total Assets	\$ 317	\$ 807	\$ 728	\$ 396
Liabilities:				
Due to student groups	\$ 193	\$ 735	\$ 668	\$ 260
Performance bonds	124	72	60	136
Total Liabilities	\$ 317	\$ 807	\$ 728	\$ 396

## TOWN OF LITCHFIELD, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2011

(In Thousands)

Total tax collections, including interest and lien fees, received by Treasurer for the year ended June 30, 2011						\$ <u>24,174</u>
	<b><u>General Purpose</u></b>	<b><u>Schools</u></b>	<b><u>Sewers</u></b>	<b><u>Urban Renewal</u></b>	<b><u>Pension Deficit</u></b>	
Debt limitation:						
2-1/4 times base	\$ 54,392	\$	\$	\$	\$	
4-1/2 times base		108,783				
3-3/4 times base			90,653			
3-1/4 times base				78,566		
3 times base						<u>72,522</u>
Total debt limitation	<u>54,392</u>	<u>108,783</u>	<u>90,653</u>	<u>78,566</u>		<u>72,522</u>
Indebtedness:						
Bonds payable	6,696	18,409	4,615			
Bond anticipation notes payable		2,210				
Bonds authorized - unissued	1,095	9,475				
Less:						
School building grants - estimated		(9,107)				
Total indebtedness	<u>7,791</u>	<u>20,987</u>	<u>4,615</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>46,601</u>	\$ <u>87,796</u>	\$ <u>86,038</u>	\$ <u>78,566</u>	\$ <u>72,522</u>	

Note: In no event shall total debt exceed seven times annual receipts from taxation (\$169 million).

## TOWN OF LITCHFIELD, CONNECTICUT

## PRINCIPAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>Nature of Operations</u>	<u>Taxable Assessed Value as of 10/1/08</u>
Connecticut Light & Power	Power Company	\$ 11,327,800
White Memorial Foundation	Leased Land for Cottages	6,669,120
City of Waterbury	Watershed	6,185,200
CRP/BWN LLC (Sarah Pierce)	Health Care Facility	5,365,493
6645 Federal Square Realty LLC	Commercial Real Estate	3,428,980
Arethusa Farm	Farming	3,192,490
Aquarion Water Co.	Water Supply	2,328,440
Litchfield Developers	Commercial Real Estate	2,396,100
Laurel Ridge	Rental of Property and Farming	2,275,480
Union Savings Bank	Bank	<u>2,258,150</u>
Total		<u>\$ 45,427,253</u>

Source: Town of Litchfield, Office of Tax Assessor

**TOWN OF LITCHFIELD, CONNECTICUT**  
**TAXABLE GRAND LIST**

<u>Grand List</u>	<u>Real Estate</u>	<u>Personal</u>	<u>Motor Vehicle</u>	<u>Gross Taxable Grand List</u>	<u>Less Exemptions</u>	<u>Net Taxable Grand List</u>
10/1/2009	\$ 1,009,412,020	\$ 26,812,897	\$ 66,633,028	\$ 1,102,857,945	\$ 2,892,510	\$ 1,099,965,435

Source: Town of Litchfield, Office of Tax Assessor

**TOWN OF LITCHFIELD, CONNECTICUT**  
**CALCULATION OF DIRECT DEBT AND NET DIRECT DEBT**  
**JUNE 30, 2011**

Long-Term Indebtedness (1):	
Bonds:	
General Purpose	\$ 6,696,000
Schools	18,409,000
Sewers	1,138,650
State of Connecticut PLO (Clean Water Fund)	<u>3,476,540</u>
Total Long-Term Indebtedness	29,720,190
Short-Term Indebtedness:	
Bond Anticipation Notes	<u>2,210,000</u>
Total Direct Debt	31,930,190
Exclusions (2):	
Sewer assessments receivable	(1,167,021)
Sewer use charges receivable	<u>(564,609)</u>
Total Net Direct Debt	<u>\$ 30,198,560</u>

(1) Does not include authorized but unissued debt of \$1,488,111

(2) Grants and receivables applicable to authorized and unissued debt are not included

Note: The Town has no overlapping or underlying indebtedness.

## TOWN OF LITCHFIELD, CONNECTICUT

## CURRENT DEBT RATIOS

JUNE 30, 2011

Total Direct Indebtedness	\$	31,930,190
Total Net Direct Indebtedness	\$	30,198,560
Population (7/1/09) (1)		8,686
Net Taxable Grand List (10/1/09)	\$	1,099,965,435
Estimated Full Value	\$	1,571,379,193
Equalized Net Taxable Grand List (2009) (2)	\$	1,538,582,916
Per Capita Income (1999) (3)	\$	30,096
Total Direct Indebtedness:		
Per Capita	\$	3,676.05
To Net Taxable Grand List		2.90%
To Estimated Full Value		2.03%
To Equalized Net Taxable Grand List		2.08%
Per Capita to Per Capita Income		12.21%
Total Net Direct Indebtedness:		
Per Capita	\$	3,476.69
To Net Taxable Grand List		2.75%
To Estimated Full Value		1.92%
To Equalized Net Taxable Grand List		1.96%
Per Capita to Per Capita Income		11.55%

(1) U.S. Bureau of Census

(2) Office of Policy and Management, State of Connecticut

(3) U.S. Department of Commerce, Bureau of Census, Census 2000

Source: Town of Litchfield, Office of Director of Finance