

Town of Granby Connecticut



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

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Fiscal Year Ended June 30, 2012

Prepared by:

Administration/Finance Departments

William F. Smith, Jr.
Town Manager



Barbarajean C. Scibelli
Administration Finance Officer

TOWN OF GRANBY, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2012

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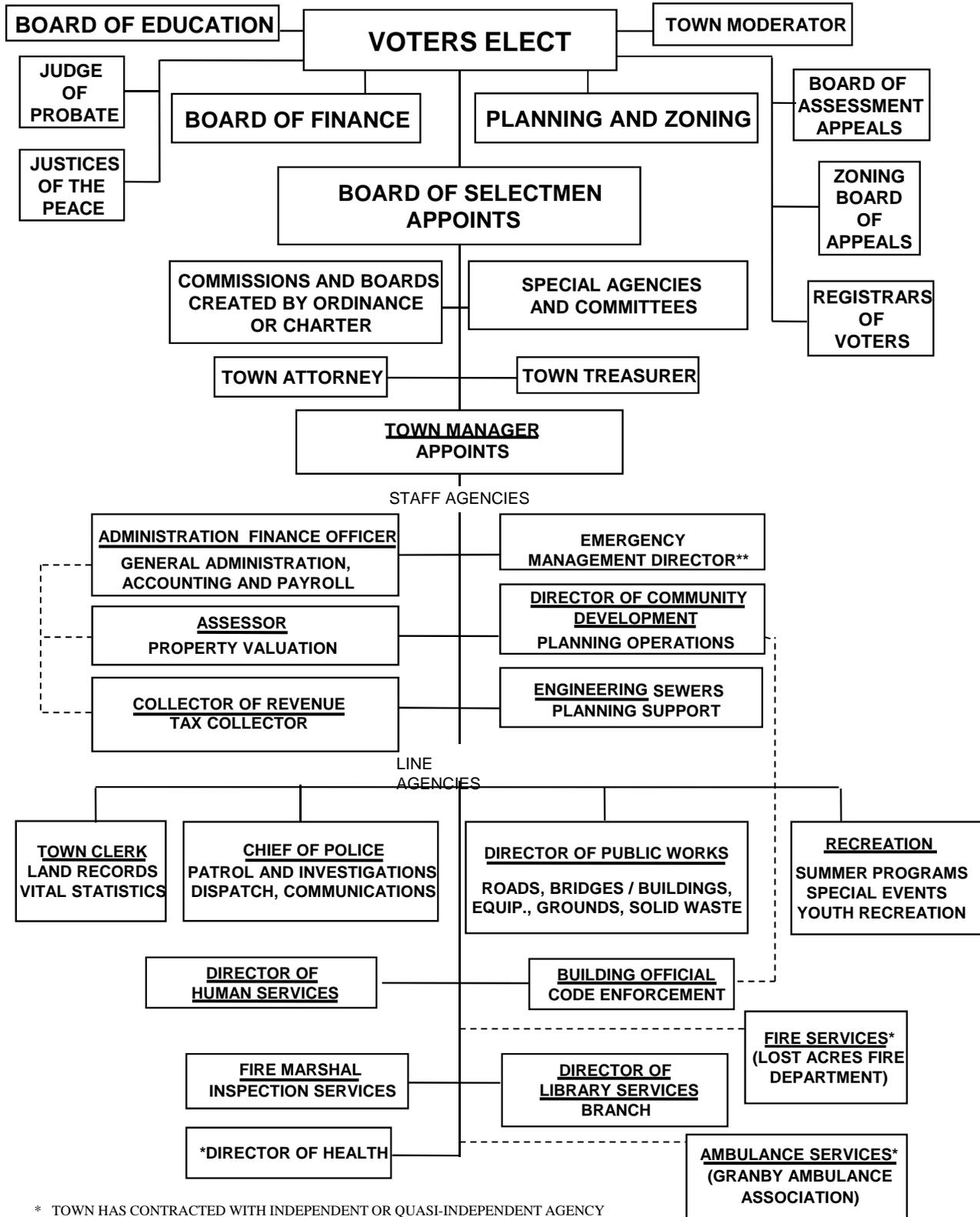
Introductory Section

TOWN OF GRANBY

Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term</u>
First Selectman	John E. Adams	Elected	2 years
Selectman	Mark C. Neumann	Elected	2 years
Selectman	Ronald F. Desrosiers	Elected	2 years
Selectman	B. Scott Kuhnly	Elected	2 years
Selectman	Sally S. King	Elected	2 years
Town Manager	William F. Smith, Jr.	Appointed	Indefinite
Town Clerk	Karen I. Hazen	Appointed	Indefinite
Collector of Revenue	Lauren C. Stuck	Appointed	Indefinite
Assessor	Susan J. Altieri	Appointed	Indefinite
Treasurer	Roger A. Hensdorf	Appointed	2 years
Administration Finance Officer	Barbara Jean C. Scibelli	Appointed	Indefinite
Board of Finance - Chair	Michael B. Guarco, Jr.	Elected	4 years
Board of Education - Chair	James C. Heminway, Jr.	Elected	4 years
Superintendent of Schools	Alan Addley	Appointed	3 years
Town Attorney	Donald R. Holtman	Appointed	2 years

TOWN GOVERNMENT GRANBY, CONNECTICUT



* TOWN HAS CONTRACTED WITH INDEPENDENT OR QUASI-INDEPENDENT AGENCY
 ** THE EMERGENCY MANAGEMENT DIRECTOR HAS A COOPERATIVE RELATIONS WITH ALL TOWN DEPARTMENTS, AND EXTERNAL AND SUPPORT AGENCIES. ADDITIONAL SUPPORT STAFF PROVIDED AS NEEDED.



TOWN OF GRANBY
Incorporated 1786

15 NORTH GRANBY ROAD
GRANBY, CONNECTICUT 06035-2125
(860) 844-5300

WILLIAM F. SMITH, JR.
TOWN MANAGER

December 5, 2012

Town of Granby
Granby, Connecticut

To the members of the Board of Selectmen, Board of Finance, and citizens of the Town of Granby:

It is a pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Granby (the "Town") for the fiscal year ended June 30, 2012. The appointed auditors from Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unqualified opinion on Granby's financial statements for the Fiscal Year 2011-12. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the Town. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient dependable information for the preparation of the Town's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town's detailed configuration of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual audit in conformity with the provisions of the Federal Single Audit Act and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. Copies of these reports are on file in the Town Clerk's office.

Profile of the Government

The Town of Granby covers approximately 40.8 square miles and is located sixteen miles northwest of Hartford. Granby is surrounded by the Connecticut towns of Barkhamsted, Canton, Hartland, Suffield, East Granby, Simsbury, and the Massachusetts towns of Granville and Southwick located to the north of Granby. Granby is primarily a rural residential community; however, there are a number of commercial business establishments in the Town. The Town's 2012 population is 11,291, an increase of .63% from the 2010 Census. The Town, originally part of the Town of Simsbury, was incorporated in 1786.

The Town functions under the Selectmen-Town Manager form of government. A Town Charter was first adopted in 1960. The Town Charter was last revised November 6, 2012. A Charter Revision Committee was appointed in the fall of 2011 in order to comply with the requirements of the Town Charter and the Connecticut General Statutes. The vote on November 6, 2012 approved the changes recommended by the Charter Revision Committee. The most significant change was in the budget approval process, which will now be by automatic referendum.

The legislative body of the Town is the Board of Selectmen. The Board of Selectmen consists of five members, including a separately elected First Selectman who serves as Chairman and presiding officer of the Board. The Board and the First Selectman each are elected at-large for two-year terms. The Board of Selectmen appoints the Town Manager who is the Chief Executive Officer of the Town. The Town Manager is responsible to the Board of Selectmen for the supervision and administration of town departments and its boards and commissions, except those elected by the people. The Board of Selectmen appoints the Town Treasurer and the Town Attorney for two-year terms.

The Board of Education membership consists of seven members, elected at-large for four-year overlapping terms. The election of members is conducted in accordance with the Town Charter and section 9-204b of the General Statutes.

A six-member elected Board of Finance serves as the town's budget-making authority. Board members are elected for four-year overlapping terms. The Board of Finance appoints the town auditor and recommends the annual town budget for town approval.

The Administration Finance Officer oversees the accounting division and assists the Town Manager in administration of finance and administrative operations. This office administers the accounts for all town funds. The Assessor's office discovers, lists and prices real estate, personal property, and motor vehicles for the purposes of taxation. The Collector of Revenue collects taxes, interest, and fees on all taxable property in the Town. This office also bills, collects, processes, and deposits money from all town departments. The Town Treasurer oversees the Town's bank deposits and trust funds and countersigns all checks for payment made with town funds.

The Town provides the following municipal services as authorized by Charter or by the Board of Selectmen: public safety (police protection and dispatch services for fire and ambulance); library; parks and recreation; public works; senior and youth services, health and social services; community development; education; and general administrative services.

Economic Condition and Outlook

Granby's local economy is primarily a component of residential properties and local businesses. Granby's housing base is made up primarily of single-family homes and the average homeownership rate is about 90%. In 2011 the median home price in Granby was \$307,000. Granby's median home sales price is \$30,000 or more above the average sales price in the State of Connecticut. The Town's residential component comprises about 94% of its tax base. In addition to the single family homes, Granby has six condominium developments containing 301 units. Granby's multifamily housing is located within Granby Center and along the southern Route 10 corridor where public water and public sewer is available and where natural gas lines were recently extended. This infrastructure can support additional multifamily units and inquiries have been made regarding the constructions of such units. In 2010 the Town extended the sewer line by approximately 3,000 feet along Canton Road, Archie Lane and Burleigh Drive. Residents continue to connect to the new line, which has generated additional investment within the area.

The southern area of Salmon Brook Street (Route 10) is viewed as a continuing growth area. This area has experienced the greatest amount of new commercial development over the past nine years with over 110,000 square feet of new building space constructed. In 2011 the Doctor's Treatment Center and an Urgent Care Occupational Medicine facility opened within this area. The area has also seen the most significant addition of residential development with over \$14,000,000 in assessed value added from the Hunt Glen development. A new 30 unit apartment complex has received initial zoning approval and should be under construction in 2013.

Recognizing the changes that are occurring within this area, the Town adopted a transitional zoning district within the immediate area. The Farmington Valley YMCA complex is located in this zone. The YMCA has been in operation since 2004. Additional mixed-use development is anticipated within the area and the Town is confident that it has provided the means for future quality construction that can serve Granby and the surrounding communities.

In addition to the above, located just south of the Stop & Shop Plaza is the world headquarters of Imperial Nurseries, a division of River Bend Associates, Inc. Imperial is one of the largest growers of ornamental woody and herbaceous plants in containers in the eastern United States with operations in Connecticut and Florida. River Bend owns over 200 undeveloped acres within this area, which is zoned for economic development.

Overall, business activity is designed primarily to serve Town residents and, to a degree, the region. Most retail, office, and personal services are located within the Granby Center. Granby Center has experienced significant changes over the years and now includes medical, attorney, real estate, financial, architectural, engineering, surveying, and other office types normally found within a thriving Town Center. Retail services range from national and local drug stores, a supermarket, health food store, specialty stores, hardware and carpeting stores, package stores, and more. Most recently a new Windsor Savings Bank branch was constructed in Granby Center. This branch is larger and more modern than the branch it replaces. It is located near and has pedestrian and vehicular linkages to the recently renovated Cumberland Farms store. Both buildings are constructed in a traditional design and with common elements that are encouraged throughout the Center area. Naturally, the Center has several restaurants. These range from the fast food national chain stores to a bagel shop, local eateries, and a Starbucks. Also included are restaurants serving Mexican, Chinese, Italian, and continental cuisines. The Town has supported its Center businesses with flexible zoning regulations, through business linkage initiatives, sidewalks, and the installation of traditional street lighting enhancements. Over the past few

years the Town added over 2,000 feet of new sidewalk improvements to this area. The Town intends to add an additional 2,500 feet of sidewalk to this area in 2013.

A variety of businesses are located to the north of Granby Center. These businesses include: Arrow Concrete, a state of the art industrial concrete plant containing 50,000 square feet; State Line Oil and State Line Propane also provide local fuel delivery service to the area. There are a variety of other industrial and retail service buildings within this area and the area continues to see façade and general improvements to buildings. In 2011/2012 a new 10,000 square foot industrial building was under construction within this area. Overall, this area should see additional industrial and commercial construction to meet the demand of local contractors.

While Granby is known as a highly desirable residential community, it continues to have an important commercial base. Local government in Granby has earned an exemplary reputation for its work in fostering new business, as well as assisting existing businesses.

The Town's Grand List is comprised of a balanced mix of manufacturing and light industry and its top ten taxpayers represent about 3.2% of the total assessed value on the October 1, 2010 Grand List. The Town's last revaluation was effective for the October 1, 2007 Grand List. A state mandated revaluation is scheduled for the Town's October 1, 2012 Grand List, which will be available in early 2013. The Town's 2010 Grand List saw an increase of approximately .7% due to residential additions and the purchase of new vehicles. The Town's property tax collection rate for the year ended on June 30, 2012 was \$374,613 above the budgeted amount. This represents a 101.2% tax collection rate. For Fiscal Year 2012, building permit activity fees totaled \$137,420. This increase of \$25,389 was mostly due to renovation activity by homeowners. Town Clerk fees for 2011-12 were \$192,681. This was an increase of \$11,282 due to mortgage activity and other services offered. As of 2011 Granby's median household income was \$101,790. This exceeded the country average of \$65,589 by \$36,201 and exceeded the state average by \$31,085. The Town's October 2012 unemployment rate of 6.0% compared favorably to the statewide average of 8.6% and the national average of 7.9%. The Town's unemployment rate has fallen steadily since January of 2011 when it was 7.1%.

Long Term Financial Planning

Town staff developed a multi-year long-range model for operations and major capital projects that shows previous budget activity and proposed future activity. The computer model considers future grand list growth, revenue projections, operating budgets, fund balance and other reserves, and mill rate increases.

The Board of Selectmen appointed a committee, the Capital Program Priority Advisory Committee (CPPAC), to oversee and report to the Selectmen on major capital projects. The Committee consists of two members each of the Boards of Selectmen, Finance, and Education. The Town Treasurer is the seventh member of the Committee. Once CPPAC proposes a major capital program, it is brought to the Selectmen for review and approval. This Committee approved various projects for the Board of Selectmen to consider in Fiscal Year 2011-12. The town approved 11 different projects on January 17, 2012 for a total cost of \$11,400,000. The net cost after grants is expected to be \$8,400,000. Among other items, the projects range from purchases of land, refurbish tennis courts, replacement of the Granby Public Library roof, a new Salmon Brook Park Pond House, an addition to the Public Works facility, new computer lab at the high school, and new athletic fields at the high school including updating the track, lighting, score board, and handicap access.

Relevant Financial Policies

Every fall, a Plus-One Budget is developed for short-term budget planning. It identifies existing budget needs, typically items over \$5,000, for the upcoming fiscal year. The Plus-One Budget is reviewed by the operating boards and forwarded to the Board of Finance. A Three Board meeting (Board of Selectmen, Board of Education, and Board of Finance) is then held in January to review where the town is financially. This leads to the development of a budget guideline set by the Board of Finance in February.

During budget preparation goals and objectives are reviewed annually. They have remained fairly constant for several years. Some of the policies include: Maintain or increase the effectiveness and efficiency of town services, pay by cash for capital expenditures when deemed appropriate, update the long-range operating and capital forecast models, and budget reasonable user fees as a revenue source.

The Town is currently looking at ways to increase staff over a five-year period because service effectiveness and efficiencies are wearing thin. With the increased age in staff, there is an awareness that as retirements occur, the same level of services will not be able to be offered. In addition, there are staff service demands in the work force for general police and public works activities.

Major Initiatives

The Board of Selectmen appointed three working committees for future capital projects. The committees reviewed athletic field needs for the town and school, replacement of the town's Salmon Brook Park Pond House, and equipment storage needs for the town and school. All the committees presented their final reports to the Selectmen. A Library Expansion Study Committee was also appointed and their report indicates that the public library may need to be expanded. All projects were on hold for a plan to accomplish many of these projects. Some of the projects are currently being considered for bonding to take advantage of low interest rates. As mentioned previously, some of the proposed projects were approved - Salmon Brook Park Pond House, equipment storage and wash bay for the town, and athletic fields for the school.

The Town participated with the State of Connecticut to purchase development rights for a local farm. The town also purchased land for future town use.

Regional Initiative

The Town is a leader in the state for participating in regional initiatives in order to have programs that would otherwise not be practical to offer on our own. The latest regional effort was the purchase of equipment with six area towns through a grant program that will assist with trail maintenance that runs through these towns. The Town continues with efforts to participate in future regional initiatives.

Budgetary Control

On or before the third Monday in March of each year, the Town Manager submits to the Board of Selectmen a proposed budget including estimated revenues for the Town for the ensuing fiscal year beginning July 1. The proposed budget includes proposed expenditures for the town, except for Board of Education operations, which are separately submitted to the Board of Finance. On or before the first Monday in April, the Board of Selectmen and the Board of Education each

present to the Board of Finance a proposed annual operating budget. On the second Monday of April a public hearing is called by the Board of Finance. An annual budget vote is held on the fourth Monday in April; the vote may adopt the budget. If the budget is not adopted, the budget goes to another informational hearing and vote until passed. It may be amended at any time by the Board of Finance.

Upon request from the Town Manager and with approval by the Board of Selectmen, the Board of Finance may transfer appropriations from one classification to another, except within the Board of Education. The Board of Finance may also make additional special appropriations, provided that the resolution making the appropriation includes certification from the Town Manager that the appropriation does not exceed 1-½% of the annual tax levy. Special appropriations above 1-½% require special town meeting approval called by the Board of Selectmen.

The Town's budgeting system for the General Fund requires accounting for certain transactions to be on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between a Budget basis and a GAAP basis is that on a Budget basis encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued. On a Budget basis, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures in that year. On a GAAP basis, encumbrances at year-end are recorded as reservations of fund balance. Additionally, the State of Connecticut makes payments, on behalf of Granby teachers, into the state teacher retirement system. They are reported for GAAP purposes only.

Budgetary control is maintained by an encumbrance system. All purchases, except certain services as outlined in the Town's Purchasing Policy, require a purchase requisition and a purchase order. In addition, purchases over \$1,000 require evidence that bids or at least three quotations were received and that the lowest quote, consistent with quality, was selected.

All unencumbered appropriations lapse at year-end, except in the capital projects funds where appropriations are continued until the completion of projects. Budgetary control in a capital project fund is achieved by constraints imposed by project authorization or grant awards related to the fund.

Cash Management

Connecticut law restricts investments of municipal funds to direct and indirect securities of the U.S. Government and deposits at qualified banks. Any uninsured and uncollateralized deposits in institutions must be invested in "qualified public depositories" covered under Connecticut General Statutes. State law requires that each financial institution accepting public deposits be responsible for pledging collateral for its public deposits, based on each bank's risk-based capital ratio. In addition, by Connecticut statute, a public depository may not accept deposits from any one municipality, which would exceed 75 percent of the capital of the depository.

During the fiscal year, idle cash is invested principally in: Cooperative Liquid Assets Security System (CLASS) account; State of Connecticut Treasurer's Short-Term Investment Fund (STIF); TD Bank; Windsor Savings Bank, and Farmington Bank. Short-term interest rates continued to decrease significantly during the year as a result of actions by the Federal Reserve and the stock market. Simsbury Bank, where a large portion of the Town's idle cash is invested, yielded .5% on July 1st and by year-end (June 30, 2012) investment income decreased to .1%. The Town continually reviews its short term investment policy to maximize its investment return.

Risk Management

The Town has a partially self-insured Administered Services Only account with the employee health insurance carrier, Anthem Blue Cross/Blue Shield, which is accounted for in the Town Health Benefits Fund (Internal Service Fund). The Town, Board of Education, and employees contribute funds to cover costs associated with providing medical benefits to current full-time employees and eligible former employees. The Town pays claims up to \$100,000 per participant per year with an individual stop loss policy covering amounts exceeding that limit. After careful review, the aggregate stop loss policy that would cover claims exceeding 125% of total estimated claims for the year was dropped a couple of years ago. The Town never made use of this coverage. The Town seeks to maintain a reserve in the Health Benefits Fund of at least 25% of expected claims. This reserve is intended to cover the Town's claims exposure; that is, the difference between the expected or estimated claims for the plan year, which the Town budgets annually. The Granby Employee Health Benefits Advisory Committee reviews the Town's health benefit budget requirements with the assistance of Lindberg & Ripple Inc., the Town's agent for employee health insurance benefits.

In 2009, the Town engaged the actuarial firm of Milliman USA to prepare a valuation as to how the Town and the Board of Education might be fiscally impacted relative to providing post-retirement healthcare benefits for eligible retirees. The Town has met the mandatory implementation date, as required in Governmental Accounting Standards Board (GASB) Statement No. 45, by adopting a systematic plan to phase in the costs associated with *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (OPEB). The Town will continue to update the valuation every two years. The July 1, 2011 valuation was recently received.

The Town has insurance coverage for workers compensation, general liability, automobile liability, physical damage, and professional liability. Coverage is provided from the Connecticut Interlocal Risk Management Association (CIRMA). The Town engaged Robert J. Dean Associates to determine the Town's insurance needs, and they review insurance proposals, loss data and other information, and make recommendations to the Town Manager and Board of Education to review and monitor our insurance program and experience.

Other Information

Independent Audit

Connecticut General Statutes require that all municipalities have their accounts audited annually by an independent public accountant as required under Connecticut General Statutes Section 7-392. The Board of Finance appointed Blum, Shapiro & Company, P.C., certified public accountants, to conduct the 2011-12 Town's audit. The independent auditors' report is included in this document.

Certificate of Achievement

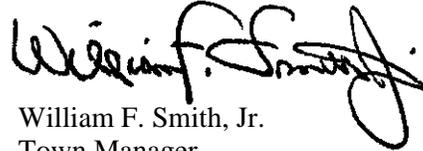
This report has been prepared following the guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB). The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable

legal requirements. A **Certificate of Achievement**, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town has received this award for six years now. The Town intends to submit this report to GFOA for review under this program.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Board of Selectmen, Board of Finance, and the Finance Department, especially Administration Finance Officer, Barbarajan C. Scibelli and her staff. I would like to express my appreciation to them and other town departments who assisted in compiling this report. My office aims to provide support and advice necessary to carry out the policies of the Granby Board of Selectmen and Board of Finance, along with any challenging issues that may confront Granby in the years ahead.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William F. Smith, Jr.", written in a cursive style.

William F. Smith, Jr.
Town Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Granby
Connecticut

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

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



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

Board of Finance
Town of Granby, 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 Granby, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Granby, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Granby, Connecticut'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 Granby, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012 on our consideration of the Town of Granby, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the budgetary comparison information on pages 49 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Blum, Shapiro & Company, P.C.

December 5, 2012

Management's Discussion and Analysis

This Annual Financial Report is compiled using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as the managers of the Town of Granby, prepare a report that focuses on our most important, or "major" funds, including the general fund.

Fund statements measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Budgetary compliance remains an important part of governmental accountability. Our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Granby's financial position has improved or deteriorated as a result of the year's operations. The annual financial report includes government-wide financial statements prepared on the accrual basis for all of the government's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the government-wide financial statements will assist the reader to:

- Assess the finances of Granby in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, schools, parks, and other infrastructure assets;
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- * **Management's Discussion and Analysis (MD&A)** – An introduction to the basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions, or conditions. The MD&A
 - Includes comparisons of the current year to the prior year based on government-wide information;

- Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
- Analyzes significant changes in fund and major budget variances;
- Describes capital asset and long-term debt activity during the year;
- Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

✳ **Basic Financial Statements**

- **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Town of Granby's finances, in a manner similar to private-sector business.
 - *Government-Wide Financial Statements* include a *statement of net assets* which presents information on all of the Town of Granby's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Granby is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation and sick leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government. Both of the government-wide financial statements distinguish functions of the Town of Granby that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works and environment, recreation and social services, education, and interest on long-term debt.
 - Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with accumulated depreciation expense in the statement of net assets. Net assets are reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net assets are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items

are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

➤ ***Fund Financial Statements*** are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Granby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental fund* financial statements include financial data for the general fund, special revenue funds, capital projects, debt service, and permanent funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it is useful to compare the information presented for *governmental activities* in the government-wide financial statements with similar information presented for *governmental funds* in the long-term impact of the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Town of Granby maintains thirty-seven individual governmental funds. The thirty-two special revenue funds, a debt service fund, and two permanent funds are included in the nonmajor governmental funds category. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, both of which are considered to be major funds. Data from the other thirty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the thirty-five nonmajor governmental funds is provided in the form of *combining statements* under Supplemental Information, *Exhibits B1 and B2*. The Town of Granby adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget appropriations.
- *Proprietary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Town of Granby

maintains one type of proprietary fund, an internal service fund. *Internal service funds* are an accounting device used to calculate and allocate costs internally among the Town of Granby's various functions. The Town uses an internal service fund to account for its employee health benefits, collecting employer and employee payments and disbursing payments as required. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Granby's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net assets, a statement of revenues, expenses, and changes in net fund assets, and a statement of cash flows. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund and for the capital projects fund, the two major governmental funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Non-major funds are reported in the aggregate in a separate column as are internal service funds on the proprietary fund statements.

Governmental fund balances are segregated into five categories: nonspendable, restricted, committed, assigned, and unassigned. (See Exhibit III – Balance Sheet, Governmental Funds and Note 1.J. of the Notes to the Financial Statements for a detailed explanation).

Proprietary fund net assets are reported in the same categories required for government-wide financial statements. Proprietary fund statements of net assets distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net assets.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. We must show a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary fund statements also disclose interfund loans, interfund services provided and used, and interfund transfers.

➤ Notes to the Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.

➤ Required Supplementary Information (RSI)

- Consists of MD&A and budgetary comparison schedules.
- Includes budgetary comparison schedules for the general fund to demonstrate whether resources were obtained and used in accordance with the legally adopted budget.

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

As management of the Town of Granby, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here and in the Town's financial statements, Exhibits I to IX, and the Notes to the Financial Statements.

Financial Highlights

- The assets of the Town of Granby exceeded its liabilities at the close of the most recent year by \$56,334,211 (net assets). Of this amount, \$9,103,401 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$694,414.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$7,426,108, a decrease of \$1,185,406 in comparison with the prior year. Unrestricted fund balance amounted to a collective \$5,840,471, or 11.83% of total revenues of \$49,371,188.
- At the end of the 2012 fiscal year, unrestricted fund balance for the general fund was \$3,537,640. Unrestricted general fund balance represents 8.12% of total general fund revenues of \$43,587,000.
- The Town of Granby's bonded debt decreased by \$2,357,500 (9.66%) during the current fiscal year to \$22,045,000.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Granby, assets exceeded liabilities by \$56,334,211 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets, \$46,714,142 (82.92%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town of Granby uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1. Net Assets

	Governmental Activities	
	2012	2011
Current and other assets	\$ 17,822,317	\$ 12,907,702
Capital assets, net of accumulated depreciation	70,967,875	73,383,592
Total assets	<u>88,790,192</u>	<u>86,291,294</u>
Long-term debt outstanding	25,573,726	27,864,935
Other liabilities	6,882,255	1,397,734
Total liabilities	<u>32,455,981</u>	<u>29,262,669</u>
Net Assets:		
Invested in capital assets, net of debt	46,714,142	47,290,152
Restricted	516,668	580,009
Unrestricted	<u>9,103,401</u>	<u>9,158,464</u>
Total Net Assets	<u>\$ 56,334,211</u>	<u>\$ 57,028,625</u>

A portion of the Town's net assets, \$516,668 (0.92%), represents resources that are subject to external restrictions on how they may be used. An amount of \$499,453 is set aside for debt service and \$17,215 is restricted for expendable trust purposes. The remaining balance of *unrestricted net assets*, \$9,103,401, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Granby is able to report positive balances in all three categories of net assets both for government as a whole as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

The government's net assets decreased by \$694,414 from operations during the current fiscal year driven primarily by a net decrease in governmental fund balances of \$1,185,406 and an excess of depreciation expense over new capital outlays of \$1,450,462. In addition, capital asset

transactions contributed another \$965,255 decrease in net assets. Offsetting these decreases, debt and lease payments (net of new leases of \$576,697) added to net assets by a net \$2,439,853.

The Town brought in total general revenues of \$32,131,559 which was less than its net program expenses of \$32,825,973 by the amount of the net asset decrease. Gross expenses of \$49,954,589 were offset by \$4,411,328 in charges for services, \$5,000 in capital grants and contributions, and \$12,712,288 in operating grants and contributions. The balance of the Town's total revenues of \$49,260,175 came in the form of \$31,780,364 of local property tax collections, \$243,685 as unrestricted grants and contributions, \$50,789 of unrestricted investment earnings, and \$56,721 of miscellaneous income. Of the net program expenses, \$21,199,782 was accounted for by the Board of Education. Net public works and environment expenses accounted for \$3,544,567, general government \$3,603,500, public safety \$2,489,817, recreation and social services \$831,414, and interest on long-term debt \$1,156,893.

Governmental activities. Governmental activities decreased the Town's net assets by \$694,414 as discussed above and shown below, accounting for 100% of the total increase in our net assets. Key elements of this increase are as follows:

Table 2. Changes in Net Assets

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$ 4,411,328	\$ 3,957,849
Operating grants and contributions	12,712,288	10,373,500
Capital grants and contributions	5,000	3,010
General revenues:		
Property taxes	31,780,364	31,186,112
Grants and contributions not restricted to specific purpose	243,685	309,868
Unrestricted investment earnings	50,789	130,285
Other general revenues	56,721	225,388
Total revenues	<u>49,260,175</u>	<u>46,186,012</u>
Program Expenses:		
General government	3,409,503	2,998,464
Public safety	4,479,475	2,591,207
Public works and environment	4,190,121	4,392,440
Recreation and social services	1,347,257	1,325,150
Education	35,371,340	32,901,246
Interest on long-term debt	1,156,893	1,273,511
Total program expenses	<u>49,954,589</u>	<u>45,482,018</u>
Increase (Decrease) in Net Assets	<u>\$ (694,414)</u>	<u>\$ 703,994</u>

On the revenue side, total revenues from the prior year increased by \$3,074,163 (6.66%). Charges for services were up by a net \$453,479 with \$475,362 attributable to the Board of Education. Operating grants and contributions were up by \$2,338,788 with \$1,493,004

contributed by public safety with receipt of the federal FEMA grant for the October storm and hurricane Irene and \$771,053 by the Board of Education due to increased state on-behalf-of retirement payments into the State Teachers' Retirement Fund. Property tax collections saw a solid increase of \$594,252 (1.91%) despite the current economy. Gross expenses of \$49,954,589 increased \$4,472,571 over last year due to general government (\$1,160,794), public safety (\$1,888,268), and education (\$1,720,339). General Government was higher due to accounting write offs of disposed equipment (\$759,567), miscellaneous expenses up (\$94,888), and unbudgeted consultants/contracts (\$89,926). Public safety experienced over-budget demands as a result of the two storms. Much of the Board of Education overage was due to a write off of obsolete or previously disposed of vehicles and equipment not earlier accounted for.

Chart 1 following presents the costs of each of the Town's six 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.

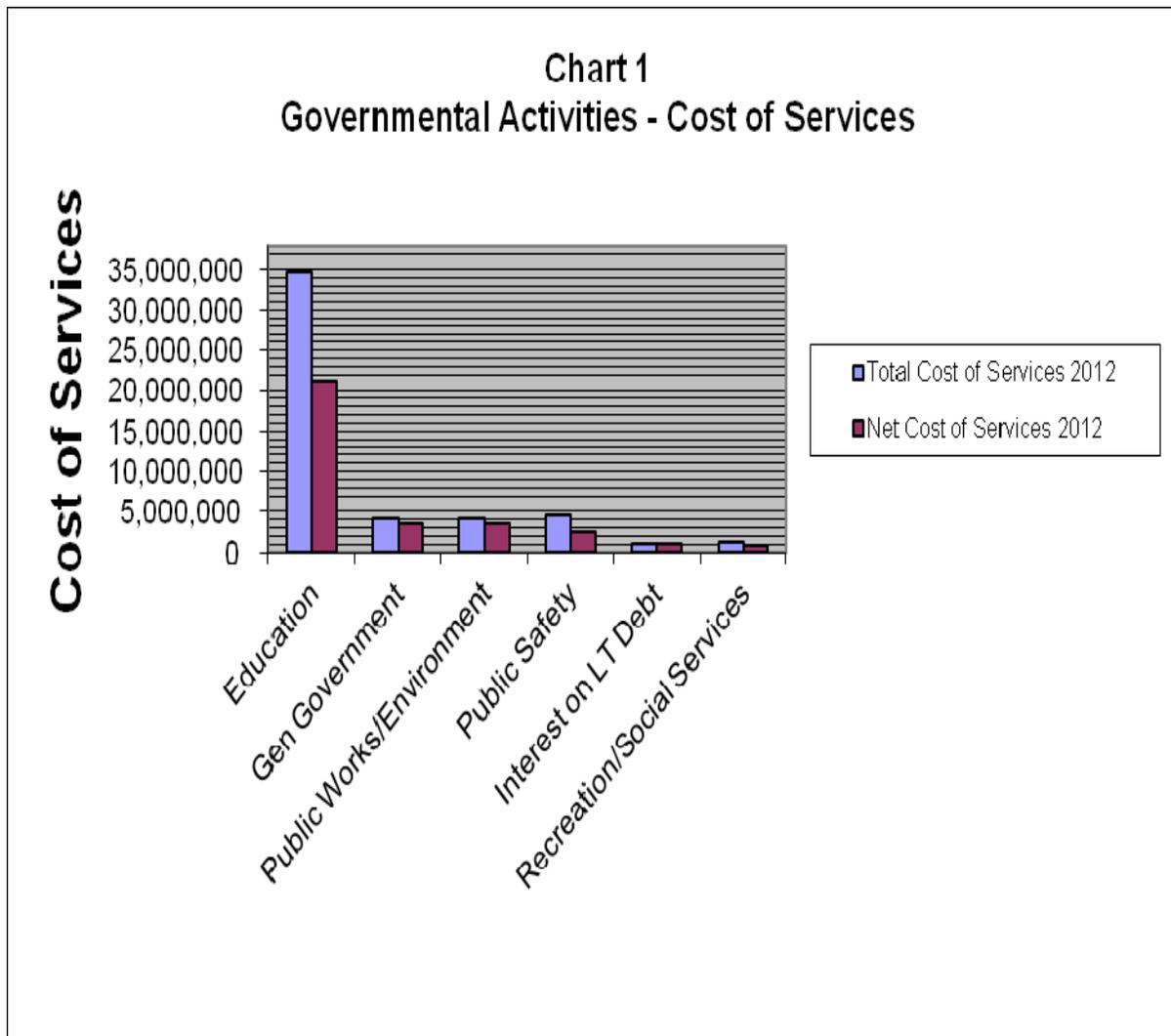
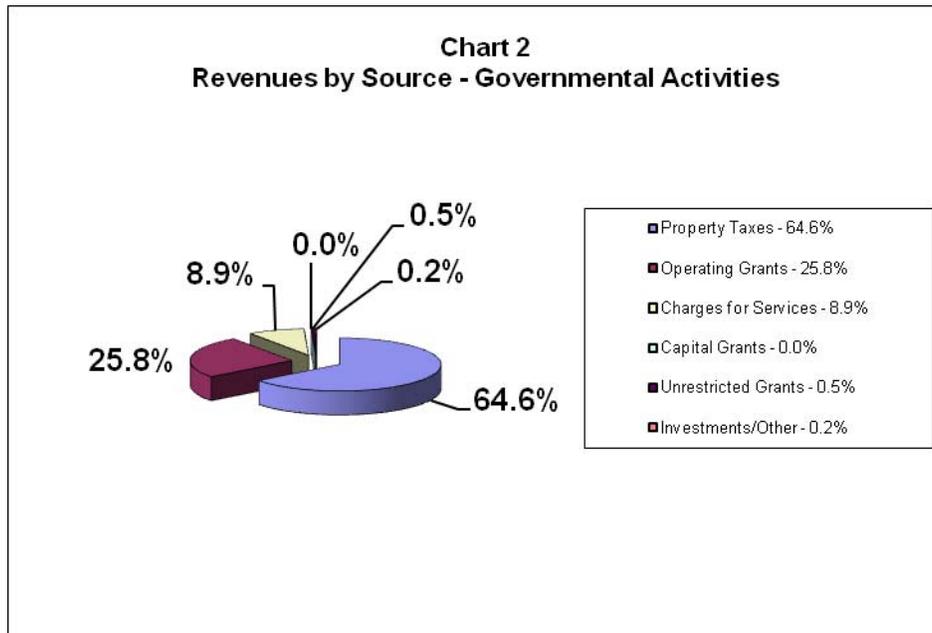


Chart 2 following indicates the sources of all Town revenues and the percentage of total Town revenue these individual revenues represent.



Financial Analysis of the Government’s Funds

As noted earlier, the Town of Granby 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 of Granby’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$7,426,108, a decrease of \$1,185,406 in comparison with the prior year. Unrestricted fund balance, which is available for spending at the government’s discretion, amounts to \$5,840,471. The new method of presenting fund balance defines *unrestricted fund balance* as the sum of *committed, assigned, and unassigned* fund balances. The General Fund, the Capital Projects Fund, and the Other Governmental Funds all posted positive fund balances for the year. Nonspendable fund balance in the amount of \$18,999 is not available for new spending because it represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts and restricted fund balance of \$1,566,638 represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments, specifically, \$499,453 for debt service and \$1,067,185 for grants.

The general fund is the chief operating fund of the Town of Granby. At the end of the current fiscal year, the unrestricted fund balance (and total fund balance) of the general fund was

\$3,537,640. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance (and total fund balance) represents 8.12% of total general fund revenues of \$43,587,000.

The fund balance of the Town's general fund decreased by \$921,564 during the current fiscal year. We completed the year with an operating deficit of \$91,546, and with net transfers out of \$830,018 to our capital projects fund and a variety of nonmajor special revenue funds for budgeted expenditures, we further drew down fund balance to a closing \$3,537,640.

The capital projects fund balance fell \$846,805 to \$224,762 reflecting \$2,540,411 of capital expenditures including two land purchases, work on the Silver Street Bridge, various building improvements, and the purchase of buses and technology equipment by the Board of Education. We issued \$5,000,000 of bond anticipation notes and entered into \$576,697 of capital leases to fund most of these improvements.

Proprietary fund. The Town of Granby's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As indicated earlier, we use an internal service fund to account for employee health benefits.

Net assets of the internal service fund at the end of the year amounted to \$3,122,251, up \$493,186 from FY 2011, all of which is unrestricted. The total increase in net assets for the fund arose due to health insurance claims and administrative costs (\$4,502,875) coming in less than interest earned, employee premiums, and Town and Board of Education contributions of (\$4,996,061).

General Fund Budgetary Highlights

The original revenue budget of \$39,129,132 and the final revenue budget remained unchanged. The original expenditure budget of \$40,486,132 was adjusted up by \$2,119,467 almost entirely for public safety (\$2,000,000) to cover the October snow storm. The balance of the remaining appropriation was mostly an added \$95,000 for land purchase.

During the year, actual revenues exceeded budgeted revenues by \$2,189,681 and actual expenditures were \$468,375 under budget, providing an overall positive budget variance of \$2,658,056. Property taxes contributed \$372,727 more than expected, other miscellaneous revenues added \$127,722 to the revenue overage, but the primary contributor to revenues was the 75% \$1,479,287 FEMA grant to pay for storm damage that cost us \$2,000,000. The transfers out totaling \$1,165,029 were primarily for capital projects such as equipment (\$930,000) and \$130,000 for the CNEF fund. For additional information, please see Exhibit RSI-1 and RSI-2 under Required Supplementary Information contained in this report.

Capital Asset and Debt Administration

Capital assets. The Town of Granby's investment in capital assets for its governmental assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net decrease (after dispositions) in the Town's investment in capital assets (net of depreciation) for the current fiscal year was \$2,415,717.

Major capital asset events during the current fiscal year included the following:

- We purchased 2.08 acres of land (384 North Granby Road) adjacent to the Cossitt Library for additional parking and installation of a new septic system;
- We purchased 0.99 acres of land known as 83 Salmon Brook Street for future economic development;
- We began work on the Silver Street Bridge which will eventually cost \$\$3,000,000, some of which will be offset by state and federal grants when the project is completed;
- The Board of Education purchased two large buses for \$152,235 and one Type II vehicle (a smaller bus) for \$57,259;
- The Board of Education spent \$181,954 on technology equipment and upgrades.

A summary of our capital assets is as follows:

	Governmental Activities	
	2012	2011
Land (not depreciated)	\$ 5,938,846	\$ 5,731,976
Construction in progress (not depreciated)	1,384,839	945,692
Buildings and improvements	47,565,011	49,254,088
Vehicles and equipment	2,473,638	3,303,883
Infrastructure	13,605,541	14,147,953
Total	\$ 70,967,875	\$ 73,383,592

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

Long-term debt. At the end of the current fiscal year, the Town of Granby had \$22,045,000 of long-term bonded debt outstanding and \$5,000,000 of short-term debt. One hundred percent of Granby's indebtedness is general obligation debt secured by the full faith and credit of the Town.

<u>Date</u>	<u>Purpose</u>	<u>Rate</u>	<u>Original</u>	<u>Debt</u>	<u>Fiscal Year Maturity</u>
12/15/1998	Public Improvement, School, Refunding	3.75-4.10	\$ 9,090,000	\$ 895,000	2014
3/24/2005	Public Improvement, Refunding	3.90	9,750,000	8,145,000	2020
2/15/2006	Public Improvement	3.8-5.00	10,000,000	7,605,000	2026
8/15/2006	School	4.0-5.00	7,800,000	5,400,000	2021
			<u>\$ 36,640,000</u>	<u>\$ 22,045,000</u>	

The Town of Granby's bonded debt decreased by \$2,357,500 (9.66%) through scheduled principal reductions on our outstanding bonds. We assumed no new debt during the current fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections plus interest and lien fees. For June 30, 2012, the maximum amount of borrowing permitted under the formula would be \$222,204,983. In computing the statutory debt limit, \$4,989,277 of debt authorized but unissued is included. With net borrowings of \$32,034,277, the Town's outstanding general obligation debt is \$190,170,706 below the maximum debt limitation (See Note 7 – Long-Term Debt of this report and Table 10 – Statement of Debt Limitation).

Standard & Poor's Corporation (S&P), one of the three nationally recognized municipal credit rating agencies, rates our outstanding bonded debt "AA".

The Town has entered into a number of capital leases which are treated as a long-term liability on the balance sheet. These leases vary in duration through December 15, 2016 and interest rates from 2.1% to 3.5%. As of June 30, 2012, we had combined capital lease obligations outstanding in the amount of \$1,636,404 the proceeds of which were used for the purchase of vehicles and equipment some of which are detailed previously.

Economic Factors and Next Year's Budget

- The unemployment rate for the Town of Granby was 6.4% as of June 30, 2012, which is a decrease from a rate of 6.6% from a year ago. This compares favorably to the state's average unemployment rate of 8.4% and the national average rate of 8.4% (not seasonally adjusted).
- Inflationary trends in the region compare favorably to the national indices.
- The FY 2013 budget was approved at the Annual Town Meeting on April 23, 2012.

The FY 2012 - 13 budget incorporates several goals and objectives:

- Continue to *maintain or increase the effectiveness and the efficiency of town services* by the use of new technology and best practice methods.
- Attempt to *hold the line with the number of full-time and part-time employees*. This has been accomplished by evaluating services and by examining alternative methods of service delivery without sacrificing quality of service.
- *Payments for debt service* requirements to be met by budgeting from the town's capital reserve set-aside fund. This so-called set-aside fund is designed to meet future capital project costs. A sufficient fund balance therefore is also necessary to be in place to meet unanticipated needs, and to maintain a high degree of flexibility in the event of economic shifts.
- *Pay by cash for some capital expenditures, when deemed appropriate*, or a phase in to combine the impact of smaller capital projects over two or more fiscal years is considered. Equipment lease purchases to soften shifts in tax increases are also reviewed during the budget process.

- Continue to *update the town's long-range operating and capital forecast models* in order to meet an endorsed "Statement of Commitment" and better predict the mill rate impact of larger capital budget requirements.
- *Budget reasonable and competitive user fees as a revenue source* to fund certain essential and non-essential, but desirable programs for all, or non-mandatory services.

For FY 2012 – 2013, Granby's budget increased \$395,016 (0.97%) to \$40,881,148.

The local real estate, personal property, and motor vehicle tax levy on the grand list of October 1, 2011 rose \$884,390, or 0.59 mills relative to last year from 30.10 to 30.69 mills to generate \$31,600,332 in tax revenue. Intergovernmental grants from the state and federal government were set at \$6,750,376, \$190,005 less than last year to reflect an expected continuation in the drop in state education funding. We also budgeted a \$299,369 decrease in other revenues and transfers to reflect the ongoing local and national economic malaise. Budgeted use of fund balance to offset further tax increases amounted to \$1,169,000, down \$299,369 for the third consecutive year from \$1,357,000 budgeted in the prior year.

General government expenditures of \$9,172,907 (before capital expenditures and debt service) are \$180,190 over last year and represent 22.44% of the total budget while the Board of Education's \$27,197,831 share amounted to 66.53% of the budget. The remainder of the budget is devoted to capital improvements (\$1,100,000 – 2.69%) and debt service (\$3,305,410 – 8.09%). Debt service, almost all of which is education related (77.86%), decreased by \$135,004 reflecting the payment of principal and a subsequent reduction in interest expense for our outstanding bond issues.

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

At the close of the June 30, 2012 fiscal year, unrestricted fund balance in the general fund was reported at \$3,537,640. The Town has appropriated \$1,169,000 of this amount for spending in the 2013 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the Town of Granby's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or to the Administration Finance Officer, Town of Granby Town Hall, 15 North Granby Road, Granby, CT 06035-2125.

Basic Financial Statements

TOWN OF GRANBY, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 9,521,056
Investments	5,995,938
Receivables, net	2,303,539
Inventory	1,784
Capital assets not being depreciated	7,323,685
Capital assets being depreciated, net	63,644,190
Total assets	<u>88,790,192</u>
Liabilities:	
Accounts and other payables	1,725,895
Unearned revenue	156,360
Bond anticipation notes payable	5,000,000
Noncurrent liabilities:	
Due within one year	3,607,375
Due in more than one year	21,966,351
Total liabilities	<u>32,455,981</u>
Net Assets:	
Invested in capital assets, net of related debt	46,714,142
Restricted for:	
Debt service	499,453
Trust purposes:	
Nonexpendable	17,215
Unrestricted	<u>9,103,401</u>
Total Net Assets	<u>\$ 56,334,211</u>

The accompanying notes are an integral part of the financial statements

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities:					
General government	\$ 3,409,503	\$ 525,312	\$ 25,446	\$ 5,000	\$ (2,853,745)
Public safety	4,479,475	451,304	1,538,354		(2,489,817)
Public works and environment	4,190,121	358,117	287,437		(3,544,567)
Recreation and social services	1,347,257	407,361	108,482		(831,414)
Education	35,371,340	2,669,234	10,752,569		(21,949,537)
Interest on long-term debt	1,156,893				(1,156,893)
Total	\$ 49,954,589	\$ 4,411,328	\$ 12,712,288	\$ 5,000	(32,825,973)
General revenues:					
Property taxes					31,780,364
Grants and contributions not restricted to specific programs					243,685
Unrestricted investment earnings					50,789
Miscellaneous					56,721
Total general revenues					<u>32,131,559</u>
Change in net assets					(694,414)
Net Assets at Beginning of Year					<u>57,028,625</u>
Net Assets at End of Year					<u>\$ 56,334,211</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 8,974,492	\$	\$ 325,551	\$ 9,300,043
Investments	5,995,938			5,995,938
Receivables, net	2,198,421		105,118	2,303,539
Due from other funds	92,763	5,500,213	3,397,502	8,990,478
Inventories			1,784	1,784
Total Assets	<u>\$ 17,261,614</u>	<u>\$ 5,500,213</u>	<u>\$ 3,829,955</u>	<u>\$ 26,591,782</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,048,870	\$ 223,851	\$ 54,745	\$ 1,327,466
Due to other funds	12,060,946		92,763	12,153,709
Deferred revenue	614,158	51,600	18,741	684,499
Bond anticipation notes payable		5,000,000		5,000,000
Total liabilities	<u>13,723,974</u>	<u>5,275,451</u>	<u>166,249</u>	<u>19,165,674</u>
Fund balances:				
Nonspendable			18,999	18,999
Restricted			1,566,638	1,566,638
Committed	10,975	510,397	2,085,832	2,607,204
Assigned	1,784,920			1,784,920
Unassigned	1,741,745	(285,635)	(7,763)	1,448,347
Total fund balances	<u>3,537,640</u>	<u>224,762</u>	<u>3,663,706</u>	<u>7,426,108</u>
Total Liabilities and Fund Balances	<u>\$ 17,261,614</u>	<u>\$ 5,500,213</u>	<u>\$ 3,829,955</u>	<u>\$ 26,591,782</u>

(Continued on next page)

TOWN OF GRANBY, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 7,426,108
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 108,706,017
Less accumulated depreciation	<u>(37,738,142)</u>
Net capital assets	70,967,875
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Property tax receivables greater than 60 days	414,408
Interest receivable on property taxes	113,731
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.	3,122,251
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension obligation	(91,823)
Bonds and notes payable	(22,045,000)
Interest payable on bonds and notes	(390,974)
Compensated absences	(860,519)
Capital lease	(1,636,404)
Unamortized bond premium	(274,632)
Deferred charges on refunding	256,303
Net OPEB obligation	(621,713)
Landfill post closure	<u>(45,400)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 56,334,211</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 31,683,669	\$	\$	\$ 31,683,669
Intergovernmental	11,210,292	87,171	2,445,118	13,742,581
Licenses, fees and charges for services	334,370		2,752,668	3,087,038
Investment income	37,196	1,713	4,088	42,997
Other revenues	321,473	25	493,405	814,903
Total revenues	<u>43,587,000</u>	<u>88,909</u>	<u>5,695,279</u>	<u>49,371,188</u>
Expenditures:				
Current:				
General government	3,284,192		115,499	3,399,691
Public safety	4,035,929		387,739	4,423,668
Public works and environmental	2,722,883		287,648	3,010,531
Recreation and social services	698,297		611,480	1,309,777
Education	29,506,830		3,511,968	33,018,798
Capital outlay		2,540,411		2,540,411
Debt service	3,430,415			3,430,415
Total expenditures	<u>43,678,546</u>	<u>2,540,411</u>	<u>4,914,334</u>	<u>51,133,291</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(91,546)</u>	<u>(2,451,502)</u>	<u>780,945</u>	<u>(1,762,103)</u>
Other Financing Sources (Uses):				
Transfers in	335,011	1,365,000	107,029	1,807,040
Transfers out	(1,165,029)	(337,000)	(305,011)	(1,807,040)
Issue of capital leases		576,697		576,697
Total other financing sources (uses)	<u>(830,018)</u>	<u>1,604,697</u>	<u>(197,982)</u>	<u>576,697</u>
Net Change in Fund Balances	(921,564)	(846,805)	582,963	(1,185,406)
Fund Balances at Beginning of Year	<u>4,459,204</u>	<u>1,071,567</u>	<u>3,080,743</u>	<u>8,611,514</u>
Fund Balances at End of Year	<u>\$ 3,537,640</u>	<u>\$ 224,762</u>	<u>\$ 3,663,706</u>	<u>\$ 7,426,108</u>

(Continued on next page)

TOWN OF GRANBY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (1,185,406)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,428,360
Depreciation expense	(2,878,822)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources.

Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(29,620)
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The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.

	(935,635)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	68,125
Property tax interest and lien revenue - accrual basis change	28,570

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	2,357,500
Capital lease payments	659,050
Capital lease financing	(576,697)

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	184,852
Accrued interest	11,400
Amortization of deferred charge on refunding	(60,601)
Amortization of bond premiums	14,455
Net OPEB expense	(285,304)
Landfill post closure care	13,000
Pension obligation	(827)

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

<u>493,186</u>

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (694,414)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

PROPRIETARY FUND

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
	Internal Service Fund
Assets:	
Cash and cash equivalents	\$ 221,013
Due from other funds	<u>3,163,231</u>
Total assets	<u>3,384,244</u>
Liabilities:	
Accounts and other payables	7,455
Risk management claims	<u>254,538</u>
Total liabilities	<u>261,993</u>
Net Assets:	
Unrestricted	\$ <u><u>3,122,251</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:	
Contributions	\$ 3,734,162
Employee contributions	1,223,555
Other	30,552
Total operating revenues	<u>4,988,269</u>
Operating Expenses:	
Health insurance claims	3,926,173
Administrative and management fees	576,702
Total operating expenses	<u>4,502,875</u>
Operating Income	485,394
Nonoperating Revenue:	
Revenues from use of money	<u>7,792</u>
Change in Net Assets	493,186
Net Assets at Beginning of Year	<u>2,629,065</u>
Net Assets at End of Year	<u>\$ 3,122,251</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

PROPRIETARY FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from charges for services and contributions	\$ 4,377,260
Cash paid for claims, premiums and fees	(4,492,510)
Net cash used in operating activities	<u>(115,250)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>7,792</u>
Net Decrease in Cash and Cash Equivalents	(107,458)
Cash and Cash Equivalents at Beginning of Year	<u>328,471</u>
Cash and Cash Equivalents at End of Year	<u>\$ 221,013</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:	
Operating income	\$ <u>485,394</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
(Increase) decrease in due from other funds	(611,009)
Increase (decrease) in accounts payable	(3,854)
Increase (decrease) in risk management claims	14,219
Total adjustments	<u>(600,644)</u>
Net Cash Used in Operating Activities	<u>\$ (115,250)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	Pension Trust Fund	OPEB Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$	\$	\$ 258,084
Investments - mutual funds	11,949,048	602,622	
Accounts receivable	28,749		105,286
	<u> </u>	<u> </u>	<u> </u>
Total assets	11,977,797	602,622	\$ 363,370
	<u> </u>	<u> </u>	<u> </u>
Liabilities:			
Due to employees and others			\$ 363,370
	<u> </u>	<u> </u>	<u> </u>
Net Assets:			
Held in trust for pension benefits and other post employment benefits	\$ 11,977,797	\$ 602,622	
	<u> </u>	<u> </u>	

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND AND OPEB TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund	OPEB Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 359,226	\$ 406,000
Employee	150,025	
Total contributions	<u>509,251</u>	<u>406,000</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	(311,393)	5,791
Interest and dividends	334,340	
Total investment income	<u>22,947</u>	<u>5,791</u>
Total additions	<u>532,198</u>	<u>411,791</u>
Deductions:		
Benefits	606,997	406,000
Administration	31,616	
Total deductions	<u>638,613</u>	<u>406,000</u>
Net Increase (Decrease)	(106,415)	5,791
Net Assets at Beginning of Year	<u>12,084,212</u>	<u>596,831</u>
Net Assets at End of Year	<u>\$ 11,977,797</u>	<u>\$ 602,622</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GRANBY, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town operates under a Charter as revised in November 2002. The form of government includes an elected Board of Selectmen, consisting of a First Selectman and four other members, an elected seven-member Board of Education, and an elected six-member Board of Finance.

Generally, the legislative power of the Town is vested with the Board of Selectmen. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Town Charter and Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval. The Town has the power to incur indebtedness by issuing bonds or notes as provided by Town Charter and Connecticut General Statutes.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the Capital Projects Fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and interest income.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk management activities of the Town.

The Pension Trust Fund accounts for the activities of the Town's Pension Plan, which accumulates resources for pension benefit payments to qualified Town employees.

The Other Post Employment Benefits Trust Fund accounts for the activities of the Town Post Employment Benefits plans, which accumulates resources for healthcare payments to qualified Town employees.

The Agency Funds are custodial in nature (assets equal liabilities) and so do not involve measurement of results of operation. The High School Activity, Middle School Activity, Kelly Lane School Activity, Kearns School Activity, Wells Road School Activity and Contract Security Fund are the Town's agency funds.

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

D. Deposits and Investments

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

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." Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Based upon the annual budget as adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Property taxes are levied in June on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property tax bills in excess of \$100 are payable in two installments, July 1 and January 1, and motor vehicle taxes are payable in one installment on July 1. Taxes become delinquent 30 days after the installment is due. Delinquent taxes are billed at least twice a year, with interest at the rate of 1.5% per month. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are normally liened each year prior to June 30 with legal demands and alias warrants used in the collection of personal property and motor vehicle tax bills. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date through July 31 and are payable in one installment, which is due January 1.

Property tax revenues are recorded as receivable on the due date and are recognized as revenues to the extent collected during the fiscal year or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue in the fund financial statements. Property taxes receivable at June 30, 2012 is stated net of allowance for estimated uncollectible amounts of \$48,480.

The Town levies special assessments for the purpose of financing the construction of sanitary sewers. Such assessments are collectible in installments as provided by the Connecticut General Statutes. Assessment revenues are recognized when they are collected.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	15-25
Public domain infrastructure	30-60
Vehicles	3-15
Office equipment	5-10
Computer equipment	5-10

H. Compensated Absences

A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is valued using current salary costs, as well as any salary related payments that are directly and incrementally connected with leave payments to employees. Sick leave accruals are also based on current salary costs as well as salary-related payments.

I. Long-Term Obligations

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

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

J. Fund Equity

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

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

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

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

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

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

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

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance). Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Manager 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.

K. Fund Balance Flow Assumptions

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

For purposes of preparing the annual budget, the Town Manager compiles preliminary estimates of all departments and agencies, with the exception of the Board of Education, for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen's and Education budget estimates as it deems desirable, and then holds public hearings and presents a proposed budget to the Annual Town Meeting held on the fourth Monday in April.

Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen and certification on availability of the funds by the Town Manager. In this function, department budget accounts serve as the legal level of control. As a result of additional appropriations during fiscal year 2012, the original General Fund operating budget was increased by \$2,119,467.

Unencumbered appropriations lapse at the end of the fiscal year except for those in the capital projects and special revenue funds. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in either restricted, committed or assigned fund balance depending on the level of restriction and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Budgets for Special Revenue Funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period that does not coincide with the Town's fiscal year.

Legal authorization for Capital Projects is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until the purpose for which they are designated is completed.

Expenditures that will exceed the adopted budgets can be made only upon the authority of a supplemental appropriation or an approved budgetary transfer.

B. Deficit Fund Equity

As of June 30, 2012, fund balance deficit of \$7,763 existed for the Emergency Management Fund. The deficit will be funded by intergovernmental grants.

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*, \$6,124,360 of the Town's bank balance of \$10,133,748 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,411,924
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>712,436</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 6,124,360</u>

Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$557,863. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Cooperative Liquid Assets Securities System (CLASS)	AAAm

Investments

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 5,995,938	\$ <u>5,995,938</u>	\$ <u>-</u>	\$ <u>-</u>
Other investments:					
Mutual funds		<u>12,551,670</u>			
Total Investments		<u>\$ 18,547,608</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

Interest Rate Risk - The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2012, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 113,731	\$	\$ 113,731
Taxes	541,398		541,398
Intergovernmental	1,479,287	105,118	1,584,405
Other	112,485	134,035	246,520
Gross receivables	<u>2,246,901</u>	<u>239,153</u>	<u>2,486,054</u>
Less allowance for uncollectibles	<u>(48,480)</u>		<u>(48,480)</u>
Net Total Receivables	<u>\$ 2,198,421</u>	<u>\$ 239,153</u>	<u>\$ 2,437,574</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 (principal and interest)	\$ 528,139	\$
Advanced tax collections		86,019
Miscellaneous advance collections		51,600
Grant drawdown's prior to meeting all eligibility requirements		<u>18,741</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 528,139</u>	<u>\$ 156,360</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,731,976	\$ 236,490	\$ (29,620)	\$ 5,938,846
Construction in progress	945,692	439,147		1,384,839
Total capital assets not being depreciated	<u>6,677,668</u>	<u>675,637</u>	<u>(29,620)</u>	<u>7,323,685</u>
Capital assets being depreciated:				
Buildings and improvements	66,948,675	194,900		67,143,575
Vehicles and equipment	9,818,936	557,823	(3,148,570)	7,228,189
Infrastructure	27,010,568			27,010,568
Total capital assets being depreciated	<u>103,778,179</u>	<u>752,723</u>	<u>(3,148,570)</u>	<u>101,382,332</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,694,587)	(1,883,977)		(19,578,564)
Vehicles and equipment	(6,515,053)	(452,433)	2,212,935	(4,754,551)
Infrastructure	(12,862,615)	(542,412)		(13,405,027)
Total accumulated depreciation	<u>(37,072,255)</u>	<u>(2,878,822)</u>	<u>2,212,935</u>	<u>(37,738,142)</u>
Total capital assets being depreciated, net	<u>66,705,924</u>	<u>(2,126,099)</u>	<u>(935,635)</u>	<u>63,644,190</u>
Governmental Activities Capital Assets, Net	<u>\$ 73,383,592</u>	<u>\$ (1,450,462)</u>	<u>\$ (965,255)</u>	<u>\$ 70,967,875</u>

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

Governmental activities:	
General government	\$ 63,201
Public safety	74,295
Public works and environment	721,083
Recreation and social services	56,628
Education	<u>1,963,615</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,878,822</u>

Construction Commitments

The Town has active construction projects as of June 30, 2012. The projects include Kelly Lane School, Wells Road School and Bridge Renovations. At year end the Town's commitments with contractors are as follows:

	<u>Appropriation</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Kelly Lane School	\$ 12,120,140	\$ 12,098,020	\$ 22,120
Bridge Program	1,107,000	1,053,124	53,876
Miscellaneous Projects	11,400,000	697,499	10,702,501

The commitments are being financed through General Fund appropriations, State and Federal grants, and the issuance of general obligation bonds.

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2012 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 92,763
Capital Projects Fund	General Fund	5,500,213
Nonmajor Governmental Funds	General Fund	3,397,502
Internal Service Fund	General Fund	3,163,231
Total		<u>\$ 12,153,709</u>

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

Interfund transfers:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$ 335,000	\$ 1,060,000	\$ 105,029	\$ 1,165,029
Capital Projects			2,000	337,000
Nonmajor Governmental Funds	11	305,000		305,011
Total Transfers Out	<u>\$ 335,011</u>	<u>\$ 1,365,000</u>	<u>\$ 107,029</u>	<u>\$ 1,807,040</u>

Transfers are used to move unrestricted General Fund revenues to finance various capital projects in accordance with budgetary authorizations, as well as to transfer amounts provided as subsidies or matching funds for various grant programs.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 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	\$ 24,402,500	\$ -	\$ 2,357,500	\$ 22,045,000	\$ 2,325,000
Plus deferred amounts:					
Issuance premium on general obligation bonds	289,087		14,455	274,632	14,455
Less deferred amounts:					
For issuance discounts on refunding	(316,904)		(60,601)	(256,303)	
Total bonds payable	<u>24,374,683</u>	<u>-</u>	<u>2,311,354</u>	<u>22,063,329</u>	<u>2,339,455</u>
Capital leases	1,718,757	576,697	659,050	1,636,404	577,943
Claims and judgments	240,319	3,926,173	3,911,954	254,538	254,538
Compensated absences	1,045,371	401,395	586,247	860,519	422,439
Net OPEB obligation	336,409	285,304		621,713	
Landfill post closure	58,400		13,000	45,400	13,000
Net pension obligation	<u>90,996</u>	<u>827</u>		<u>91,823</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 27,864,935</u>	<u>\$ 5,190,396</u>	<u>\$ 7,481,605</u>	<u>\$ 25,573,726</u>	<u>\$ 3,607,375</u>

For the governmental activities, compensated absences and net pension obligation are generally liquidated by the General Fund. Other post employment benefit obligation is liquidated by the OPEB Trust Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding, their purpose and interest rate are as follows:

Description	Principal Amount
\$9,090,000 - General, school improvement and refunding bonds issued December 15, 1998 and maturing December 15, 2014; interest from 3.75% to 4.1%	\$ 895,000
\$9,750,000 - General obligation refunding bonds issued March 24, 2005 and maturing on February 1, 2020; interest rate 3.9%	8,145,000
\$10,000,000 - General obligation bonds issued February 15, 2006 and maturing on February 15, 2026; interest rate from 3.8% to 5.0%	7,605,000
\$7,800,000 - General obligation bonds issued August 15, 2006 and maturing August 15, 2020; interest rate from 4.0% to 5.0%	<u>5,400,000</u>
Total Bond Indebtedness	\$ <u>22,045,000</u>

The following is a schedule of future debt service requirements as of June 30, 2012:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 2,325,000	\$ 970,410	\$ 3,295,410
2014	2,335,000	867,317	3,202,317
2015	2,335,000	776,880	3,111,880
2016	2,340,000	676,720	3,016,720
2017	2,345,000	573,365	2,918,365
2018-2022	8,205,000	1,407,265	9,612,265
2023-2026	<u>2,160,000</u>	<u>270,000</u>	<u>2,430,000</u>
Total	\$ <u>22,045,000</u>	\$ <u>5,541,957</u>	\$ <u>27,586,957</u>

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 71,423,030	\$ 10,107,228	\$ 61,315,802
Schools	142,846,061	21,927,049	120,919,012
Sewers	119,038,384		119,038,384
Urban renewal	103,166,599		103,166,599
Pension deficit	95,230,707		95,230,707

The definition of indebtedness includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. The Town has \$4,989,277 of authorized and unissued bonds at June 30, 2012.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$222,204,983).

Bond Anticipation Notes

On June 21, 2012, the Town issued \$5,000,000 in bond anticipation notes bearing an interest of 2.5% with a maturity date of February 13, 2013. These notes were issued to finance several capital projects.

8. LEASES

Capital Leases

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through December 15, 2016 and interest rates from 2.1% to 3.5%.

The Town has entered into capital lease agreements for the purchase of several vehicles and technology equipment.

	<u>Amount</u>
Assets:	
Vehicles and equipment	\$ 4,421,071
Less accumulated depreciation	<u>(1,858,167)</u>
Total	<u>\$ 2,562,904</u>

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2012 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 616,823
2014	472,996
2015	383,272
2016	182,673
2017	<u>61,378</u>
Total	1,717,142
Less amount representing interest	<u>(80,738)</u>
Total	<u>\$ 1,636,404</u>

9. LANDFILL POSTCLOSURE CARE COSTS

The Granby landfill stopped accepting solid waste, except for brush, in 1988. The landfill has been capped and final closing procedures are in the process of being completed as required by the U.S. Department of Environmental Protection adopted regulations, 40 CFR, Part 258 (“Subtitle”).

An authorization was established in the Solid Waste Sanitation Fund for landfill closing costs based on estimates made by the Town Engineer. This fund incurred \$13,000 in expenditures associated with the closing of the landfill for the year June 30, 2012.

The landfill closure obligation of \$45,400 reported in the statement of net assets represents an estimate made by the Town Engineer of the postclosure monitoring costs to be incurred by the Town over the next 20 years.

10. FUND BALANCE

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 1,784	\$ 1,784
Trust purposes			17,215	17,215
Restricted for:				
Debt service			499,453	499,453
Grants			1,067,185	1,067,185
Committed to:				
Revaluation	10,975			10,975
Capital equipment		279,533		279,533
Bridge program		48,535		48,535
Kelly Lane School		115,748		115,748
Capital and nonrecurring expenditures		66,581		66,581
General government			221,449	221,449
Public safety			53,215	53,215
Public works			1,245,948	1,245,948
Culture and recreation			275,511	275,511
Education			289,709	289,709
Assigned to:				
Subsequent year's budget	1,169,000			1,169,000
General government	105,774			105,774
Public safety	24,160			24,160
Public works	103,621			103,621
Culture and recreation	12,015			12,015
Education	370,350			370,350
Unassigned	<u>1,741,745</u>	<u>(285,635)</u>	<u>(7,763)</u>	<u>1,448,347</u>
Total Fund Balances	<u>\$ 3,537,640</u>	<u>\$ 224,762</u>	<u>\$ 3,663,706</u>	<u>\$ 7,426,108</u>

Significant encumbrances at June 30, 2012 are contained in the above table in the assigned category of the General Fund and committed category for Capital Projects Fund and Nonmajor Governmental Funds.

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 insurance coverage. There has been no significant reduction in insurance coverage from the prior year for the categories risk insured commercially. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Town retains the risk associated with employee health insurance (medical and dental claims plus prescription drugs) up to a maximum of \$100,000 per individual claim with an aggregate stop loss estimated at \$3,100,000. As of June 30, 2012, the Town has established a liability of \$254,538 to cover health insurance claims incurred but unreported. This claim liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability claim be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability were:

	<u>Liability</u> <u>July 1,</u>		Current Year Claims and Changes in Estimates		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
2010-2011	\$ 255,425	\$	3,703,317	\$	3,718,423	\$	240,319
2011-2012	240,319		3,926,173		3,911,954		254,538

12. CONTINGENT LIABILITIES

The Town of Granby is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the Town that would materially affect its financial position.

13. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Plan Descriptions

The Town of Granby is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town of Granby's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

The Town provides retirement benefits through a single-employer, contributory, defined benefit plan. All employees of the Town hired prior to age 25 may elect to participate on their date of hire. Bargaining unit employees hired on or after October 1, 2000 may elect to participate after one year of continuous service. Under the plan, for regular certified officers of the police department, the retirement benefit is calculated at 2.5% of the average of the annual salaries, including overtime of the 5 calendar years with the highest average multiplied by up to 20 years of service plus 1.5% of the average of the annual salaries, including overtime, of the 5 calendar years with the highest average multiplied by in excess of 20 years maximum 10 years of service. For nonunion members other than regular certified officers of the police department, the retirement benefit is calculated at 2% of the average of the annual salaries of the last five years immediately prior to retirement multiplied by years of service. Effective June 1, 2000, for Bargaining unit members the retirement benefit is calculated at 2% of the average of the annual salaries of any five years period producing the highest average prior to retirement multiplied by years of service. Participants are 100% vested after five years of service. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by Town ordinance and may be amended. The major features of the plan are as follows:

Normal Retirement Age: Age 62 with 35 years of continuous service (effective July 1, 1994, age 62 and 25 years for a certified police officer), rule of 80 (age plus years of service) or age 65 regardless of service.

Credited Service: All service from date of participation in the plan until Normal Retirement Date, including all full months of Continuous Service.

Early Retirement: May be elected with the consent of the Board of Selectmen or Education upon completion of at least 15 years of Continuous Service and age 55.

Late Retirement: With consent of Boards of Selectmen/Education. Benefit accrues until actual Retirement Date.

Disability Retirement: Available on total and permanent disability after 15 years of continuous service and age 50. Benefit is the same as for early retirement.

Death: Before retirement, refund of Participant's contributions plus interest. After retirement, refund of excess, if any, of Participant's accumulated contributions as of his or her retirement date over total of benefits paid.

At July 1, 2011, PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	35
Terminated employees entitled to benefits but not yet receiving them	9
Current employees:	
Vested	45
Nonvested	<u>13</u>
Total	<u><u>102</u></u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the PERS.

Method Used to Value Investments: Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. There are no investments in any organization, other than U.S. Government notes and bonds, that represent 5% or more of net assets available for benefits.

C. Funding Status and Progress

Certified police officers are required to contribute 6.0% of their salary, including overtime, educational incentive pay and longevity pay to the PERS. All other members contribute 5.0% of their gross salary, including overtime and any other form of additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. The Town's annual required contribution for June 30, 2012 was \$359,226 or 9.9% of covered payroll. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance. Administrative costs are financed by the plan.

D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 359,226
Interest on net pension obligation	7,280
Adjustment to annual required contribution	<u>(6,453)</u>
Annual pension cost	360,053
Contributions made	<u>359,226</u>
Increase in net pension obligation	827
Net pension obligation at beginning of year	<u>90,996</u>
Net Pension Obligation at End of Year	<u>\$ 91,823</u>

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

Actuarial valuation date	July 1, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll closed method
Remaining amortization period	22 years declining
Asset valuation method	Adjusted Fair Value
Actuarial assumptions:	
Investment rate of return*	8.0% per annum
Projected salary increases	4.0% per annum

*Includes inflation at a rate of 2.5%.

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/10	\$ 275,203	\$ 275,958	100.3%	\$ 90,828
6/30/11	286,832	286,664	99.9	90,996
6/30/12	360,053	359,226	99.8	91,823

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Excess of Assets Over AAL (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess as a % of Covered Payroll ((a-b)/c)</u>
7/1/06	\$ 8,980,547	\$ 10,963,557	\$ (11,983,010)	81.9%	\$ 3,593,267	(55.2)%
7/1/07	10,100,140	12,094,823	(1,994,683)	83.5	3,680,749	(54.2)
7/1/08	11,082,294	12,948,590	(1,866,296)	85.6	3,619,257	(51.6)
7/1/09	11,434,769	13,775,802	(2,341,033)	83.0	3,735,252	(62.7)
7/1/10	11,574,971	14,205,226	(2,630,255)	81.5	3,402,929	(77.3)
7/1/11	12,140,206	15,118,477	(2,978,271)	80.3	3,637,892	(81.9)

Schedule of Employer Contributions

	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/07	\$ 307,277	100%
6/30/08	299,515	100%
6/30/09	291,266	100%
6/30/10	275,958	100%
6/30/11	286,664	100%
6/30/12	359,226	100%

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

G. Teachers' Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$12,802,155 or 75.1% of the total Board of Education payroll of \$17,036,735. The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2012, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$2,587,692 as payments made by the State of Connecticut on behalf of the Town.

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

14. OTHER POST EMPLOYMENT BENEFITS - RETIREE HEALTH CARE PLAN

A. Plan Description

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits Trust Fund. The postretirement health care plan is a single-employer defined benefit plan administered by the Town of Granby. The Town does not issue stand-alone financial statements for this program.

At July 1, 2011, plan membership consisted of the following:

Active plan members	297
Retired members	<u>90</u>
Total Participants	<u><u>387</u></u>

B. Funding Policy

The Town's funding and payment of post employment benefits for the year ended June 30, 2012 are accounted for in the Other Post Employment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

C. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Healthcare Plan
Annual required contribution (ARC)	\$ 686,000
Interest on net OPEB obligation	25,231
Adjustment to annual required contribution	(19,927)
Annual OPEB cost	691,304
Contributions made	406,000
Decrease in net OPEB obligation	285,304
Net OPEB obligation, beginning of year	336,409
Net OPEB Obligation, End of Year	\$ 621,713

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 Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2010	\$ 696,701	\$ 604,000	86.69%	\$ 568,701
6/30/2011	660,708	893,000	135.16	336,409
6/30/2012	691,304	406,000	58.73	621,713

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/07	\$ -	\$ 1,963,000	\$ (1,963,000)	0.0%	N/A	N/A
7/1/09	-	6,323,000	(6,323,000)	0.0	N/A	N/A
7/1/11	597,000	5,180,000	(4,583,000)	115.2	N/A	N/A

Schedule of Employer Contributions

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2009	\$ 973,000	51.08%
2010	688,000	87.79
2011	651,000	137.17
2012	686,000	59.18

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, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year, level amortization of the unfunded actuarial accrued liability (AAL). The actuarial assumptions include a 7% interest rate and annual payroll growth rate of 4.0% and inflation rate of 2.5%. The annual healthcare cost trend rate is 9% initially with an ultimate rate of 5%.

**Required Supplementary
Information**

TOWN OF GRANBY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Property taxes:				
Current year taxes	\$ 30,715,942	\$ 30,715,942	\$ 31,090,555	\$ 374,613
Prior year's taxes	220,000	220,000	220,404	404
Supplemental motor vehicle	250,000	250,000	229,564	(20,436)
Total	<u>31,185,942</u>	<u>31,185,942</u>	<u>31,540,523</u>	<u>354,581</u>
Interest and lien fees	<u>125,000</u>	<u>125,000</u>	<u>143,146</u>	<u>18,146</u>
Total property taxes	<u>31,310,942</u>	<u>31,310,942</u>	<u>31,683,669</u>	<u>372,727</u>
Intergovernmental revenues:				
School transportation	77,525	77,525	68,360	(9,165)
Reimbursement of local tax disability exemption	680	680	1,277	597
Manufacturing machines and equipment			20,858	20,858
Elderly tax relief	60,000	60,000	59,900	(100)
Education Equalization Grant	5,394,276	5,394,276	5,395,365	1,089
Federal Jobs Grant	315,407	315,407	320,067	4,660
Excess grant - Special Education	148,364	148,364	229,053	80,689
State owned property	16,868	16,868	16,875	7
Veterans Exempt Grant	3,000	3,000	3,354	354
Telephone Grant	32,000	32,000	23,855	(8,145)
Boat Grant	1,000	1,000		(1,000)
Tuition other towns	816,671	816,671	886,783	70,112
Pequot Indian Fund	26,590	26,590	28,125	1,535
Payment GHSC	8,000	8,000	11,352	3,352
FEMA Grant			1,479,287	1,479,287
Other	40,000	40,000	78,089	38,089
Total intergovernmental revenues	<u>6,940,381</u>	<u>6,940,381</u>	<u>8,622,600</u>	<u>1,682,219</u>
Investment income	<u>125,000</u>	<u>125,000</u>	<u>37,082</u>	<u>(87,918)</u>
Local revenues:				
Town Clerk fees	200,000	200,000	192,681	(7,319)
Planning and Zoning	7,000	7,000	3,143	(3,857)
Zoning Board of Appeals	1,000	1,000	388	(612)
Building permits and licenses	120,000	120,000	137,420	17,420
Inland wetlands	3,000	3,000	610	(2,390)
Sale of maps and ordinances	100	100	18	(82)
Driveway permits	300	300	110	(190)
Total local revenues	<u>331,400</u>	<u>331,400</u>	<u>334,370</u>	<u>2,970</u>

(Continued on next page)

TOWN OF GRANBY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other revenues:				
Snow plowing and grading	\$ 4,000	\$ 4,000	\$ 4,518	\$ 518
Photocopying	1,500	1,500	1,607	107
Rents	78,900	78,900	79,413	513
Contracted building inspection	10,100	10,100	10,100	-
Police dispatch services	28,009	28,009	28,009	-
Police photos and records	1,000	1,000	785	(215)
Library operations	22,200	22,200	22,919	719
Miscellaneous	30,000	30,000	54,796	24,796
Returned checks fee	350	350	300	(50)
Bulky waste	55,000	55,000	72,391	17,391
Pay for participation	50,300	50,300	46,635	(3,665)
Prior year unliquidated encumbrances			84,608	84,608
Total other revenues	<u>281,359</u>	<u>281,359</u>	<u>406,081</u>	<u>124,722</u>
Other financing sources:				
Transfers from other funds:				
Economic Development	10,000	10,000	10,000	-
Capital and Non-recurring Expenditures	130,000	130,000	225,000	95,000
Cossitt Library	50	50	11	(39)
Total other financing sources	<u>140,050</u>	<u>140,050</u>	<u>235,011</u>	<u>94,961</u>
Total	<u>\$ 39,129,132</u>	<u>\$ 39,129,132</u>	41,318,813	<u>\$ 2,189,681</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			2,587,692	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(84,608)	
Revaluation Fund Revenues not budgeted			114	
Revaluation Fund Transfers In			<u>100,000</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 43,922,011</u>	

TOWN OF GRANBY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
General administration	\$ 354,601	\$ 356,351	\$ 347,876	\$ 8,475
Legal fees	19,000	19,000	18,957	43
Fringe benefits	1,705,904	1,705,904	1,669,180	36,724
Town Clerk operations	138,349	138,349	135,701	2,648
Probate	4,010	4,010	1,965	2,045
Contingency	55,000	127,500	123,631	3,869
Election services	31,735	31,735	24,063	7,672
Boards and commissions	49,644	49,644	49,204	440
Revenue collections	111,297	111,297	107,514	3,783
Property assessments	178,902	178,902	166,748	12,154
Fiscal management	289,244	290,994	289,787	1,207
Insurance	284,500	284,500	279,611	4,889
Economic development	10,000	10,000	6,894	3,106
Total general government	<u>3,232,186</u>	<u>3,308,186</u>	<u>3,221,131</u>	<u>87,055</u>
Public safety:				
Building inspection	138,299	138,299	131,723	6,576
Fire prevention	259,016	259,016	258,799	217
Emergency management	800	2,000,800	1,831,044	169,756
Health services	110,404	110,404	110,400	4
Police department administration	292,553	292,553	291,166	1,387
Police operations and services	1,096,655	1,115,655	1,112,040	3,615
Communications and dispatching	302,707	302,707	301,543	1,164
Total public safety	<u>2,200,434</u>	<u>4,219,434</u>	<u>4,036,715</u>	<u>182,719</u>
Public works and environment:				
Public Works administration	164,884	164,884	164,506	378
General maintenance	836,085	836,085	827,801	8,284
Solid waste and recycling	841,795	841,795	822,152	19,643
Equipment maintenance	367,148	367,148	364,213	2,935
Street lights and signals	22,700	22,700	21,751	949
Planning and engineering services	41,000	41,000	38,541	2,459
Building maintenance and Town grounds	520,516	520,516	498,523	21,993
Total public works and environment	<u>2,794,128</u>	<u>2,794,128</u>	<u>2,737,487</u>	<u>56,641</u>
Recreation and social services:				
Library	422,633	426,851	421,701	5,150
Social services	70,700	90,949	90,055	894

(Continued on next page)

TOWN OF GRANBY, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation and social services (cont.):				
Recreation administration	\$ 82,277	\$ 82,277	\$ 79,860	\$ 2,417
Community support	2,600	2,600	2,000	600
Senior citizen activities	92,730	92,730	90,811	1,919
Total recreation and social services	<u>670,940</u>	<u>695,407</u>	<u>684,427</u>	<u>10,980</u>
Debt service	<u>3,440,414</u>	<u>3,440,414</u>	<u>3,430,415</u>	<u>9,999</u>
Education	<u>26,983,001</u>	<u>26,983,001</u>	<u>26,862,020</u>	<u>120,981</u>
Total budgeted expenditures	<u>39,321,103</u>	<u>41,440,570</u>	<u>40,972,195</u>	<u>468,375</u>
Other financing uses:				
Transfers out:				
Capital Equipment	930,000	930,000	930,000	-
Transfer to CNR Fund	130,000	130,000	130,000	-
Senior activity	36,184	36,184	36,184	-
Emergency management	5,000	5,000	5,000	-
Dog fund	4,000	4,000	4,000	-
Youth services	54,845	54,845	54,845	-
Tri-Town cable	5,000	5,000	5,000	-
Total other financing uses	<u>1,165,029</u>	<u>1,165,029</u>	<u>1,165,029</u>	<u>-</u>
Total Budgeted Operations	<u>\$ 40,486,132</u>	<u>\$ 42,605,599</u>	42,137,224	<u>\$ 468,375</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	2,587,692
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	(605,420)
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year, are reported for financial statement reporting purposes	629,768
Revaluation Fund expenditures not budgeted	<u>94,311</u>

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

\$ 44,843,575

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

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

TOWN OF GRANBY, CONNECTICUT

GENERAL FUND
COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 8,974,492	\$ 5,580,770
Investments	5,995,938	5,964,343
Property taxes receivable, net of allowance for uncollectible of \$48,480 in 2012 and 2011	492,918	399,091
Interest receivable	113,731	85,161
Intergovernmental receivables	1,479,287	
Other receivables	112,485	35,837
Due from other funds	<u>92,763</u>	<u>125,630</u>
Total Assets	<u>\$ 17,261,614</u>	<u>\$ 12,190,832</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,048,870	\$ 582,493
Due to other funds	12,060,946	6,672,620
Deferred revenues	528,139	431,444
Advanced collections	<u>86,019</u>	<u>45,071</u>
Total liabilities	<u>13,723,974</u>	<u>7,731,628</u>
Fund equity:		
Fund balance:		
Committed	10,975	5,172
Assigned	1,784,920	2,081,876
Unassigned	<u>1,741,745</u>	<u>2,372,156</u>
Total fund balance	<u>3,537,640</u>	<u>4,459,204</u>
Total Liabilities and Fund Balance	<u>\$ 17,261,614</u>	<u>\$ 12,190,832</u>

TOWN OF GRANBY, CONNECTICUT

GENERAL FUND
REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

Grand List	Current Levy	Uncollected Taxes July 1, 2011	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections	Refunds	Uncollected Taxes June 30, 2012
			Additions	Deductions					
2010	\$ 32,068,276	\$	\$ 22,670	\$ 463,080	\$	\$ 31,627,866	\$ 31,303,545	\$ 9,676	\$ 333,997
2009		287,838	1,350	2,269	4,373	282,546	145,226	773	138,093
2008		102,849		155	5,069	97,625	50,719	67	46,973
2007		42,819		9	6,106	36,704	22,230		14,474
2006		11,995			3,590	8,405	1,862		6,543
2005		1,071			733	338	19		319
2004		425				425			425
2003		360				360			360
2002		51				51			51
2001		34				34			34
2000		33				33			33
1999		31				31			31
1998		30				30			30
1997		35				35			35
Total	\$ <u>32,068,276</u>	\$ <u>447,571</u>	\$ <u>24,020</u>	\$ <u>465,513</u>	\$ <u>19,871</u>	\$ <u>32,054,483</u>	31,523,601	\$ <u>10,516</u>	\$ <u>541,398</u>
							Interest, liens, fees and suspension collections	<u>134,366</u>	
							Total collections	<u>31,657,967</u>	
							Property taxes receivable considered available:		
							June 30, 2011	(52,808)	
							June 30, 2012	<u>78,510</u>	
							Total Property Tax Revenue	\$ <u><u>31,683,669</u></u>	

**Nonmajor
Governmental Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

Fund	Funding Source	Function
Dog	License fees and State grants	Animal population control
Town Aid Road	State and Federal grant	Construction and maintenance of roads
Senior Activity	User fees grants and donations	Fund various senior activities
LOCIP	State grant	Capital Improvement Fund
Solid Waste Sanitation	Licenses, fees and investment income	Operation of Town's solid waste disposal program
Sidewalk and Beautification Improvement	Donations and investment income	Improve sidewalks and other Town property
Local Assistance	Donations	Provide support for low income individuals
Open Space	Sale of land and investment income	Preserve undeveloped land
Police Community Education	Donations	Public safety education
Public Schools	Various funding sources	Various educational support programs
Small Cities Block Grant	Federal grant	Rehabilitation of private residential structures
Police Forfeited Property	Assets seized by police in drug enforcement activities	Police enforcement
Youth Services Grant	State grant	Youth and community activities
Cafeteria	Federal, State and local	School lunch programs
Ambulance Association	Fees	Administer salaries and benefits for ambulance employees
Federal and State Educational Grants	State and Federal grants	Education programs
Sewer Utility	User fees	Operation of sewer system
Communications	Fees from cell phone companies	Maintenance of cell towers
Police Grants	State and Federal grants	Various police support programs
Education Quality and Diversity	State and Federal grants	Educational support programs
Board of Education Severance	Contributions	Account for severance payments to retired board employees
Contractor Payment	Licenses, fees and charges	Account for police and engineering contract fees
Granby Public Library	State grants and contributions	Support of Town library
Parks and Recreation	Licenses, fees and charges	Administration of recreational services
Dog Park	Donations	Construct and maintain Town dog parks
Historic Documents	State grant	Preservation of Town's records
Energy Fund	Block grant	Administration of energy services and initiatives
COPS Secure Our Schools	State and Federal grants	School security
Cossitt Improvement	Various funding sources	Library repairs
Tri-Town Cable Television	Other governments and transfers from General Fund	Create a Cable TV committee and channel
Agricultural	Various funding sources	Promote local agriculture activity
Emergency Management	Local, State and Federal grants	Manage and coordinate large scale emergency operations

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

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

Fund	Funding Source	Function
Universal Cemetery	Investment income	Maintain Town's cemeteries
Cossitt Library	Investment income	Maintain Cossitt Library

**TOWN OF GRANBY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2012

Special Revenue Funds

	<u>Dog</u>	<u>Town Aid Road</u>	<u>Senior Activity</u>	<u>LOCIP</u>	<u>Solid Waste Sanitation</u>	<u>Sidewalk and Beautification Improvement</u>	<u>Local Assistance</u>	<u>Open Space</u>	<u>Police Community Education</u>	<u>Public Schools</u>
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 89,921
Due from other governments				85,000						
Due from other funds	18,405	126,978	147,314		618,404	97,091	9,602	226,259	22,849	
Inventories										
Total Assets	\$ 18,405	\$ 126,978	\$ 147,314	\$ 85,000	\$ 618,404	\$ 97,091	\$ 9,602	\$ 226,259	\$ 22,849	\$ 89,921
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$ 6,060	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds				85,000						
Deferred revenue										
Total liabilities	6,060	-	-	85,000	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted		126,978								
Committed	12,345		147,314		618,404	97,091	9,602	226,259	22,849	89,921
Unassigned										
Total fund balances	12,345	126,978	147,314	-	618,404	97,091	9,602	226,259	22,849	89,921
Total Liabilities and Fund Balances	\$ 18,405	\$ 126,978	\$ 147,314	\$ 85,000	\$ 618,404	\$ 97,091	\$ 9,602	\$ 226,259	\$ 22,849	\$ 89,921

(Continued on next page)

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

JUNE 30, 2012

Special Revenue Funds

	<u>Small Cities Block Grant</u>	<u>Police Forfeited Property</u>	<u>Youth Services Grant</u>	<u>Cafeteria</u>	<u>Ambulance Association</u>	<u>Federal and State Educational Grants</u>	<u>Sewer Utility</u>	<u>Communications</u>	<u>Police Grants</u>
ASSETS									
Cash and cash equivalents	\$ 18,741	\$	\$	\$ 37,871	\$	\$ 179,018	\$	\$	\$
Due from other governments				20,118					
Due from other funds		6,057	112,656		5,940		332,257	110,487	4,124
Inventories				1,784					
Total Assets	<u>\$ 18,741</u>	<u>\$ 6,057</u>	<u>\$ 112,656</u>	<u>\$ 59,773</u>	<u>\$ 5,940</u>	<u>\$ 179,018</u>	<u>\$ 332,257</u>	<u>\$ 110,487</u>	<u>\$ 4,124</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$ 28,642	\$	\$ 8,730	\$	\$	\$
Due to other funds									
Deferred revenue	18,741								
Total liabilities	<u>18,741</u>	<u>-</u>	<u>-</u>	<u>28,642</u>	<u>-</u>	<u>8,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable				1,784					
Restricted			112,656			170,288			4,124
Committed		6,057		29,347	5,940		332,257	110,487	
Unassigned									
Total fund balances	<u>-</u>	<u>6,057</u>	<u>112,656</u>	<u>31,131</u>	<u>5,940</u>	<u>170,288</u>	<u>332,257</u>	<u>110,487</u>	<u>4,124</u>
Total Liabilities and Fund Balances	<u>\$ 18,741</u>	<u>\$ 6,057</u>	<u>\$ 112,656</u>	<u>\$ 59,773</u>	<u>\$ 5,940</u>	<u>\$ 179,018</u>	<u>\$ 332,257</u>	<u>\$ 110,487</u>	<u>\$ 4,124</u>

(Continued on next page)

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

JUNE 30, 2012

Special Revenue Funds

	<u>Education Quality and Diversity</u>	<u>Board of Education Severance</u>	<u>Contractor Payment</u>	<u>Granby Public Library</u>	<u>Parks and Recreation</u>	<u>Dog Park</u>	<u>Historic Documents</u>	<u>Energy Fund</u>	<u>COPS Secure Our Schools</u>	<u>Cossitt Improvement</u>
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due from other governments										
Due from other funds	615,527	170,441	49,694	5,372	129,908	6,024	18,650	1,360	12,230	19,334
Inventories										
Total Assets	<u>\$ 615,527</u>	<u>\$ 170,441</u>	<u>\$ 49,694</u>	<u>\$ 5,372</u>	<u>\$ 129,908</u>	<u>\$ 6,024</u>	<u>\$ 18,650</u>	<u>\$ 1,360</u>	<u>\$ 12,230</u>	<u>\$ 19,334</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accrued liabilities	\$	\$	\$	\$	11,313	\$	\$	\$	\$	\$
Due to other funds										
Deferred revenue										
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable										
Restricted	615,527			5,372			18,650	1,360	12,230	
Committed		170,441	49,694		118,595	6,024				19,334
Unassigned										
Total fund balances	<u>615,527</u>	<u>170,441</u>	<u>49,694</u>	<u>5,372</u>	<u>118,595</u>	<u>6,024</u>	<u>18,650</u>	<u>1,360</u>	<u>12,230</u>	<u>19,334</u>
Total Liabilities and Fund Balances	<u>\$ 615,527</u>	<u>\$ 170,441</u>	<u>\$ 49,694</u>	<u>\$ 5,372</u>	<u>\$ 129,908</u>	<u>\$ 6,024</u>	<u>\$ 18,650</u>	<u>\$ 1,360</u>	<u>\$ 12,230</u>	<u>\$ 19,334</u>

(Continued on next page)

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

JUNE 30, 2012

	Special Revenue Funds				Permanent Funds				Total Nonmajor Governmental Funds
	Tri-Town Cable Television	Agricultural	Emergency Management	Total	Debt Service	Universal Cemetery	Cossitt Library	Total	
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$ 325,551	\$	\$	\$	\$ -	\$ 325,551
Due from other governments				105,118				-	105,118
Due from other funds	138	13,733		2,880,834	499,453	12,992	4,223	17,215	3,397,502
Inventories				1,784				-	1,784
Total Assets	\$ 138	\$ 13,733	\$ -	\$ 3,313,287	\$ 499,453	\$ 12,992	\$ 4,223	\$ 17,215	\$ 3,829,955
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$	\$	\$ 54,745	\$	\$	\$	\$ -	\$ 54,745
Due to other funds			7,763	92,763				-	92,763
Deferred revenue				18,741				-	18,741
Total liabilities	-	-	7,763	166,249	-	-	-	-	166,249
Fund Balances:									
Nonspendable				1,784		12,992	4,223	17,215	18,999
Restricted				1,067,185	499,453			-	1,566,638
Committed	138	13,733		2,085,832				-	2,085,832
Unassigned			(7,763)	(7,763)				-	(7,763)
Total fund balances	138	13,733	(7,763)	3,147,038	499,453	12,992	4,223	17,215	3,663,706
Total Liabilities and Fund Balances	\$ 138	\$ 13,733	\$ -	\$ 3,313,287	\$ 499,453	\$ 12,992	\$ 4,223	\$ 17,215	\$ 3,829,955

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

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	<u>Special Revenue Funds</u>									
	<u>Dog</u>	<u>Town Aid Road</u>	<u>Senior Activity</u>	<u>LOCIP</u>	<u>Solid Waste Sanitation</u>	<u>Sidewalk and Beautification Improvement</u>	<u>Local Assistance</u>	<u>Open Space</u>	<u>Police Community Education</u>	<u>Public Schools</u>
Revenues:										
Intergovernmental	\$	\$ 130,384	\$	\$ 85,000	\$	\$	\$	\$	\$	\$
Investment income					1,553	254		404		
Contributions			8,910				44,644			
Licenses, fees and charges for goods and services	9,475		66,819		56,924					1,194,363
Other							217,100			
Total revenues	<u>9,475</u>	<u>130,384</u>	<u>75,729</u>	<u>85,000</u>	<u>58,477</u>	<u>254</u>	<u>44,644</u>	<u>217,504</u>	<u>-</u>	<u>1,194,363</u>
Expenditures:										
Current:										
General government										
Public safety	20,659									
Public works and environment					5,745					
Recreation and social services			98,388				42,375			
Education										1,143,110
Total expenditures	<u>20,659</u>	<u>-</u>	<u>98,388</u>	<u>-</u>	<u>5,745</u>	<u>-</u>	<u>42,375</u>	<u>-</u>	<u>-</u>	<u>1,143,110</u>
Excess (deficiency) of revenues over expenditures	<u>(11,184)</u>	<u>130,384</u>	<u>(22,659)</u>	<u>85,000</u>	<u>52,732</u>	<u>254</u>	<u>2,269</u>	<u>217,504</u>	<u>-</u>	<u>51,253</u>
Other financing sources (uses):										
Transfers in	4,000		36,184							
Transfers out		(135,000)		(85,000)						
Total other financing sources (uses)	<u>4,000</u>	<u>(135,000)</u>	<u>36,184</u>	<u>(85,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(7,184)	(4,616)	13,525	-	52,732	254	2,269	217,504	-	51,253
Fund Balance, Beginning of Year	<u>19,529</u>	<u>131,594</u>	<u>133,789</u>	<u>-</u>	<u>565,672</u>	<u>96,837</u>	<u>7,333</u>	<u>8,755</u>	<u>22,849</u>	<u>38,668</u>
Fund Balance, End of Year	<u>\$ 12,345</u>	<u>\$ 126,978</u>	<u>\$ 147,314</u>	<u>\$ -</u>	<u>\$ 618,404</u>	<u>\$ 97,091</u>	<u>\$ 9,602</u>	<u>\$ 226,259</u>	<u>\$ 22,849</u>	<u>\$ 89,921</u>

(Continued on next page)

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

	Special Revenue Funds								
	Small Cities Block Grant	Police Forfeited Property	Youth Services Grant	Cafeteria	Ambulance Association	Federal and State Educational Grants	Sewer Utility	Communications	Police Grants
Revenues:									
Intergovernmental	\$	\$	\$ 23,711	\$ 134,691	\$	\$ 1,445,640	\$	\$ 58,092	\$
Investment income	18	16						351	
Contributions			14,774						
Licenses, fees and charges for goods and services			4,316	430,652	355,000		153,221	48,800	
Other	63,097			13,389		79,301	1,746		
Total revenues	<u>63,115</u>	<u>16</u>	<u>42,801</u>	<u>578,732</u>	<u>355,000</u>	<u>1,524,941</u>	<u>154,967</u>	<u>107,243</u>	<u>-</u>
Expenditures:									
Current:									
General government	63,115								
Public safety					356,563				
Public works and environment							152,119		
Recreation and social services			81,575						
Education				581,480		1,433,780			
Total expenditures	<u>63,115</u>	<u>-</u>	<u>81,575</u>	<u>581,480</u>	<u>356,563</u>	<u>1,433,780</u>	<u>152,119</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>16</u>	<u>(38,774)</u>	<u>(2,748)</u>	<u>(1,563)</u>	<u>91,161</u>	<u>2,848</u>	<u>107,243</u>	<u>-</u>
Other financing sources (uses):									
Transfers in			54,845						
Transfers out								(85,000)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>
Net change in fund balance	-	16	16,071	(2,748)	(1,563)	91,161	2,848	22,243	-
Fund Balance, Beginning of Year	-	6,041	96,585	33,879	7,503	79,127	329,409	88,244	4,124
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 6,057</u>	<u>\$ 112,656</u>	<u>\$ 31,131</u>	<u>\$ 5,940</u>	<u>\$ 170,288</u>	<u>\$ 332,257</u>	<u>\$ 110,487</u>	<u>\$ 4,124</u>

(Continued on next page)

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

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	<u>Special Revenue Funds</u>									
	<u>Education Quality and Diversity</u>	<u>Board of Education Severance</u>	<u>Contractor Payment</u>	<u>Granby Public Library</u>	<u>Parks and Recreation</u>	<u>Dog Park</u>	<u>Historic Documents</u>	<u>Energy Fund</u>	<u>COPS Secure Our Schools</u>	<u>Cossitt Improvement</u>
Revenues:										
Intergovernmental	\$ 558,312						\$ 3,500			
Investment income										
Contributions				1,040		10,639				
Licenses, fees and charges for goods and services	31,500		33,866		342,030					
Other				1,126			2,188			
Total revenues	<u>589,812</u>	<u>-</u>	<u>33,866</u>	<u>2,166</u>	<u>342,030</u>	<u>10,639</u>	<u>5,688</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:										
Current:										
General government							3,501			
Public safety										
Public works and environment			28,871					640		
Recreation and social services				2,186	374,414	12,542				
Education	353,598									
Total expenditures	<u>353,598</u>	<u>-</u>	<u>28,871</u>	<u>2,186</u>	<u>374,414</u>	<u>12,542</u>	<u>3,501</u>	<u>640</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>236,214</u>	<u>-</u>	<u>4,995</u>	<u>(20)</u>	<u>(32,384)</u>	<u>(1,903)</u>	<u>2,187</u>	<u>(640)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):										
Transfers in								2,000		
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	236,214	-	4,995	(20)	(32,384)	(1,903)	2,187	1,360	-	-
Fund Balance, Beginning of Year	<u>379,313</u>	<u>170,441</u>	<u>44,699</u>	<u>5,392</u>	<u>150,979</u>	<u>7,927</u>	<u>16,463</u>	<u>-</u>	<u>12,230</u>	<u>19,334</u>
Fund Balance, End of Year	<u>\$ 615,527</u>	<u>\$ 170,441</u>	<u>\$ 49,694</u>	<u>\$ 5,372</u>	<u>\$ 118,595</u>	<u>\$ 6,024</u>	<u>\$ 18,650</u>	<u>\$ 1,360</u>	<u>\$ 12,230</u>	<u>\$ 19,334</u>

(Continued on next page)

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

	<u>Special Revenue Funds</u>				<u>Permanent Funds</u>			Total Nonmajor Governmental Funds	
	Tri-Town Cable Television	Agricultural	Emergency Management	Total	Debt Service	Universal Cemetery	Cossitt Library		Total
Revenues:									
Intergovernmental	\$	\$ 5,788	\$	\$ 2,445,118	\$	\$	\$	\$ -	\$ 2,445,118
Investment income				2,596	1,447	34	11	45	4,088
Contributions				80,007				-	80,007
Licenses, fees and charges for goods and services	5,000	20,702		2,752,668				-	2,752,668
Other				377,947	35,451			-	413,398
Total revenues	<u>5,000</u>	<u>26,490</u>	<u>-</u>	<u>5,658,336</u>	<u>36,898</u>	<u>34</u>	<u>11</u>	<u>45</u>	<u>5,695,279</u>
Expenditures:									
Current:									
General government	10,500	38,383		115,499				-	115,499
Public safety			10,517	387,739				-	387,739
Public works and environment				187,375	100,273			-	287,648
Recreation and social services				611,480				-	611,480
Education				3,511,968				-	3,511,968
Total expenditures	<u>10,500</u>	<u>38,383</u>	<u>10,517</u>	<u>4,814,061</u>	<u>100,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,914,334</u>
Excess (deficiency) of revenues over expenditures	<u>(5,500)</u>	<u>(11,893)</u>	<u>(10,517)</u>	<u>844,275</u>	<u>(63,375)</u>	<u>34</u>	<u>11</u>	<u>45</u>	<u>780,945</u>
Other financing sources (uses):									
Transfers in	5,000		5,000	107,029				-	107,029
Transfers out				(305,000)			(11)	(11)	(305,011)
Total other financing sources (uses)	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>(197,971)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>(11)</u>	<u>(197,982)</u>
Net change in fund balance	(500)	(11,893)	(5,517)	646,304	(63,375)	34	-	34	582,963
Fund Balance, Beginning of Year	<u>638</u>	<u>25,626</u>	<u>(2,246)</u>	<u>2,500,734</u>	<u>562,828</u>	<u>12,958</u>	<u>4,223</u>	<u>17,181</u>	<u>3,080,743</u>
Fund Balance, End of Year	<u>\$ 138</u>	<u>\$ 13,733</u>	<u>\$ (7,763)</u>	<u>\$ 3,147,038</u>	<u>\$ 499,453</u>	<u>\$ 12,992</u>	<u>\$ 4,223</u>	<u>\$ 17,215</u>	<u>\$ 3,663,706</u>

Fiduciary Funds

AGENCY FUNDS

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

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

Contractor Security Fund - to account for all bonds collected from contractors - these bonds will be returned to payee upon successful completion of related construction projects.

TOWN OF GRANBY, CONNECTICUT

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	<u>High School Activity</u>	<u>Middle School Activity</u>	<u>Kelly Lane School Activity</u>	<u>Kearns School Activity</u>	<u>Wells Roads School Activity</u>	<u>Contract Security</u>	<u>Total</u>
ASSETS							
☪ Cash and cash equivalents	\$ 152,386	\$ 50,391	\$ 11,414	\$ 15,114	\$ 28,779	\$	\$ 258,084
Accounts receivable						105,286	105,286
Total	<u>\$ 152,386</u>	<u>\$ 50,391</u>	<u>\$ 11,414</u>	<u>\$ 15,114</u>	<u>\$ 28,779</u>	<u>\$ 105,286</u>	<u>\$ 363,370</u>
LIABILITIES							
Due to student groups and others	\$ 152,386	\$ 50,391	\$ 11,414	\$ 15,114	\$ 28,779	\$	\$ 258,084
Due to contractors						105,286	105,286
Total	<u>\$ 152,386</u>	<u>\$ 50,391</u>	<u>\$ 11,414</u>	<u>\$ 15,114</u>	<u>\$ 28,779</u>	<u>\$ 105,286</u>	<u>\$ 363,370</u>

TOWN OF GRANBY, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
High School Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>123,731</u>	\$ <u>402,677</u>	\$ <u>374,022</u>	\$ <u>152,386</u>
Liabilities:				
Due to student groups and others	\$ <u>123,731</u>	\$ <u>402,677</u>	\$ <u>374,022</u>	\$ <u>152,386</u>
Middle School Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>50,056</u>	\$ <u>270,025</u>	\$ <u>269,690</u>	\$ <u>50,391</u>
Liabilities:				
Due to student groups and others	\$ <u>50,056</u>	\$ <u>270,025</u>	\$ <u>269,690</u>	\$ <u>50,391</u>
Kelly Lane School Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>9,204</u>	\$ <u>57,254</u>	\$ <u>55,044</u>	\$ <u>11,414</u>
Liabilities:				
Due to student groups and others	\$ <u>9,204</u>	\$ <u>57,254</u>	\$ <u>55,044</u>	\$ <u>11,414</u>
Kearns School Activity Fund				
Assets:				
Cash and cash equivalents	\$ <u>7,280</u>	\$ <u>48,129</u>	\$ <u>40,295</u>	\$ <u>15,114</u>
Liabilities:				
Due to student groups and others	\$ <u>7,280</u>	\$ <u>48,129</u>	\$ <u>40,295</u>	\$ <u>15,114</u>

(Continued on next page)

TOWN OF GRANBY, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Wells Road School Activity Fund				
Assets:				
Cash and cash equivalents	\$ 19,722	\$ 57,030	\$ 47,973	\$ 28,779
Liabilities:				
Due to student groups and others	\$ 19,722	\$ 57,030	\$ 47,973	\$ 28,779
Contract Security				
Assets:				
Accounts receivable	\$ 102,823	\$ 6,248	\$ 3,785	\$ 105,286
Liabilities:				
Due to contractors	\$ 102,823	\$ 6,248	\$ 3,785	\$ 105,286
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 209,993	\$ 835,115	\$ 787,024	\$ 258,084
Accounts receivable	102,823	6,248	3,785	105,286
Total	\$ 312,816	\$ 841,363	\$ 790,809	\$ 363,370
Liabilities:				
Due to student groups and others	\$ 209,993	\$ 835,115	\$ 787,024	\$ 258,084
Due to contractors	102,823	6,248	3,785	105,286
Total	\$ 312,816	\$ 841,363	\$ 790,809	\$ 363,370

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF GRANBY, CONNECTICUT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 46,714	\$ 47,290	\$ 46,214	\$ 45,963	\$ 43,701	\$ 42,948	\$ 31,341	\$ 22,643	\$ 20,615	\$ 17,047
Restricted	517	580	791	1,145	1,325	1,273	1,219	1,141	1,102	1,051
Unrestricted	9,103	9,159	9,320	10,519	11,176	10,886	7,080	9,160	6,926	8,512
Total Governmental Activities Net Assets	\$ <u>56,334</u>	\$ <u>57,029</u>	\$ <u>56,325</u>	\$ <u>57,627</u>	\$ <u>56,202</u>	\$ <u>55,107</u>	\$ <u>39,640</u>	\$ <u>32,944</u>	\$ <u>28,643</u>	\$ <u>26,610</u>

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NOTES:

(1) Schedule prepared on the accrual basis of accounting

TOWN OF GRANBY, CONNECTICUT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:										
General government	\$ 3,410	\$ 2,999	\$ 2,995	\$ 3,180	\$ 3,394	\$ 2,535	\$ 2,595	\$ 2,196	\$ 2,618	\$ 2,308
Public safety	4,479	2,591	2,461	2,626	2,498	2,186	2,050	2,010	1,966	1,910
Public works and environment	4,190	4,392	4,386	4,578	3,994	4,061	3,472	2,950	2,547	2,498
Recreation and social services	1,347	1,325	1,280	1,307	1,368	1,217	1,130	1,189	1,142	1,260
Education	35,371	32,901	34,408	31,206	37,638	27,188	27,270	24,345	22,410	21,539
Interest on long-term debt	1,157	1,274	1,405	1,543	1,662	1,739	1,512	1,102	1,254	1,309
Total governmental activities expenses	<u>49,954</u>	<u>45,482</u>	<u>46,935</u>	<u>44,440</u>	<u>50,554</u>	<u>38,926</u>	<u>38,029</u>	<u>33,792</u>	<u>31,937</u>	<u>30,824</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	525	543	553	533	493	604	704	716	710	588
Education	2,669	2,194	2,257	2,304	2,252	1,579	1,633	1,116	757	823
Other	1,217	1,221	1,079	1,009	1,241	1,033	955	851	970	852
Operating grants and contributions	12,712	10,374	10,306	9,160	15,983	7,224	7,242	5,955	5,978	5,816
Capital grants and contributions	5	3	146	420	74	179	6,051	3,639	1,210	1,458
Total governmental activities program revenues	<u>17,128</u>	<u>14,335</u>	<u>14,341</u>	<u>13,426</u>	<u>20,043</u>	<u>10,619</u>	<u>16,585</u>	<u>12,277</u>	<u>9,625</u>	<u>9,537</u>
Net (expense) revenue:										
Governmental activities	<u>(32,826)</u>	<u>(31,147)</u>	<u>(32,594)</u>	<u>(31,014)</u>	<u>(30,511)</u>	<u>(28,307)</u>	<u>(21,444)</u>	<u>(21,515)</u>	<u>(22,312)</u>	<u>(21,287)</u>
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes	31,780	31,186	30,634	30,643	30,208	28,665	26,964	25,036	23,440	21,877
Grants and contributions not restricted to specific purposes	244	310	360	872	437	890	279	225	264	304
Unrestricted investment earnings	51	130	230	522	804	940	562	329	125	193
Other general revenues	57	225	67	403	157	184	335	226	134	201
Total governmental activities	<u>32,132</u>	<u>31,851</u>	<u>31,291</u>	<u>32,440</u>	<u>31,606</u>	<u>30,679</u>	<u>28,140</u>	<u>25,816</u>	<u>23,963</u>	<u>22,575</u>
Changes in net assets:										
Governmental Activities	<u>\$ (694)</u>	<u>\$ 704</u>	<u>\$ (1,303)</u>	<u>\$ 1,426</u>	<u>\$ 1,095</u>	<u>\$ 2,372</u>	<u>\$ 6,696</u>	<u>\$ 4,301</u>	<u>\$ 1,651</u>	<u>\$ 1,288</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting

TOWN OF GRANBY, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:										
Reserved	\$	\$	\$ 347	\$ 368	\$ 314	\$ 184	\$ 147	\$ 346	\$ 362	\$ 461
Unreserved			4,089	5,319	5,380	5,225	3,957	3,421	3,005	3,125
Committed	11	5								
Assigned	1,785	2,082								
Unassigned	1,742	2,372								
Total General Fund	\$ <u>3,538</u>	\$ <u>4,459</u>	\$ <u>4,436</u>	\$ <u>5,687</u>	\$ <u>5,694</u>	\$ <u>5,409</u>	\$ <u>4,104</u>	\$ <u>3,767</u>	\$ <u>3,367</u>	\$ <u>3,586</u>
All other governmental funds:										
Reserved	\$	\$	\$ 1,143	\$ 1,148	\$ 1,340	\$ 1,734	\$ 4,463	\$ 6,093	\$ 2,320	\$ 1,292
Unreserved, reported in:										
Special revenue funds			2,791	3,000	3,129	2,816	2,376	2,445	1,939	2,143
Capital projects funds			970	1,430	1,366	1,188	(5,088)	(10,810)	(2,680)	(241)
Nonspendable	19	19								
Restricted	1,567	1,288								
Committed	2,596	2,848								
Unassigned	(294)	(2)								
Total All Other Governmental Funds	\$ <u>3,888</u>	\$ <u>4,153</u>	\$ <u>4,904</u>	\$ <u>5,578</u>	\$ <u>5,835</u>	\$ <u>5,738</u>	\$ <u>1,751</u>	\$ <u>(2,272)</u>	\$ <u>1,579</u>	\$ <u>3,194</u>

NOTE: Schedule prepared on the modified accrual basis of accounting

TOWN OF GRANBY, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes	\$ 31,684	\$ 31,121	\$ 30,667	\$ 30,603	\$ 30,076	\$ 28,704	\$ 26,933	\$ 25,148	\$ 23,464	\$ 21,882
Intergovernmental	13,743	11,714	11,937	11,458	17,400	9,265	14,374	10,588	7,138	7,946
Licenses, fees and charges for services	3,087	2,684	2,702	2,754	2,895	2,398	2,282	2,127	2,291	1,969
Investments income	43	117	212	488	732	863	513	302	112	188
Other	815	656	539	913	696	461	521	341	285	532
Total revenues	<u>49,372</u>	<u>46,292</u>	<u>46,057</u>	<u>46,216</u>	<u>51,799</u>	<u>41,691</u>	<u>44,623</u>	<u>38,506</u>	<u>33,290</u>	<u>32,517</u>
Expenditures:										
General government	3,400	3,008	3,040	2,969	2,936	2,675	2,447	2,142	2,454	2,231
Public safety	4,424	2,510	2,397	2,588	2,401	2,134	1,962	1,930	1,885	1,803
Public works and environment	3,011	3,236	3,447	3,649	3,037	3,069	2,809	2,650	2,299	2,378
Recreation and social services	1,310	1,255	1,211	1,262	1,302	1,140	1,067	1,125	1,086	1,214
Education	33,019	31,753	32,309	30,127	36,458	26,905	25,514	22,915	21,834	20,681
Capital outlay	2,540	1,788	1,940	2,116	2,094	6,264	14,107	8,649	3,049	1,904
Debt service:										
Principal	2,358	2,828	2,968	2,713	2,083	1,703	1,698	1,693	1,713	1,713
Interest	1,072	1,199	1,335	1,467	1,761	1,342	1,216	1,229	1,233	1,332
Total expenditures	<u>51,134</u>	<u>47,577</u>	<u>48,647</u>	<u>46,891</u>	<u>52,072</u>	<u>45,232</u>	<u>50,820</u>	<u>42,333</u>	<u>35,553</u>	<u>33,256</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,762)</u>	<u>(1,285)</u>	<u>(2,590)</u>	<u>(675)</u>	<u>(273)</u>	<u>(3,541)</u>	<u>(6,197)</u>	<u>(3,827)</u>	<u>(2,263)</u>	<u>(739)</u>
Other Financing Sources (Uses):										
Transfers in	1,807	2,206	1,414	1,696	1,475	2,349	3,570	3,076	2,816	3,459
Transfers out	(1,807)	(2,206)	(1,414)	(1,696)	(1,475)	(2,349)	(3,570)	(3,076)	(2,816)	(3,459)
Premium on bond						347				
Proceeds from capital leases	577	557	664	411	654	686	558	322	429	309
Proceeds from sale of bonds						7,800	10,000			
Proceeds from refunding bonds								9,750		
Payment to refunded bond escrow agent								(9,696)		
Total other financing sources (uses)	<u>577</u>	<u>557</u>	<u>664</u>	<u>411</u>	<u>654</u>	<u>8,833</u>	<u>10,558</u>	<u>376</u>	<u>429</u>	<u>309</u>
Net Change in Fund Balances	<u>\$ (1,185)</u>	<u>\$ (728)</u>	<u>\$ (1,926)</u>	<u>\$ (264)</u>	<u>\$ 381</u>	<u>\$ 5,292</u>	<u>\$ 4,361</u>	<u>\$ (3,451)</u>	<u>\$ (1,834)</u>	<u>\$ (430)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>6.90%</u>	<u>8.70%</u>	<u>8.98%</u>	<u>9.24%</u>	<u>7.52%</u>	<u>7.81%</u>	<u>7.90%</u>	<u>8.70%</u>	<u>9.10%</u>	<u>9.70%</u>

NOTE: Schedule prepared on the modified accrual basis of accounting

TOWN OF GRANBY, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial						
2012	\$ 901,273,420	\$ 50,860,910	\$ 6,204,730	\$ 17,415,490	\$ 81,355,570	\$ 1,057,110,120	30.10	\$ 1,510,157,314	70
2011	898,043,590	50,849,210	6,204,730	17,484,120	76,809,940	1,049,391,590	29.79	1,499,130,843	70
2010	893,744,090	50,839,760	6,204,730	17,304,720	74,359,520	1,042,452,820	29.46	1,489,218,314	70
2009	892,786,680	50,296,370	6,050,380	17,366,340	79,545,660	1,046,045,430	29.35	1,494,350,614	70
2008	698,583,640	37,285,550	5,581,730	16,625,490	78,991,050	837,067,460	35.97	1,195,810,657	70
2007	692,650,170	32,430,720	3,550,050	16,120,880	78,045,330	822,797,150	34.67	1,175,424,500	70
2006	673,217,360	35,889,080	3,550,050	15,084,710	72,510,150	800,251,350	33.41	1,143,216,214	70
2005	658,402,170	34,732,810	3,042,690	14,027,760	68,055,610	778,261,040	31.97	1,111,801,486	70
2004	641,660,560	33,908,560	1,824,060	12,881,770	69,968,610	760,243,560	30.60	1,086,062,229	70
2003	474,958,390	28,197,820	1,747,410	11,701,910	66,935,010	583,540,540	37.06	833,629,343	70

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Source: Town of Granby Office of Tax Assessor

TOWN OF GRANBY
PROPERTY TAX RATES
LAST TEN FISCAL YEARS

Town Direct Rates				
Fiscal Year Ended June 30,	General Town Government Rate	Board of Education Rate	Debt Service Rate	Total Direct Rate
2012	7.48	20.06	2.56	30.10
2011	7.2	19.62	2.97	29.79
2010	6.94	19.39	3.13	29.46
2009	(a) 7.06	19.22	3.07	29.35
2008	8.68	23.66	3.63	35.97
2007	8.56	23.17	2.94	34.67
2006	8.48	22.03	2.90	33.41
2005	8.47	20.67	2.83	31.97
2004	(a) 8.14	19.59	2.90	30.63
2003	9.92	23.37	3.77	37.06

(a) - Revaluation year

Source: Town of Granby Finance Department

TOWN OF GRANBY, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS

2012 AND 2003

<u>Taxpayer</u>	<u>October 1, 2012</u>			<u>Taxpayer</u>	<u>October 1, 2003</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Town Taxable Assessed Value</u>
Connecticut Light & Power	\$ 6,879,960	1	0.65	Connecticut Light & Power	\$ 4,114,190	1	0.7
Granby Developers	5,118,470	2	0.48	Granby Developers	3,606,750	2	0.62
Baygrape Associates	3,749,770	3	0.35	Baygrape Associates	3,387,630	3	0.58
Granby Holdings, LLC	3,412,640	4	0.32	Granby Holdings, LLC	2,551,850	4	0.44
Halmar, Inc.	2,986,200	5	0.28	Halmar, Inc.	2,496,230	5	0.43
Arrow Concrete Products	2,846,230	6	0.27	Riverbend Associates, Inc.	2,432,290	6	0.42
Pierce Enterprises, LLC	2,717,830	7	0.26	Guarco, Michael B & David A.	2,312,050	7	0.4
Granby Center Associates	2,332,330	8	0.22	Pierce Enterprises, LLC	1,701,390	8	0.29
Riverbend Associates, Inc.	2,097,640	9	0.20	Broadhill Associates, LLC	1,603,000	9	0.27
Guarco, Michael B & David A. & Edward J	1,378,630	10	0.13	Granby Center Associates	1,389,640	10	0.24
Total	\$ 33,519,700		3.16		\$ 25,595,020		4.39

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Source: Town of Granby, Office of Tax Assessor

TABLE 8

TOWN OF GRANBY, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	30.1	\$ 32,068,276	\$ 31,303,545	97.62	\$ N/A	\$ 31,303,545	97.62
2011	29.79	31,248,771	30,768,115	98.50	N/A	30,768,115	98.50
2010	29.46	30,889,640	30,242,388	97.90	N/A	30,242,388	97.90
2009	29.35	30,978,015	30,222,246	97.56	N/A	30,222,246	97.56
2008	35.97	30,371,951	29,759,749	97.98	241,393	30,001,142	98.78
2007	34.67	28,856,288	28,340,088	98.21	189,004	28,529,092	98.87
2006	33.41	27,083,704	26,609,098	98.25	205,764	26,814,862	99.01
2005	31.97	25,178,903	24,714,282	98.15	216,354	24,930,636	99.01
2004	30.60	23,525,883	23,112,573	98.24	211,855	23,324,428	99.14
2003	37.06	21,996,982	21,551,982	97.98	244,758	21,796,740	99.09

TOWN OF GRANBY, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	General Obligation Bonds	Capital Leases	Ratio of Debt to Taxable Assessed Value	Ratio of General Bonded Debt to Estimated Actual Taxable Value	Debt Per Capita	Percentage of Debt to Personal Income
2012	\$ 22,045	\$ 1,636	2.24%	1.46%	\$ 2,097	3.98%
2011	24,403	1,719	2.49%	1.63%	2,315	4.40%
2010	27,230	1,815	2.79%	1.83%	2,427	4.61%
2009	30,198	1,675	3.05%	2.02%	2,841	5.40%
2008	32,910	1,696	4.13%	2.75%	3,114	5.92%
2007	34,993	1,540	4.25%	2.98%	3,084	6.12%
2006	26,895	1,217	3.51%	2.35%	2,488	4.73%
2005	20,592	996	2.77%	1.85%	1,947	3.70%
2004	21,580	1,014	2.97%	1.99%	2,056	3.91%
2003	23,293	980	4.16%	2.79%	2,233	4.24%

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

TOWN OF GRANBY, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2012

Total tax collections (including interest and lien fees) for year ended June 30, 2012					\$	31,683,669
Reimbursements for revenue loss for the year ended June 30, 2012:						
Tax relief for the elderly						<u>59,900</u>
Base					\$	<u>31,743,569</u>
		General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation						
2-1/4 times base	\$	71,423,030	\$		\$	\$
4-1/2 times base			142,846,061			
3-3/4 times base				119,038,384		
3-1/4 times base					103,166,599	
3 times base						95,230,707
Total debt limitation		<u>71,423,030</u>	<u>142,846,061</u>	<u>119,038,384</u>	<u>103,166,599</u>	<u>95,230,707</u>
Indebtedness:						
Bonds and notes payable		8,516,000	18,529,000			
Bonds authorized and unissued		<u>1,591,228</u>	<u>3,398,049</u>			
Net indebtedness		<u>10,107,228</u>	<u>21,927,049</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u>61,315,802</u>	\$	<u>120,919,012</u>	\$	<u>119,038,384</u>
					\$	<u>103,166,599</u>
					\$	<u>95,230,707</u>

Note: In no case shall total indebtedness exceed \$222,204,983 or seven times annual receipts from taxation

TOWN OF GRANBY, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt limitation	\$ 222,205	\$ 218,289	\$ 215,058	\$ 214,997	\$ 210,877	\$ 201,266	\$ 189,279	\$ 176,243	\$ 165,012	\$ 153,227
Total net debt applicable to limit	<u>32,034</u>	<u>25,892</u>	<u>28,460</u>	<u>31,018</u>	<u>33,305</u>	<u>36,482</u>	<u>35,147</u>	<u>46,356</u>	<u>19,779</u>	<u>19,962</u>
Legal Debt Margin	\$ <u>190,171</u>	\$ <u>192,397</u>	\$ <u>186,598</u>	\$ <u>183,979</u>	\$ <u>177,572</u>	\$ <u>164,784</u>	\$ <u>154,132</u>	\$ <u>129,887</u>	\$ <u>145,233</u>	\$ <u>133,265</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>14.42%</u>	<u>11.86%</u>	<u>13.23%</u>	<u>14.43%</u>	<u>15.79%</u>	<u>18.22%</u>	<u>18.57%</u>	<u>26.30%</u>	<u>11.99%</u>	<u>13.03%</u>

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 10 for calculation of current year debt limitation

TOWN OF GRANBY, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

<u>Calendar Year</u>	<u>Population(1)</u>	<u>Per Capita Income(5)</u>	<u>Median Age(2)</u>	<u>School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Total Personal Income(2)</u>
2012	11,291	\$ 42,599	44.6	2,205	5.80%	\$ 52,648
2011	11,282	42,599	44.6	2,152	6.00%	52,648
2010	11,220	45,519	42	2,275	5.90%	52,648
2009	11,219	33,863	42	2,324	5.80%	52,648
2008	11,112	33,863	42	2,202	3.70%	52,648
2007	11,344	33,863	39.6	2,280	3.30%	52,648
2006	11,300	33,863	39.6	2,270	2.40%	52,648
2005	11,088	33,863	39.6	2,222	3.70%	52,648
2004	10,989	33,863	39.6	2,198	3.60%	52,648
2003	10,869	33,863	39.6	2,155	4.00%	52,648

(1) Source: Connecticut Department of Health and Census

(2) Source: Census - Based upon most recent info from 2010 census

(3) Source: Annual Budget

(4) Source: Connecticut Department Labor

(5) Source: Comparative Guide to American Suburbs 2009-10

TOWN OF GRANBY, CONNECTICUT

PRINCIPAL EMPLOYERS

2012 AND 2002

<u>Employer</u>	<u>Nature of Business</u>	<u>2012</u>			<u>2002</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Town of Granby	Local Municipal Government	454	1	20.8	429	1	21.0
Imperial Nursery	Company Headquarters/Nursery Production	275	2	12.6	309	2	15.1
YMCA	Recreation and Social Services	257	3	11.8	170	3	8.3
Meadow Brook Nursing Home	Medical Services	185	4	8.5	125	5	6.1
Stop and Shop	Supermarket	136	5	6.2			
Geissler's Supermarket	Retail Sales	99	6	4.5	157	4	7.7
78 Salmon Brook Vet Hospital	Veterinary Hospital	53	7	2.4	50	7	2.4
Stateline Oil	Service/fabrication	46	8	2.0	81	6	3.9
Arrow Concrete	Industrial	44	9	2.0	32	9	1.6
TJ Maxx	Retail	38	10	1.7			
CVS	Retail	35	11	1.6	35	8	1.7
Old Mill Pond Village	Retail				25	10	1.3
Total		<u>1,622</u>		<u>74.1</u>	<u>1,413</u>		<u>69.1</u>

Source: Town of Granby, Community Development Office/Assessor
 Employees are full and part-time. Total town employment is based on full-time.

TOWN OF GRANBY, CONNECTICUT

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES AS OF JUNE 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Function/Program										
General government	11	11	11	11	11	11	11	11	11	11
Police	22	22	22	22	22	22	22	22	22	22
Fire	0	0	0	0	0	0	0	0	0	0
Refuse collection	0	0	0	0	0	0	0	0	0	0
Other public works	16	16	17	17	17	17	16.5	16	16	16
Parks and recreation	2	2	2	2	2	2	2	2	2	2
Library	4	4	4	4	4	4	4	4	4	4
Education	<u>317.9</u>	<u>323.3</u>	<u>321.4</u>	<u>319.1</u>	<u>320.8</u>	<u>317.9</u>	<u>311.1</u>	<u>311.2</u>	<u>302.2</u>	<u>296.3</u>
Total	<u><u>372.9</u></u>	<u><u>378.3</u></u>	<u><u>377.4</u></u>	<u><u>375.1</u></u>	<u><u>376.8</u></u>	<u><u>373.9</u></u>	<u><u>366.6</u></u>	<u><u>366.2</u></u>	<u><u>357.2</u></u>	<u><u>351.3</u></u>

TOWN OF GRANBY, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General government:										
Building permits issued	1025	772	744	751	700	739	899	934	613	776
Building inspections conducted	994	1,101	1,200	1,690	1,560	1,300	1,400	1,100	1,138	1,200
Police:										
Physical arrests	140	118	183	169	163	143	206	302	255	250
Parking violations	0	0	11	6	0	0	0	0	0	2
Traffic violations	1,465	880	2,105	1,868	1,039	1,793	705	705	822	894
Fire:										
Emergency responses	281	249	215	241	226	214	188	186	188	194
Fires extinguished	25	30	17	35	41	10	7	12	20	18
Inspections	103	99	70	55	56	42	38	36	28	28
Refuse collection:										
Refuse collected (tons per day)	14.3	14.7	12.71	13	14.9	16.6	17.57	17.18	16.74	16.3
Recyclables collected (tons per day)	4.1	4	6	3.8	3.2	3	4.1	4.3	3.89	4.06
Other public works:										
Street resurfacing (miles)	1.75	2.15	2.68	3.25	3.3	3.4	3.4	3.42	3.31	6.98
Potholes repaired	145	155	150	150	150	200	215	200	225	200
Parks and recreation:										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community center admissions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Library:										
Volumes in collection	74,340	76,006	75,199	75,125	72,411	70,429	70,785	72,238	69,021	66,871
Total volumes borrowed	146,424	136,344	165,780	170,124	165,171	158,039	161,809	160,362	161,147	160,716
Water:										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peak daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater:										
Average daily sewage treatment (thousands of gallons)	130,000	160,000	120,000	110,000	188,000	160,000	128,000	125,000	136,000	126,000
Transit:										
Total route miles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Passengers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Annual Reports, Budgets, and Department records

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

Function/Program	FISCAL YEAR									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	0	0	0	0	0	0	0	0	0	0
Patrol units	9	9	9	9	9	9	9	9	10	10
Fire stations	3	3	3	3	3	3	3	3	3	3
Refuse collection:										
Collection trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other public works:										
Streets (miles)	95.70	95.70	95.70	95.70	95.11	94.25	94.25	93.97	92.34	91.40
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	151	151	151	151	151	151	151	151	151	151
Traffic signals	6	6	6	6	6	6	6	6	5	5
Parks and recreation:										
Acreage	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	117.3
Playgrounds	2	2	2	2	2	2	2	2	2	1
Baseball/softball diamonds	6	6	6	6	6	6	6	6	5	5
Soccer/football fields	10	10	10	10	10	10	10	10	7	7
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Storage capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater:										
Sanitary sewers (miles)	5.31	5.31	5.31	4.77	4.77	4.77	4.77	4.77	4.77	4.77
Storm sewers (miles)	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.3	11.3	11.3
Treatment capacity (thousands of gallons)	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Transit - mini-buses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Annual Reports, Budgets and Department records