

TOWN OF DEEP RIVER, CONNECTICUT

FINANCIAL REPORT
June 30, 2011

TOWN OF DEEP RIVER, CONNECTICUT

FINANCIAL REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Deep River, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Deep River, Connecticut (the "Town") as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As explained in Notes 14 and 15 to the basic financial statements, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed its method of accounting of governmental funds' fund balance classifications and restated the General Fund and Nonmajor Governmental Funds' beginning fund balances.

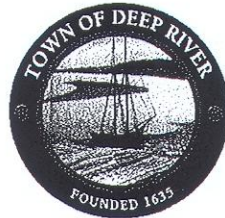
In accordance with "Government Auditing Standards," we have also issued our report dated January 31, 2012 on our consideration of the Town of Deep River, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

The management discussion and analysis, the schedules of funding progress and employer contributions for the pension plan and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

McGladrey & Pullen, LLP

New Haven, Connecticut
January 31, 2012



SELECTMAN'S OFFICE
174 Main Street
Deep River, Connecticut 06417

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

As management of the Town of Deep River, Connecticut, we offer readers of the Town of Deep River's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011.

Financial Highlights

- On a government-wide basis, the Town's net assets decreased by \$541,638 for the fiscal year, governmental activities decreased by \$252,599 while business-type activities of the Town decreased by \$289,039. The governmental activities decrease was due to decreases in capital grants and charges for services, as well as an overall increase in general government spending. The business-type activities decrease was due principally to the non-cash charge for depreciation expense of \$326,313 in connection with the sewer fund assets.
- The Town's combined net assets total \$17,953,397 at June 30, 2011.
- At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$739,485, a decrease of \$322,129 from the prior year.
- At year-end, the unassigned fund balance for the general fund was \$174,709 or 1.20% of total general fund expenditures and transfers out.
- The Town's total capital lease debt for governmental activities decreased by \$93,601 during the fiscal year. The decrease is due to regularly scheduled principal payments made during the fiscal year. Total debt for business-type activities decreased by \$149,286 due to principal payments on the Clean Water sewer note.

Overview of the Basic Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of the Town of Deep River 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, health and social services, parks and recreation and education. The business-type activity of the Town is for sewer operations.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 maintains eight (8) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the one (1) fund considered to be a major fund. Data from the other seven (7) governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in elsewhere in the report.

<u>Major Governmental Funds</u>	<u>Non-major Governmental Funds</u>	
General	Dog License Fund	Incubator Building Fund
	Small Cities Project SC-96	Grant Account
	VNA	Capital Projects
	Hot Lunch Program Fund	

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Deep River maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for the sewer operations, which is considered to be a major fund of the Town.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Deep River's progress in funding its obligation to provide pension benefits to its employees, and the general fund budgetary information.

The combining statements and supplemental schedules referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town of Deep River, assets exceeded liabilities by \$17,953,397 at the close of the fiscal year.

The largest portion of the Town's net assets, \$18,334,018 (102.1%), reflects its investment in capital assets (e.g., land, land improvements, buildings, sewer plant and collection system, machinery and equipment, vehicles and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Town of Deep River					
	Net Assets					
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 1,820,117	\$ 1,831,709	\$ 363,893	\$ 468,927	\$ 2,184,010	\$ 2,300,636
Capital assets (net)	10,457,460	10,427,294	10,653,810	10,980,123	21,111,270	21,407,417
Total assets	12,277,577	12,259,003	11,017,703	11,449,050	23,295,280	23,708,053
Long-term liabilities outstanding	1,828,602	1,871,711	2,603,433	2,752,719	4,432,035	4,624,430
Other liabilities	732,905	418,623	176,943	169,965	909,848	588,588
Total Liabilities	2,561,507	2,290,334	2,780,376	2,922,684	5,341,883	5,213,018
Net assets:						
Invested in capital assets, net of related debt	10,283,641	10,159,874	8,050,377	8,227,404	18,334,018	18,387,278
Restricted	71,340	-	-	-	71,340	-
Unrestricted	(638,911)	(191,205)	186,950	298,962	(451,961)	107,757
Total Net Assets	\$ 9,716,070	\$ 9,968,669	\$ 8,237,327	\$ 8,526,366	\$ 17,953,397	\$ 18,495,035

	Town of Deep River					
	Change in Net Assets					
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 607,136	\$ 1,034,039	\$ 896,402	\$ 883,643	\$ 1,503,538	\$ 1,917,682
Operating grants and contributions	2,546,937	2,418,797	-	-	2,546,937	2,418,797
Capital grants and contributions	317,109	584,258	-	-	317,109	584,258
General revenues:						
Property taxes	11,341,064	11,278,596	-	-	11,341,064	11,278,596
Grants and contributions not restricted to specific programs	187,792	222,066	-	-	187,792	222,066
Investment income	15,270	32,857	85	914	15,355	33,771
Total revenues	15,015,308	15,570,613	896,487	884,557	15,911,795	16,455,170
Expenses:						
General government	1,940,664	2,008,768	-	-	1,940,664	2,008,768
Public safety	693,992	646,112	-	-	693,992	646,112
Public works	1,271,181	1,025,718	-	-	1,271,181	1,025,718
Health and social services	195,514	519,607	-	-	195,514	519,607
Parks and recreation	115,729	115,615	-	-	115,729	115,615
Education	10,815,744	10,628,365	-	-	10,815,744	10,628,365
Interest expense	235,083	242,141	-	-	235,083	242,141
Sewer department	-	-	1,185,526	1,185,688	1,185,526	1,185,688
Total expenses	15,267,907	15,186,326	1,185,526	1,185,688	16,453,433	16,372,014
Change in net assets	(252,599)	384,287	(289,039)	(301,131)	(541,638)	83,156
Net Assets, beginning	9,968,669	9,584,382	8,526,366	8,827,497	18,495,035	18,411,879
Net Assets, ending	\$ 9,716,070	\$ 9,968,669	\$ 8,237,327	\$ 8,526,366	\$ 17,953,397	\$ 18,495,035

Governmental Activities

The Town's net assets decreased by \$252,599 during the current fiscal year.

Governmental activities revenues totaled \$15,015,308 for fiscal year 2011. Property taxes are the largest revenue source for the Town and represent \$11,341,064 or 75.5% of governmental revenues. Current tax collections were 98.3% of the adjusted tax levy. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues were \$2,546,937 or 17.0% of governmental revenues for the year. Charges for services, the third largest revenue, were \$607,136 or 4.0% of governmental revenues. Capital grants and contributions restricted to specific programs were \$317,109, or 2.1% of governmental revenues. Grants and contributions not restricted to specific programs were \$187,792, or 1.3% and include elderly tax relief and in lieu of tax contributions. The remaining \$15,270 or 0.1% of revenues is generated by investment income.

Governmental activities revenues decreased by \$555,305 or 3.6% from that of the prior year. Significant fluctuations from the prior year were as follows:

- A \$62,468 increase in property tax revenues. Such an increase was a result in an increase to our taxable grand list over that of the prior fiscal year.
- A \$128,140 increase in operating grants and contributions. The increase was due primarily to an increase in education grant funding as a result of certain Federal education stimulus awards.
- Capital grants and contributions decreased \$267,149 due to continued State of Connecticut budget cuts.
- Charges for services decreased \$426,903. The decrease was due primarily to the elimination of the public health nursing services in the current year. Building permits and conveyance taxes decreased as a result of the current economic climate, specifically as it relates to the real estate market.
- Investment income decreased \$17,587 due to the significant decrease in interest rates during the current fiscal year.

Expenses

Governmental expenses totaled \$15,267,907 for the fiscal year. Of the expenses, \$10,815,744 or 70.8% is related to education. General government expenses amounted to \$1,940,664 or 12.7%, while public works amounted to \$1,271,181 or 8.3%. Public safety expenses were \$693,992 or 4.6%. Interest expense was \$235,083 or 1.5%. Health and social services expenses were \$195,514 or 1.3%, and park and recreation expenses were \$115,729 or 0.8%.

Governmental activities expenses increased by \$81,581 or 0.5%, from that of the prior year. Significant fluctuations from the prior year were as follows:

- Health and social services expenses decreased by \$324,093 due to elimination of the public health nursing services in the current year.
- General government expenses decreased by \$68,104 due to a reduction in capital spending and prudent budgetary oversight.
- The above decreases were partially offset by increases in Education expenditures of \$187,379, which were funded primarily through grant revenues.

Business-Type Activities

Revenues

General revenues do not support the Town's business-type activities; thus, the largest source of revenues comes from charges for services. Of the \$896,487 in sewer department revenues, 99.99% or \$896,402 came from charges for services (sewer assessment, usage fees, and private septage disposal). Investment income makes up the final 0.01% of revenues for the Town's business-type activities.

Expenses

Business-type expenses totaled \$1,185,526 for the sewer department's fiscal year ended June 30, 2011. Such expenses decreased by \$162 from that of the prior year.

Financial Analysis of the Town's Funds

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

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

The combined fund balances of governmental funds for the fiscal year ended June 30, 2011, is \$739,485. Please note, the total fund balance of \$739,485 includes a deficit fund balance of \$1,530 in the Dog Fund. The remainder of fund balance totaling \$741,015, includes \$148,563 to liquidate contracts and purchase orders of the prior period, \$71,340 restricted for specific purposes, \$346,403 committed to certain functions and \$174,709 as unassigned in the general fund.

General Fund

The General Fund is the operating fund of the Town. The fund balance of the General Fund decreased by \$225,401 during the current fiscal year. This was a result of the following:

- A decrease in total revenue of \$40,149. The decrease is attributed to reductions in charges for services (approximately \$389,000) due to decreases in public health nursing fees. Such decreases were partially offset with an increase in intergovernmental revenues of approximately \$302,000 due to an increase in education grant funding.
- Total expenditures increased by \$253,983 led by increases in education expenditures which were funded primarily through grant revenue.

Proprietary funds. The Town's proprietary fund provides the same information found in the government-wide financial statements, but in more detail. The Town's sewer enterprise fund posted an overall decrease in net assets of \$289,039 for the fiscal year ended June 30, 2011.

Sewer Fund

Unrestricted net assets of the sewer fund at the end of the year amounted to \$186,950.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues and Other Financing Sources:				
Property taxes	\$ 11,253,145	\$ 11,253,145	\$ 11,351,611	\$ 98,466
Intergovernmental, charges for services and other	2,788,960	2,788,960	2,551,497	(237,463)
Total revenues and other financing sources	14,042,105	14,042,105	13,903,108	(138,997)
Expenditures and Other Financing Uses:				
Expenditures	13,985,007	14,102,841	14,111,731	8,890
Transfers	-	28,178	28,178	-
Total expenditures and other financing uses	13,985,007	14,131,019	14,139,909	8,890
Net change in fund balance	\$ 57,098	\$ (88,914)	\$ (236,801)	\$ (147,887)

The final amended budget exceeded the original budget by \$146,012. Overall, revenues were less than our budgetary estimates while final adjusted expenditures were below budgeted amounts.

Capital Assets

At June 30, 2011, the Town of Deep River's investment in capital assets in both governmental and business-type activities amounted to \$21,111,270, net of depreciation. This includes land, land improvements, buildings, sewer plant and collection system, machinery and equipment, vehicles, and roads (accepted by the Town since July 1, 2004). The net decrease in the Town's investment in capital assets for the current fiscal year was \$296,147, a decrease of 1.4%.

	Town of Deep River Capital Assets - Net					
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 514,688	\$ 514,688	\$ 360,214	\$ 360,214	\$ 874,902	\$ 874,902
Construction in progress	163,083	112,465	-	-	163,083	112,465
Land improvements	1,975	2,770	-	-	1,975	2,770
Buildings	7,337,501	7,452,749	-	-	7,337,501	7,452,749
Sewer plant and collection system	-	-	9,939,282	10,195,632	9,939,282	10,195,632
Machinery and equipment	132,797	148,931	350,042	413,484	482,839	562,415
Vehicles	620,577	710,594	4,272	10,793	624,849	721,387
Infrastructure	1,686,839	1,485,097	-	-	1,686,839	1,485,097
Total	\$ 10,457,460	\$ 10,427,294	\$ 10,653,810	\$ 10,980,123	\$ 21,111,270	\$ 21,407,417

Long-term Debt

At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$2,603,433. Such debt is backed by the full faith and credit of the government.

Town of Deep River Outstanding Debt General Obligation Bonds and Notes June 30, 2011 and 2010						
June 30, 2011				June 30, 2010		
Primary Government				Primary Government		
Governmental Activities	Business-type Activities	Total		Governmental Activities	Business-type Activities	Total
Clean water notes	\$ -	\$ 2,603,433	\$ 2,603,433	\$ -	\$ 2,752,719	\$ 2,752,719
Total	\$ -	\$ 2,603,433	\$ 2,603,433	\$ -	\$ 2,752,719	\$ 2,752,719

The Town maintains a "Baa" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue up to seven times total tax collections including interest and lien fees and the tax relief for the elderly freeze grant. The current debt limitation for the Town is approximately \$79,161,000, which is significantly in excess of the Town's outstanding general obligation debt.

Next Year's Budgets and Rates

The Town elected and appointed officials considered many factors when setting the fiscal year 2010/2011 budget. The Town decided that it was important to continue the support of the schools and adopt a budget designed to promote long-term fiscal stability. The Town has not appropriated any of the unreserved fund balance to aid in balancing the 2011/2012 budget.

The 2011/2012 general fund budget is \$13,986,944, a decrease of \$88,063 or 0.6% over the prior year actual expenditures.

The decrease is due primarily to a decrease in employee benefits, including medical insurance and pension plan.

Requests for Information

This financial report is designed to familiarize our citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or requests for additional financial information, should be directed to Mr. Richard H. Smith, First Selectman, 174 Main Street, Town Hall, Deep River, CT 06417, Telephone (860) 526-6020.

Basic Financial Statements

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,145,787	\$ 40,386	\$ 1,186,173
Receivables:			
Property taxes, net of allowance for collection losses	345,022	-	345,022
Assessments/use charges	-	69,420	69,420
Intergovernmental	89,868	-	89,868
Loans	34,460	-	34,460
Other	63,038	77,881	140,919
Internal balances	67,667	(67,667)	-
Net pension asset	74,275	-	74,275
Assessments/use charges, noncurrent	-	243,873	243,873
Capital assets, not being depreciated	677,771	360,214	1,037,985
Capital assets, being depreciated, net of depreciation	9,779,689	10,293,596	20,073,285
Total assets	12,277,577	11,017,703	23,295,280
Liabilities			
Accounts payable and accruals	472,953	176,943	649,896
Unearned revenue	259,952	-	259,952
Noncurrent liabilities:			
Due within one year	155,482	152,300	307,782
Due in more than one year	1,673,120	2,451,133	4,124,253
Total liabilities	2,561,507	2,780,376	5,341,883
Net Assets			
Invested in capital assets, net of related debt	10,283,641	8,050,377	18,334,018
Restricted	71,340	-	71,340
Unrestricted	(638,911)	186,950	(451,961)
Total net assets	\$ 9,716,070	\$ 8,237,327	\$ 17,953,397

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,940,664	\$ 247,258	\$ 3,161	\$ -	\$ (1,690,245)	\$ -	\$ (1,690,245)
Public safety	693,992	91,682	55,004	-	(547,306)	-	(547,306)
Public works	1,271,181	170,532	-	317,109	(783,540)	-	(783,540)
Health and social services	195,514	406	30,892	-	(164,216)	-	(164,216)
Parks and recreation	115,729	36,711	-	-	(79,018)	-	(79,018)
Education	10,815,744	60,547	2,457,880	-	(8,297,317)	-	(8,297,317)
Interest expense	235,083	-	-	-	(235,083)	-	(235,083)
Total governmental activities	15,267,907	607,136	2,546,937	317,109	(11,796,725)	-	(11,796,725)
Business-type activities:							
Sewer Enterprise	1,185,526	896,402	-	-	-	(289,124)	(289,124)
Total business-type activities	1,185,526	896,402	-	-	-	(289,124)	(289,124)
Total primary government	\$ 16,453,433	\$ 1,503,538	\$ 2,546,937	\$ 317,109	(11,796,725)	(289,124)	(12,085,849)
General revenues:							
Property taxes					11,341,064	-	11,341,064
Grants and contributions not restricted to specific programs					187,792	-	187,792
Income from investments					15,270	85	15,355
Total general revenues					11,544,126	85	11,544,211
Change in net assets					(252,599)	(289,039)	(541,638)
Net assets - beginning					9,968,669	8,526,366	18,495,035
Net assets - ending					\$ 9,716,070	\$ 8,237,327	\$ 17,953,397

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 472,717	\$ 673,070	\$ 1,145,787
Receivables (net of allowances for collection losses):			
Property taxes	345,022	-	345,022
Intergovernmental	48,435	41,433	89,868
Loans	-	34,460	34,460
Other	54,891	8,147	63,038
Due from other funds	295,550	-	295,550
Total assets	\$ 1,216,615	\$ 757,110	\$ 1,973,725
Liabilities			
Accounts payable and accruals	\$ 456,386	\$ 16,567	\$ 472,953
Advance tax collections	259,952	-	259,952
Due to other funds	600	227,283	227,883
Deferred revenue	273,452	-	273,452
Total liabilities	990,390	243,850	1,234,240
Fund balances			
Restricted	-	71,340	71,340
Committed	-	346,403	346,403
Assigned	51,516	97,047	148,563
Unassigned	174,709	(1,530)	173,179
Total fund balances	226,225	513,260	739,485
Total liabilities and fund balances	\$ 1,216,615	\$ 757,110	

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the Town as a whole.	10,457,460
Other long-term assets are available to pay for current period expenditures and, therefore, are deferred	273,452
Net pension asset	74,275
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,828,602)

Net assets of governmental activities	<u>\$ 9,716,070</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

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

For the Year Ended June 30, 2011

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property taxes and lien fees	\$ 11,351,611	\$ -	\$ 11,351,611
Intergovernmental	2,492,650	528,296	3,020,946
Charges for services	468,309	138,827	607,136
Investment income	14,273	997	15,270
Other	-	30,892	30,892
Total revenues	14,326,843	699,012	15,025,855
EXPENDITURES			
Current:			
General government	1,768,058	78,068	1,846,126
Public safety	607,125	6,028	613,153
Public works	1,083,628	-	1,083,628
Health and social services	166,183	6,362	172,545
Parks and recreation	114,934	-	114,934
Education	9,820,587	425,760	10,246,347
Capital outlay	284,177	279,522	563,699
Debt service	707,552	-	707,552
Total expenditures	14,552,244	795,740	15,347,984
Revenues over (under) expenditures	(225,401)	(96,728)	(322,129)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	71,974	71,974
Transfers (out)	-	(71,974)	(71,974)
Total other financing sources (uses)	-	-	-
Change in fund balances	(225,401)	(96,728)	(322,129)
FUND BALANCES , beginning, as restated (Note 14)	451,626	609,988	1,061,614
FUND BALANCES , ending	\$ 226,225	\$ 513,260	\$ 739,485

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2011

Net change in fund balances – total governmental funds	\$ (322,129)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	30,166
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Changes in revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(10,547)
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Change in net pension asset	6,802
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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, however, 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 deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	93,601
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Changes in some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(50,492)
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Change in net assets of governmental activities	<u>\$ (252,599)</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 40,386
Receivables:	
Assessments	25,000
User charges	44,420
Due from other funds	600
Other	77,881
Total current assets	188,287
Noncurrent assets:	
Assessment receivables	243,873
Capital assets, net of accumulated depreciation	10,653,810
Total noncurrent assets	10,897,683
Total assets	11,085,970
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	176,943
Due to other funds	68,267
Loan payable	152,300
Total current liabilities	397,510
Noncurrent liabilities:	
Loan payable	2,451,133
Total noncurrent liabilities	2,451,133
Total liabilities	2,848,643
NET ASSETS	
Invested in capital assets, net of related debt	8,050,377
Unrestricted	186,950
Total net assets	\$ 8,237,327

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-Type Activities Sewer
OPERATING REVENUES	
Charges for services	\$ 896,402
Total operating revenues	<u>896,402</u>
OPERATING EXPENSES	
Salaries and benefits	376,525
Contracted services	25,004
Utilities	104,437
Plant operation	272,158
Administration	27,398
Depreciation	326,313
Total operating expenses	<u>1,131,835</u>
Operating loss	(235,433)
NONOPERATING REVENUES (EXPENSES)	
Investment income	85
Interest expense	(53,691)
Total nonoperating (revenues) expenses	<u>(53,606)</u>
Change in net assets	(289,039)
NET ASSETS, beginning	<u>8,526,366</u>
NET ASSETS, ending	<u>\$ 8,237,327</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Business-Type Activities Sewer
Cash Flows From Operating Activities	
Receipts from customers	\$ 896,052
Payments to suppliers	(368,305)
Payment to employees	(362,480)
Net cash provided by operating activities	<u>165,267</u>
Cash Flows From Capital and Related Financing Activities	
Principal payments	(149,286)
Interest payments	(53,691)
Net cash used in capital and related financing activities	<u>(202,977)</u>
Cash Flows Provided by Investing Activities	
Investment income	<u>85</u>
Net decrease in cash and cash equivalents	(37,625)
Cash and Cash Equivalents	
Beginning	<u>78,011</u>
Ending	<u><u>\$ 40,386</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (235,433)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation	326,313
(Increase) decrease in:	
Assessments receivable	44,513
Other and user charges receivable	(16,827)
Due from other funds	(600)
Increase (decrease) in:	
Accounts and other payables	35,014
Unearned revenue	(28,036)
Due to other funds	40,323
Net cash provided by operating activities	<u><u>\$ 165,267</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

June 30, 2011

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	\$ -	\$ 19,016
Investments at fair value:		
Equity mutual funds	1,098,487	-
Bond mutual funds	684,528	-
Fixed income mutual funds	1,129	-
Total investments	1,784,144	-
Receivable		
Employer contribution	46,194	-
Due from other funds	43,000	-
Total assets	1,873,338	19,016
LIABILITIES		
Due to other funds	43,000	-
Due to student groups	-	19,016
Total liabilities	43,000	19,016
NET ASSETS HELD IN TRUST	\$ 1,830,338	\$ -

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Pension Trust Funds
	<hr/>
ADDITIONS	
Contributions:	
Employer	\$ 298,085
Total contributions	<hr/> 298,085
Investment income:	
Net appreciation in fair value of investments	254,522
Interest income	17
Total	<hr/> 254,539
Total additions	<hr/> 552,624
DEDUCTIONS	
Benefits	95,003
Administration	500
Total deductions	<hr/> 95,503
Change in net assets	457,121
NET ASSETS , July 1, 2010	<hr/> 1,373,217
NET ASSETS , June 30, 2011	<hr/> \$ 1,830,338

The notes to the financial statements are an integral part of this statement.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Town of Deep River, Connecticut (the "Town"), was incorporated in 1635. The Town is located on the Connecticut River and is seven miles north of Long Island Sound. The Town is traversed by Connecticut Routes 9, 80, 145 and 154. The Town operates under a Town Meeting form of government; the First Selectman serves as the Chief Executive Officer. The Town provides a full range of services including education, public safety, roads, sanitation, health, social services, culture and recreation, planning, zoning, and general administrative services to its residents.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board Statements have been considered and there are no agencies or entities which should be presented with the Town.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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 and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due (matured).

Property taxes when levied for, intergovernmental revenue when eligibility requirements are met, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable only when cash is received by the Town.

The Town reports the following major governmental fund.

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

The Town reports the following major proprietary fund:

The *Sewer Fund* accounts for the activities of the Town's Water Pollution Control Authority.

Additionally, the Town reports the following fund types:

The *Pension Trust Funds* account for the activities of the Town's Employees' Retirement System and the Firefighter's Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds*, fiduciary funds, account for monies held as a custodian for outside student groups and amounts held for performance bonds do not involve measurement of results of operations.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. 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 all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for services and other Town funds for premiums. Operating expenses for the funds include the cost of operations and maintenance, administrative expenses, claim expense, and

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

depreciation on capital 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.

Accounting Estimates

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

Property Taxes

Property taxes are assessed as of October 1, and are levied for on the following July 1. Real estate taxes are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicle taxes are due in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

Delinquent real estate taxes are billed at least twice a year, with interest charged at a rate of 1.5 percent per month. Delinquent motor vehicle and personal property accounts are transferred to a suspense account after three years, at which time they cease to be carried as receivables. However, they remain valid claims for up to 15 years after being levied.

Cash and Cash Equivalents

The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Allowance for Doubtful Accounts

Accounts and notes receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay.

Investments

Investments for the Town are primarily reported at fair value using quoted market prices. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned. Allowable investments under the pension funds' investment policy consist of investment grade corporate bonds as rated by Standard and Poor's, government bonds issued and guaranteed by the U.S. Treasury and U.S. Agencies, federally insured certificates of deposit, and equities consisting of stocks and mutual funds. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 10% of the equity portion of the portfolio. Professional money managers are employed to manage the assets allocated to them. The Board of Selectmen, as trustee of the pension plans, is

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

responsible for overall investment policy. Any change in investment manager or individual security purchase must have their approval. The pension committee acts as advisor to the Board of Selectmen.

The balance of the pooled fixed income investments were invested in a pool similar to a 2a-7. The fair value of the position in the pool is the same as the value of the pool shares. These investments are stated at amortized cost.

Inventories

Inventories are stated at the lower of cost or market determined on the first-in, first-out basis.

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 and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure and an estimated useful life of 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 fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred net of interest earned on project specific debt during the construction phase of capital assets of business-type activities and enterprise fund is included as part of the capitalized cost of the assets constructed.

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

Assets	Years
Land improvements	15-25
Buildings	20-75
Machinery and equipment	5-25
Infrastructure	50-100
Sewer plant	20-100
Sewer lines	60

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

Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The vesting method, using historical data, was used to calculate the liability. Vested sick leave and accumulated vacation leave of proprietary funds are recorded as an expense and liability of

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

those funds and the benefits accrue to employees. Compensated absences are generally paid out of the General Fund.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond principal premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred gains/losses on refundings. 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. Bond principal payments are recorded as expenditures. 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.

Encumbrances

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

All other General Fund appropriations lapse at year-end.

Pension accounting

Pension Trust Fund

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Standalone statements are not issued.

Governmental Funds

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy

The Town funds the contributions to its defined benefit pension plans based on an actuarial valuation, which amount is included in the budget.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Fund Equity and Net Assets

In the government-wide and proprietary fund financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets – This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets - This category represents the net assets of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, the Town reported the following governmental fund balances:

- Nonspendable Fund Balance - These amounts cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- Restricted Fund Balance - These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- Committed Fund Balance – This represents amounts constrained prior to year-end for a specific purpose by a government using its highest level of decision making authority (Town of Deep River Board of Finance/Board of Selectmen).
- Assigned Fund Balance – Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts.
- Unassigned Fund Balance – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Note 2. Reconciliation of Government Wide And Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds, and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Compensated absences	\$ (242,377)
Capital leases payable	(173,819)
Net pension obligation	(1,150,406)
Landfill closure	<u>(262,000)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (1,828,602)</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

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

Capital outlay	\$ 525,644
Depreciation expense	<u>(495,478)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 30,166</u>

Another element of that reconciliation states that "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, however, 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 deferred and amortized in the statement of activities." The details of this difference are as follows:

Principal repayments:	
Capital lease	<u>\$ 93,601</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 93,601</u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences	\$ 45,312
Net pension obligation	(97,404)
Landfill closure	<u>1,600</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (50,492)</u>

Note 3. Cash and Investments

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town follows State statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: With the exception of its pension funds, the Town does not have a custodial credit risk policy for investments. The Town does not have a policy for investments or related credit risk for debt securities, however, it is their practice to follow State statutes. 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 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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

Interest rate risk: With the exception of its pension funds, the Town does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town does not have a policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, approximately \$387,000 of the Town's bank balance including certificates of deposits, of \$1,285,000 was uninsured and uncollateralized.

Investments: This is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash and investments of the Town consist of the following at June 30, 2011:

Cash and cash equivalents	
Deposits with financial institutions	\$ 1,181,275
Cutwater - Connecticut Class Plus	23,914
Total cash and cash equivalents	<u>1,205,189</u>
Investments	
Pension Trust Funds:	
Equity Mutual Funds	1,098,487
Bond Mutual Funds	684,528
Fixed Income Mutual Funds	1,129
Total pension investments	<u>1,784,144</u>
Total cash, cash equivalents and investments	<u><u>\$ 2,989,333</u></u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Assets	
Cash and cash equivalents	<u>\$ 1,186,173</u>
Fiduciary Funds	
Cash	19,016
Investments	1,784,144
	<u>1,803,160</u>
Total cash, cash equivalents and investments	<u><u>\$ 2,989,333</u></u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Fixed Income Mutual Funds	\$ 1,129	\$ 1,129	\$ -	\$ -	\$ -
Pooled Income Funds	23,914	23,914	-	-	-
Bond Mutual Funds	684,528	-	45,456	600,747	38,325

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the actual rating, as rated by Standard & Poor's, as required for each debt type investment.

Standard & Poor's	Bond Mutual Funds	Fixed Income Mutual Funds	Pooled Income Fund
AAAm	\$ -	\$ -	\$ 23,914
AAA	194,350	-	-
AA	33,792	-	-
A	77,817	-	-
BBB	153,011	-	-
BB	93,104	-	-
B	96,176	-	-
Unrated	36,278	1,129	-
	<u>\$ 684,528</u>	<u>\$ 1,129</u>	<u>\$ 23,914</u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Increases	Decreases	Transfers	Balance June 30, 2011
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 514,688	\$ -	\$ -	\$ -	\$ 514,688
Construction in progress	112,465	167,792		(117,174)	163,083
Total capital assets, not being depreciated	627,153	167,792	-	(117,174)	677,771
Capital assets, being depreciated:					
Land improvements	289,228	-	-	-	289,228
Buildings and Improvements	12,560,701	57,852	-	117,174	12,735,727
Machinery and equipment	788,983	-	-	-	788,983
Vehicles	1,929,774	-	-	-	1,929,774
Infrastructure	1,651,637	300,000	-	-	1,951,637
Total capital assets, being depreciated	17,220,323	357,852	-	117,174	17,695,349
Total capital assets	17,847,476	525,644	-	-	18,373,120
Less accumulated depreciation for:					
Land improvements	286,458	795	-	-	287,253
Buildings and Improvements	5,107,952	290,274	-	-	5,398,226
Machinery and equipment	640,052	16,134	-	-	656,186
Vehicles	1,219,180	90,017	-	-	1,309,197
Infrastructure	166,540	98,258	-	-	264,798
Total accumulated depreciation	7,420,182	495,478	-	-	7,915,660
Total capital assets, being depreciated, net	9,800,141	(137,626)	-	117,174	9,779,689
Governmental activities capital assets, net	\$ 10,427,294	\$ 30,166	\$ -	\$ -	\$ 10,457,460

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 360,214	\$ -	\$ -	\$ 360,214
Total capital assets, not being depreciated	360,214	-	-	360,214
Capital assets, being depreciated:				
Sewer plant	6,550,734	-	-	6,550,734
Sewer collection system	8,115,012	-	-	8,115,012
Machinery and equipment	1,814,632	-	-	1,814,632
Vehicles	181,903	-	-	181,903
Total capital assets, being depreciated	16,662,281	-	-	16,662,281
Total capital assets	17,022,495	-	-	17,022,495
Less accumulated depreciation for:				
Sewer plant	2,764,079	117,059	-	2,881,138
Sewer collection system	1,706,035	139,291	-	1,845,326
Machinery and equipment	1,401,148	63,442	-	1,464,590
Vehicles	171,110	6,521	-	177,631
Total accumulated depreciation	6,042,372	326,313	-	6,368,685
Total capital assets, being depreciated, net	10,619,909	(326,313)	-	10,293,596
Total business-type activities capital assets, net	\$ 10,980,123	\$ (326,313)	\$ -	\$ 10,653,810

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

Governmental activities:	
General government	\$ 119,217
Public safety	84,152
Public works	126,670
Health and social services	12,500
Park and recreation	795
Education	152,144
Total depreciation expense - governmental activities	\$ 495,478
Business-type activities:	
Sewer	\$ 326,313

TOWN OF DEEP RIVER, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS, Continued**
June 30, 2011

Note 5. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2011 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 295,550	\$ 600
Non-Major Governmental Funds	-	227,283
Sewer Fund	600	68,267
Grand Total	\$ 296,150	\$ 296,150

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year ended June 30, 2011 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
Non-Major Governmental Funds	\$ 71,974	\$ 71,974

Note 6. Unearned Revenue/Deferred Revenue

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

	Deferred Revenues
General Fund:	
Delinquent property taxes receivable	\$ 273,452

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 7. Long-Term Liabilities

A summary of changes in outstanding long-term obligations during the year ended June 30, 2011 is as follows:

Description	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Other long-term liabilities:					
Compensated absences	\$ 287,689	\$ 65,778	\$ 111,090	\$ 242,377	\$ 55,000
Capital lease obligations	267,420	-	93,601	173,819	96,882
Net pension obligation	1,053,002	97,404	-	1,150,406	-
Landfill closure costs	263,600	-	1,600	262,000	3,600
Total other long-term liabilities	1,871,711	163,182	206,291	1,828,602	155,482
Governmental activity long-term liabilities	\$ 1,871,711	\$ 163,182	\$ 206,291	\$ 1,828,602	\$ 155,482
Business-type activities:					
Bonds payable:					
Clean water sewer note	\$ 2,752,719	\$ -	\$ 149,286	\$ 2,603,433	\$ 152,300
Business-type activity long-term liabilities	\$ 2,752,719	\$ -	\$ 149,286	\$ 2,603,433	\$ 152,300

Clean Water Sewer Notes - Business-Type Activities

As of June 30, 2011, the outstanding clean water notes of the Town were as follows:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Clean Water Sewer								
Note	\$ 3,375,000	10/30/2006	4/30/2026	2.00%	\$ 2,752,719	\$ -	\$ 149,286	\$ 2,603,433
					<u>\$ 2,752,719</u>	<u>\$ -</u>	<u>\$ 149,286</u>	<u>\$ 2,603,433</u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The following is a summary as of June 30, 2011, of the future principal and interest requirements for the Town's note indebtedness - business-type activities:

Fiscal Year Ending	Principal	Interest	Total
2012	\$ 152,300	\$ 50,678	\$ 202,978
2013	155,374	47,604	202,978
2014	158,510	44,467	202,977
2015	161,709	41,268	202,977
2016	164,973	38,004	202,977
2017	168,303	34,674	202,977
2018	171,700	31,277	202,977
2019	175,166	27,811	202,977
2020	178,701	24,276	202,977
2021	182,308	20,669	202,977
2022	185,988	16,989	202,977
2023	189,742	13,235	202,977
2024	193,572	9,405	202,977
2025	197,479	5,498	202,977
2026	167,608	1,539	169,147
Total	<u>\$ 2,603,433</u>	<u>\$ 407,394</u>	<u>\$ 3,010,827</u>

Legal Debt Limit

The Town's indebtedness (including authorized but unissued bonds and overlapping debt), net of principal reimbursements expected from the State, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 25,444,694	\$ -	\$ 25,444,694
Schools	50,889,389	4,600,000	46,289,389
Sewers	42,407,824	-	42,407,824
Urban renewal	36,753,447	-	36,753,447
Pension deficit	33,926,259	-	33,926,259

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$79,161,000.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Deep River is a member of Regional School District No. 4 which provides education facilities for grades 7-12 for the towns of Chester, Deep River and Essex. As of June 30, 2011, the outstanding bonded indebtedness of the District was \$14,806,000. The Town of Deep River's share will be approximately 31.07% or \$4,600,000. These are general obligations of Regional School District No. 4 and its member towns.

Capital Lease

At June 30, 2011, the Town is committed under leases for vehicles and miscellaneous instruments. These lease agreements qualify as capital leases for accounting purposes (title transfers at the beginning of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The equipment that is capitalized totals \$471,250, with \$234,583 in accumulated depreciation.

Future minimum lease payments under the capital lease is as follows:

2012	\$ 102,758
2013	79,414
Total	<u>182,172</u>
Less amount representing interest	8,353
	<u><u>\$ 173,819</u></u>

Note 8. Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require that the Town place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill post-closure care costs has a balance of approximately \$262,000 as of June 30, 2011, which is based on 100% usage of the landfill. The landfill is closed and is no longer accepting waste. The liability is accrued in the governmental activities. The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfill were acquired as of June 30, 2011. However, post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Note 9. Risk Management

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to employees, natural disasters, and owners' and contractors' protective liability.

The Town also is a member in Regional School District No. 4's medical health insurance fund, a public entity risk pool established for the purpose of administering medical benefits for each participating entity in the fund. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$60,000 for each insured occurrence. Members may be subject to supplemental assessments in the event of deficiencies.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The Town currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes, for workers' compensation and employer liability coverage. CIRMA currently has 209 members in the workers' compensation pool. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$1,000,000 for each insured occurrence.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there have not been any significant reductions in insurance coverage from the amounts held in prior years.

Note 10. Contingent Liabilities

The Town has been named as defendant in several claims and legal actions. The Town's management estimates that the potential claims against the Town would not have a material adverse effect on the financial condition of the Town.

Note 11. Retirement Plans

Defined Benefit Plan (PERS)

The Town has two pension plans, one covering substantially all full time employees and noncertified Board of Education employees and the second covering the volunteer firefighters. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Teachers' Retirement Board. The Town does not contribute to this plan.

Plan Description

Summary

The Town administers two single employer, defined benefit pension plans (Town of Deep River Employees' Retirement Plan and Town of Deep River Firefighters). The plans were established through ordinances. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plans are included in the financial statements individually since the assets from one plan may not be used to pay benefits or refunds of any plan member or beneficiary from the other. Separate, stand-alone reports are not issued.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Classes of Employees Covered

At July 1, 2009, the date of the last actuarial valuation, membership in the plan consisted of the following:

	July 1, 2009 Town	July 1, 2009 Firemen
Active plan members	30	29
Terminated employees entitled to benefits but not yet receiving them	5	9
Retired plan members	-	10
Total plan participants	35	48
Number of participating employers	1	1

Benefit Provisions

Town Employee Plan

The plan's membership is open to substantially all Town employees with the exception of certified teachers and administrative personnel at the Board of Education. Employees must complete twelve months of service and attain a minimum age of twenty-one to be eligible for the plan. Participants are vested after ten years of service. Administrative costs are financed from investment earnings.

Firefighters' Plan

The plan covers substantially all active volunteer firefighters of the Deep River Volunteer Fire Department. In order to be eligible for the plan, the employee must complete one year of service and attain a minimum age of twenty-one. Administrative costs are financed from investment earnings.

Employer Contributions

Recommended contributions to the plans are determined each year as part of the actuarial valuation using the aggregate cost method for the Town Plan and the unit credit method for the Firemen's Plan.

	Town	Firemen
Valuation date	July 1, 2009	July 1, 2009
Investment rate of return	6.00%	7.50%
Projected salary increases (per year)	3.00%	N/A
Inflation rate	3.00%	N/A
Cost of living adjustment	N/A	N/A
Asset valuation method	Fair Value	Fair Value

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Annual Pension Cost and Net Pension Obligation (Asset)

The Town's annual pension cost and net pension obligation (asset) to the pension trust fund for the current year were:

	Town Plan	Firemen Plan
Annual required contribution	\$ 287,059	\$ 31,989
Interest on net pension obligation	63,180	(5,060)
Adjustment to annual required contribution	-	11,519
Annual pension cost	350,239	38,448
Contributions made	(252,835)	(45,250)
Increase in net pension obligation (asset)	97,404	(6,802)
Net pension obligation (asset), July 1, 2010	1,053,002	(67,473)
Net pension obligation (asset), June 30, 2011	<u>\$ 1,150,406</u>	<u>\$ (74,275)</u>

Schedule of Funding Progress

		(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial	Actuarial	Actuarial	Unfunded	Funded	Annual	UAAL
	Valuation	Value of	Accrued	AAL	Ratio	Covered	As a
	Date	Assets	Liability	(UAAL)		Payroll	% of Payroll
			(AAL)				
<u>Town</u>	07/01/2009	\$ 928,782	\$ 1,994,719	\$ (1,065,937)	46.56%	\$ 1,555,806	(68.5) %
<u>Firemen Plan</u>	07/01/2009	\$ 272,650	\$ 421,336	\$ (148,686)	64.71%	N/A	N/A

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL's for benefits.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Three-Year Trend Information

The Town's annual pension cost and net pension asset to the pension trust fund for the current year were:

<u>Town</u>	Fiscal Year Ending	Annual Percentage Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
	6/30/2009	81.4%	66.90%	\$ 989,038
	6/30/2010	98.1%	79.09%	1,053,002
	6/30/2011	88.1%	72.19%	1,150,406

<u>Firemen</u>	Fiscal Year Ending	Annual Percentage Cost (APC)	Percentage of APC Contributed	Net Pension (Asset) Obligation
	6/30/2009	301.6%	274.1%	\$ (50,227)
	6/30/2010	193.6%	167.0%	(67,473)
	6/30/2011	141.5%	117.7%	(74,275)

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
June 30, 2011

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ASSETS			
Investments, at fair value:			
Equity mutual funds	\$ 892,252	\$ 206,235	\$ 1,098,487
Bond mutual funds	556,011	128,517	684,528
Fixed income mutual funds	1,129	-	1,129
Total investments	1,449,392	334,752	1,784,144
Receivable:			
Employer contribution	46,194	-	46,194
Due from other funds	-	43,000	43,000
Total assets	1,495,586	377,752	1,873,338
LIABILITIES			
Due to other funds	43,000	-	43,000
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 1,452,586	\$ 377,752	\$ 1,830,338

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2011

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 252,835	\$ 45,250	\$ 298,085
Investment Income:			
Net appreciation in fair value of investments	204,561	49,961	254,522
Interest and dividends	17	-	17
Total investment income	204,578	49,961	254,539
Total additions	457,413	95,211	552,624
DEDUCTIONS			
Benefits	64,948	30,055	95,003
Administration	250	250	500
Total deductions	65,198	30,305	95,503
Change in net assets	392,215	64,906	457,121
NET ASSETS, July 1, 2010	1,060,371	312,846	1,373,217
NET ASSETS, June 30, 2011	\$ 1,452,586	\$ 377,752	\$ 1,830,338

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$248,000 for the year ended June 30, 2011.

Note 12. Fund Deficits

The following funds had fund deficits as of June 30, 2011:

Dog License Fund	\$ 1,530
------------------	----------

The Town anticipates financing the deficits in the funds through future revenues.

Note 13. Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2011 for the Town governmental funds:

	General Fund	Nonmajor Governmental Funds
Fund balances:		
Restricted:		
General government	\$ -	\$ 70,916
Education	-	424
Total restricted	-	71,340
Committed:		
General government	-	101,711
Public works	-	244,692
Total committed	-	346,403
Assigned:		
General government	51,516	-
Health and social services	-	97,047
Total assigned	51,516	97,047
Unassigned:		
General government	174,709	-
Public safety	-	(1,530)
Total unassigned	174,709	(1,530)
Total fund balance	\$ 226,225	\$ 513,260

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 14. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General	Other Nonmajor Governmental Funds
Fund balance, June 30, 2010, as previously reported	\$ 411,510	\$ 650,104
Change in fund type classification per implementation of GASB Statement No. 54	40,116	(40,116)
Fund balance, July 1, 2010, as restated	<u>\$ 451,626</u>	<u>\$ 609,988</u>

Note 15. Governmental Accounting Standards Board (GASB) Statements

The Town adopted the following statements during the year ended June 30, 2011:

- **GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Note 14 to the basic financial statements, the Town reclassified the fund balances for governmental funds.
- **GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*,** was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45,

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2012.

- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.
- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the Town beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectability of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

**Required Supplementary
Information**

TOWN OF DEEP RIVER, CONNECTICUT

**PENSION TRUST FUNDS – SCHEDULES OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2011**

TOWN EMPLOYEES' RETIREMENT SYSTEM						
	A	B	(A-B)	(A/B)	C	((B-A)/C)
		Actuarially				
		Accrued	Over			Over/Under
Actuarial	Actuarial	Liability (AAL)	(Under)	Funded		Funded AAL as
Valuation	Value of	Projected Unit	Funded	AAL	Covered	a Percentage of
Date	Assets	Credit	AAL	Ratio	Payroll	Covered Payroll
July 1,						
2009	\$ 928,782	\$ 1,994,719	\$ (1,065,937)	46.6%	\$ 1,555,806	(68.5%)
2008	842,750	1,490,809	(648,059)	56.5%	1,378,940	(47.0%)
2007	768,390	1,260,386	(491,996)	61.0%	1,264,574	(38.9%)
2006	1,018,222	1,498,091	(479,869)	68.0%	1,211,885	(39.6%)
2005	780,909	1,478,266	(697,357)	52.8%	1,274,687	(54.7%)
2004	541,294	1,015,726	(474,432)	53.3%	1,120,745	(42.3%)

FIREFIGHTERS' MERIT PLAN						
	A	B	(A-B)	(A/B)	C	((B-A)/C)
		Actuarially				
		Accrued	Over			Over/Under
Actuarial	Actuarial	Liability (AAL)	(Under)	Funded		Funded AAL as
Valuation	Value of	Projected Unit	Funded	AAL	Covered	a Percentage of
Date	Assets	Credit	AAL	Ratio	Payroll	Covered Payroll
July 1,						
2009	\$ 272,650	\$ 421,336	\$ (148,686)	64.7%	N/A	N/A
2008	308,144	411,998	(103,854)	74.8%	N/A	N/A
2007	304,762	401,096	(96,334)	76.0%	N/A	N/A
2006	270,237	395,664	(125,427)	68.3%	N/A	N/A
2005	204,385	378,693	(174,308)	54.0%	N/A	N/A
2004	171,983	356,102	(184,119)	48.3%	N/A	N/A

TOWN OF DEEP RIVER, CONNECTICUT

PENSION TRUST FUNDS

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF EMPLOYER CONTRIBUTIONS
June 30, 2011

Schedule of Employer Contributions

	Year Ended June 30,	Annual Required Contribution	Actual Contribution	Net Percentage Contribution
<u>Town Plan</u>	2007	\$ 213,412	\$ 200,032	93.73%
	2008	230,036	230,378	100.15%
	2009	246,683	200,743	81.38%
	2010	246,683	242,061	98.13%
	2011	287,059	252,835	88.08%
<u>Firemen Plan</u>	2007	\$ 27,879	\$ 38,000	136.30%
	2008	23,557	45,000	191.03%
	2009	15,068	45,447	301.61%
	2010	22,204	43,000	193.66%
	2011	31,989	45,250	141.45%

TOWN OF DEEP RIVER, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS - BUDGET AND ACTUAL -

GENERAL FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Taxes, interest and lien fees	\$ 11,253,145	\$ 11,253,145	11,351,611	\$ 98,466
Intergovernmental	2,008,786	2,008,786	2,085,513	76,727
Charges for services	755,174	755,174	452,100	(303,074)
Income from investments	25,000	25,000	13,884	(11,116)
Total revenues	14,042,105	14,042,105	13,903,108	(138,997)
EXPENDITURES				
Current:				
General government	1,799,069	1,720,719	1,731,521	(10,802)
Public safety	519,793	607,521	607,125	396
Public works	867,705	1,059,077	1,083,628	(24,551)
Health and social services	455,629	226,319	166,183	60,136
Parks and recreation	113,048	114,934	114,934	-
Education	9,376,178	9,376,178	9,416,611	(40,433)
Capital outlay	146,000	290,508	284,177	6,331
Debt service:				
Principal	472,469	472,469	472,469	-
Interest	235,116	235,116	235,083	33
Total expenditures	13,985,007	14,102,841	14,111,731	(8,890)
Revenues over (under) expenditures	57,098	(60,736)	(208,623)	(147,887)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	(28,178)	(28,178)	-
Total other financing sources (uses)	-	(28,178)	(28,178)	-
Total	\$ 57,098	\$ (88,914)	(236,801)	\$ (147,887)

See Note to Required Supplementary Information.

TOWN OF DEEP RIVER, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2011

Note 1. Budgets and Budgetary Accounting

General Fund

The Town establishes its general fund budget in accordance with provisions of Connecticut General Statutes.

- A budget for the general fund is authorized annually by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the financial statements:
 - Department heads submit to the Board of Finance detailed estimates of expenditures.
 - The Board of Finance acts upon the department requests and approves the departmental budgets to be forwarded to the Town Meeting.
 - The citizens of the Town vote on the recommended budget.
 - The Board of Finance sets the tax rate for the fiscal year.
- During the year, additional appropriation requests are submitted by the department heads to the Board of Finance. The Board of Finance acts on the requests.
- All budget transfers must be approved by the Board of Finance. The Board of Finance may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except for those in the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

TOWN OF DEEP RIVER, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, Continued June 30, 2011

A reconciliation of General Fund operations presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") to the amounts presented on the budgetary basis is as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Balance, GAAP basis	\$ 14,326,843	\$ 14,552,244
Excess cost grants	(155,976)	(155,976)
Effect of implementation of No. GASB 54	(19,759)	(8,359)
State Teachers Retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(248,000)	(248,000)
Balance, budgetary basis	<u>\$ 13,903,108</u>	<u>\$ 14,139,909</u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds that are utilized to account for specific grant programs are established in accordance with the requirements of the State and other grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital Project Funds

Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

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**Supplemental and Combining
Nonmajor Fund Statements and Schedules**

General Fund

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS -
BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
TAXES, INTEREST AND LIEN FEES				
Current Taxes	\$ 11,053,145	\$ 11,053,145	\$ 11,114,957	\$ 61,812
Prior Taxes	150,000	150,000	158,245	8,245
Interest and Lien Fees	50,000	50,000	78,409	28,409
Total taxes, interest and lien fees	11,253,145	11,253,145	11,351,611	98,466
INTERGOVERNMENTAL				
Education cost sharing	1,687,351	1,687,351	1,681,239	(6,112)
Telephone Tax Sharing	34,661	34,661	17,665	(16,996)
Transportation	10,204	10,204	7,452	(2,752)
Town aid roads	100,118	100,118	100,124	6
PILOT - State owned property	11,006	11,006	10,270	(736)
Pequot fund	12,919	12,919	13,618	699
PILOT - Manufacturing	85,000	85,000	86,478	1,478
Tax relief for elderly	29,603	29,603	35,440	5,837
Federal grants	-	-	77,200	77,200
Tax relief for veterans	2,919	2,919	3,548	629
State Grants	-	-	15,000	15,000
Boat registration	3,600	3,600	5,773	2,173
LOCIP - Infrastructure	31,405	31,405	31,706	301
Total intergovernmental	2,008,786	2,008,786	2,085,513	76,727
CHARGES FOR SERVICES				
Licenses and Permits:				
Licenses and permits	500	500	83	(417)
Building permits	50,000	50,000	46,789	(3,211)
Planning and zoning fees	19,500	19,500	6,666	(12,834)
Conveyance tax	40,000	40,000	34,517	(5,483)
Town Clerk fees	35,000	35,000	39,193	4,193
Fire Marshal permits/fees	100	100	300	200
Inland wetland/conservation permit	1,000	1,000	215	(785)
Total licenses and permits	146,100	146,100	127,763	(18,337)
Charges for services:				
Reimbursement for Administrative Sewer	16,000	16,000	16,000	-
Rental income - Town equipment	25,000	25,000	27,915	2,915
Bulky waste site contract	55,000	55,000	55,000	-
Total charges for services	96,000	96,000	98,915	2,915

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Public health nursing fees	373,264	373,264	406	(372,858)
Recycling fees	20,000	20,000	45,862	25,862
Insurance reimbursement	-	-	6,332	6,332
Park and recreation fees	32,340	32,340	36,711	4,371
Miscellaneous	12,000	12,000	14,834	2,834
Public safety/police	30,000	30,000	84,992	54,992
Nextel contract	25,470	25,470	25,470	-
Newsletter	20,000	20,000	10,815	(9,185)
Total miscellaneous	513,074	513,074	225,422	(287,652)
Total charges for services	755,174	755,174	452,100	(303,074)
INCOME FROM INVESTMENTS				
Interest Income	25,000	25,000	13,884	(11,116)
Total revenues	\$ 14,042,105	\$ 14,042,105	\$ 13,903,108	\$ (138,997)

(Concluded)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL

For the Year Ended June 30, 2011

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
GENERAL GOVERNMENT:				
SELECTMAN				
First Selectman Salary	\$ 63,684	\$ 63,684	\$ 63,684	\$ -
Selectmen Salary	7,638	7,638	7,638	-
Treasurer Salary	6,873	6,873	6,871	2
Administrative Assistant Salary	32,406	33,842	33,842	-
Accounts Manager	55,080	59,645	59,645	-
Legal Fees	10,000	10,000	6,000	4,000
Engineering Services	4,000	7,708	7,467	241
Expense Allowance	2,500	2,500	2,500	-
Office Supplies and Postage	16,000	16,928	16,928	-
School/Meetings	500	541	1,350	(809)
Legal Notices	3,200	3,200	6,392	(3,192)
Total Selectman	201,881	212,559	212,317	242
ELECTIONS				
Registrars' Salary	6,124	9,515	9,515	-
Part-time Elections Salary	6,120	7,413	7,413	-
Printing Expenses	3,000	5,589	5,589	-
Total Elections	15,244	22,517	22,517	-
BUILDING OPERATIONS				
Fuel Oil	62,500	85,039	85,039	-
Water	8,000	8,000	8,000	-
Electricity	60,000	60,000	60,000	-
Sewer Fees	3,147	3,147	3,147	-
Telephone - Town Dept.	21,000	21,000	21,000	-
Custodial Services/Supplies	17,000	17,000	17,000	-
Miscellaneous Supplies	1,000	1,000	1,000	-
Building Repairs	17,000	27,018	27,018	-
Probate Court/Rent	7,980	7,980	7,980	-
Elderly Housing Sewer Fees	3,000	3,000	3,000	-
Quarterly Sprinkler/Elevator Inspections	2,800	2,800	2,800	-
Total Building Operations	203,427	235,984	235,984	-

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
TOWN CLERK				
Town Clerk Salary	43,470	63,426	63,426	-
Assistant's Salary	16,775	17,336	17,336	-
Index Land Records	1,365	1,365	1,365	-
School/Meetings	500	954	954	-
Micro Filming	11,000	11,874	11,874	-
Vital Statistics	600	629	629	-
Total Town Clerk	73,710	95,584	95,584	-
BOARD OF FINANCE				
Part-time Clerical Salary	500	500	-	500
Auditor/Consultant	34,000	18,000	18,000	-
Printing Expense	6,000	-	-	-
Legal Notices	2,500	752	521	231
Total Board of Finance	43,000	19,252	18,521	731
TAX REVIEW				
Tax Reviewer Salary	600	600	141	459
Legal Notices	150	-	-	-
Total Tax Review	750	600	141	459
ASSESSOR				
Assessor Salary	66,007	66,007	69,778	(3,771)
Secretary Salary	27,356	27,356	28,017	(661)
Valuation Appeals	9,600	9,600	797	8,803
Computer Maintenance & Service	13,400	13,400	13,294	106
Update Maps	1,500	1,500	981	519
School/Meetings	2,390	2,390	2,390	-
Auto Mileage Expense	500	500	511	(11)
Audits	1,000	1,000	1,000	-
Total Assessor	121,753	121,753	116,768	4,985

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
TAX COLLECTOR				
Tax Collector Salary	29,713	29,713	30,286	(573)
Part-time Clerical Salary	10,025	10,025	10,629	(604)
Legal Fees	1,000	1,000	-	1,000
Computer Maintenance & Services	8,175	7,175	7,171	4
Office Supplies & Postage	6,460	5,456	5,829	(373)
School/Meetings	2,106	2,106	1,878	228
Legal Notices	450	450	386	64
DMV Fees	859	859	855	4
Tax Refunds	15,000	11,326	10,729	597
Total Tax Collector	73,788	68,110	67,763	347
SPECIAL SERVICES				
Data Processing Services	9,000	10,748	12,100	(1,352)
Senior Citizen's Club	500	500	-	500
Copier	4,000	4,000	6,963	(2,963)
BMSI License/Computer Support Fee	12,000	12,000	10,431	1,569
Beautification Committee	2,000	2,000	2,210	(210)
Memorial Day	1,600	1,600	2,011	(411)
Industrial Development Committee	2,000	2,000	2,475	(475)
Newsletter/Brochure	20,000	20,000	12,408	7,592
Essex Dog Run Lease	3,786	3,786	4,712	(926)
Dog Fund Salary	8,500	8,500	8,500	-
Contingency	15,000	15,000	18,324	(3,324)
Total Special Services	78,386	80,134	80,134	-
PLANNING & ZONING				
Enforcement Officer Salary	27,272	27,272	30,271	(2,999)
Part-time Clerical Salary	3,336	3,336	3,403	(67)
Legal Fees	2,500	2,500	812	1,688
Engineering Services	4,000	540	4,158	(3,618)
Training/Meetings	2,100	500	-	500
Legal notices	1,200	1,200	786	414
Printing Expenses	500	500	495	5
Engineering/Professional Services	17,000	4,000	3,991	9
Total Planning & Zoning	57,908	39,848	43,916	(4,068)

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
ZONING BOARD OF APPEALS				
Part-time Clerical Salary	326	25	25	-
Legal Fees	2,500	561	561	-
Legal Notices	700	103	103	-
Total Zoning Board of Appeals	3,526	689	689	-
BUILDING OFFICIAL				
Building Official Salary	27,000	29,156	29,156	-
Secretary Salary	13,176	4,576	4,576	-
Reference Manuals/Books	650	650	650	-
State Training fees	2,400	2,400	2,400	-
Total Building Official	43,226	36,782	36,782	-
INLAND WETLANDS & CONSERVATION				
Enforcement Agent Salary	7,247	4,784	4,784	-
Part-time Clerical Salary	2,800	1,701	1,701	-
Legal Fees	500	-	-	-
Technical Services	1,000	-	-	-
Middlesex Soil Conservation Services	1,577	1,577	1,617	(40)
CACIWC	100	100	50	50
Auto Mileage Expense	250	-	-	-
Legal Notices	650	106	59	47
Total Inland Wetlands & Conservation	14,124	8,268	8,211	57
INSURANCE & BONDS	130,000	130,000	129,763	237
LIBRARY				
Librarian Salary	53,868	54,912	54,908	4
Assistants Salary	45,533	49,095	49,099	(4)
Library Program Expenses	28,178	-	-	-
Total Library	127,579	104,007	104,007	-
PROBATE				
Clerk	1,500	821	705	116
Office Supplies/Microfilming/Postage	2,000	2,000	2,116	(116)
Total Probate	3,500	2,821	2,821	-

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

**GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
EMPLOYEE BENEFITS				
Medical Insurance	279,350	234,022	231,820	2,202
Life Insurance	2,500	2,500	1,313	1,187
Pension Plan	165,600	165,600	165,600	-
FICA/Social Security - Employer/WPCF	96,000	83,282	91,623	(8,341)
Tax exemption - DRAA & DRFD	16,000	16,000	12,735	3,265
Unemployment Compensation	750	750	12,887	(12,137)
Total Employee Benefits	560,200	502,154	515,978	(13,824)
POLITICAL SUBDIVISIONS				
Estuary Transit District	5,441	5,441	5,441	-
Estuary Council Seniors	19,900	15,000	15,000	-
Tri-Town Services	5,000	5,000	5,000	-
Public Service Agencies (formerly CAGM)	4,400	1,890	1,890	-
CRERPA	9,336	9,336	9,336	-
CCM	2,990	2,990	2,958	32
Total Political Subdivisions	47,067	39,657	39,625	32
TOTAL GENERAL GOVERNMENT	1,799,069	1,720,719	1,731,521	(10,802)
PUBLIC SAFETY:				
POLICE				
Part-time Officers	64,400	64,400	67,592	(3,192)
Crossing Guard Salary	4,437	4,437	3,834	603
Funded Special Police Services	30,000	110,291	81,840	28,451
Full-time Officer/FT/OT	51,784	51,784	64,570	(12,786)
Resident Trooper	113,000	113,000	115,987	(2,987)
Miscellaneous Supplies	2,800	2,800	1,059	1,741
Vehicle Fuel & Oil	12,000	12,000	15,414	(3,414)
Vehicle Maintenance	4,000	4,000	13,773	(9,773)
Training	2,000	2,000	1,347	653
Uniforms	2,500	2,500	1,796	704
Total Police	286,921	367,212	367,212	-

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
FIRE DEPARTMENT				
Part-time Clerical Salary	965	965	858	107
Communications Equipment Maintenance	6,000	6,000	6,000	-
Training	5,000	5,000	5,000	-
Physicals	1,000	1,000	-	1,000
Miscellaneous Building Supplies	5,000	5,000	4,952	48
Fire Equipment & Supplies	15,000	15,000	15,000	-
Vehicle Fuel & Oil	5,000	5,000	6,715	(1,715)
Vehicle Maintenance	17,000	17,000	16,825	175
Incentive Program	50,000	51,943	53,793	(1,850)
Operating Expenses	16,000	16,000	14,165	1,835
Water Hole Maintenance	3,500	3,500	3,500	-
Banquet	4,200	4,200	4,200	-
Personal Losses	400	400	-	400
Total Fire Department	129,065	131,008	131,008	-
FIRE MARSHAL				
Fire Marshal Salary	18,600	18,600	18,600	-
Deputy Marshal Salary	500	50	22	28
Fire Marshal Auto Expense	1,000	1,000	1,000	-
Deputy Fire Marshal Auto Expense	125	-	-	-
Miscellaneous Supplies	500	500	497	3
Burning Official/Training	150	150	150	-
Total Fire Marshal	20,875	20,300	20,269	31
PUBLIC SERVICE COMMUNICATIONS				
Cell/Pagers	-	-	-	-
Answering Service	3,600	3,600	3,600	-
Emergency Communications	6,500	6,500	6,354	146
Valley Shore Communications Contract	49,267	49,267	49,267	-
Dispatcher Salary	22,065	28,427	28,208	219
Total Public Service Communications	81,432	87,794	87,429	365
CIVIL PREPAREDNESS	1,500	1,207	1,207	-
TOTAL PUBLIC SAFETY	519,793	607,521	607,125	396

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget Positive (Negative)
PUBLIC WORKS:				
HIGHWAY DEPARTMENT				
Road Crew Salary	178,300	224,761	224,761	-
Equipment Maintenance	40,000	74,719	74,719	-
General Road Maintenance	176,840	195,573	195,573	-
Town Aid Road Maintenance	100,418	152,014	152,014	-
Total Highway Department	495,558	647,067	647,067	-
PUBLIC UTILITIES				
Street Lighting	55,000	54,816	48,697	6,119
Fire Hydrant Service	61,575	61,575	67,694	(6,119)
Total Public Utilities	116,575	116,391	116,391	-
WASTE/RECYCLE				
Transfer Station Operator Salary	34,512	35,420	35,420	-
Recycling Salary	8,160	8,160	8,160	-
Water Tests/Engineering	17,000	22,203	46,754	(24,551)
CRRA Tipping Fees	107,000	119,083	119,083	-
Bulky Waste Coverage	78,000	92,038	92,038	-
Household Hazardous Waste Facility	10,000	17,193	17,193	-
Sanitary Lavatory Rental	900	1,522	1,522	-
Total Waste/Recycle	255,572	295,619	320,170	(24,551)
TOTAL PUBLIC WORKS	867,705	1,059,077	1,083,628	(24,551)
HEALTH AND SOCIAL SERVICES:				
SANITARIAN				
Health District	61,000	60,684	60,684	-
PUBLIC HEALTH NURSING SERVICE				
Social Services Salary	29,994	10,205	-	10,205
Nurse Supervisory Salary	60,181	16,534	16,534	-
Nurse Salary	110,754	24,239	24,239	-
Extended Hospice Stay	46,830	46,830	-	46,830
LVVNA	95,128	56,679	56,679	-

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC HEALTH NURSING SERVICE, Cont'd				
Auditor	3,140	3,140	5,730	(2,590)
Professional Dues/Fees	15,249	2,007	-	2,007
Office Supplies & Postage	6,278	5,356	2,317	3,039
Auto Mileage Expense	4,755	645	-	645
Medical/Professional Expense	22,320	-	-	-
Total Public Health Nursing Service	394,629	165,635	105,499	60,136
TOTAL HEALTH AND SOCIAL SERVICES	455,629	226,319	166,183	60,136
PARKS & RECREATION				
Program Director Salary	14,280	14,280	8,481	5,799
Part-time Summer Program Salary	10,500	10,500	10,729	(229)
Life-Gate Guard Salary	12,688	12,688	19,907	(7,219)
Water-Devitt Field	6,500	6,500	2,468	4,032
Summer Youth Program	8,350	8,350	7,914	436
Maintenance-All Facilities	17,530	17,530	31,412	(13,882)
Youth Basketball	7,600	7,600	6,618	982
Seasonal Programs	8,450	8,450	9,513	(1,063)
New Programs	700	5,901	557	5,344
Self-Funding Programs	26,450	23,135	17,335	5,800
TOTAL PARKS AND RECREATION	113,048	114,934	114,934	-
DEBT SERVICE:				
INTEREST PAYMENTS				
Regional District #4 Bonds	225,926	225,926	225,926	-
Capital Leases	9,190	9,190	9,157	33
Total Interest Payments	235,116	235,116	235,083	33
DEBT REDEMPTION				
Regional District #4 Bonds	378,868	378,868	378,868	-
Fire/Highway Dept. Truck	93,601	93,601	93,601	-
Total Debt Redemption	472,469	472,469	472,469	-
TOTAL DEBT SERVICE	707,585	707,585	707,552	33

(Continued)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
EDUCATION:				
ELEMENTARY SCHOOL	4,920,203	4,920,203	4,915,450	4,753
REGIONAL DISTRICT #4	4,420,975	4,420,975	4,420,975	-
DEEP RIVER ELEMENTARY SCHOOL				
Maintenance	35,000	35,000	80,186	(45,186)
Total Deep River Elementary School	35,000	35,000	80,186	(45,186)
TOTAL EDUCATION	9,376,178	9,376,178	9,416,611	(40,433)
CAPITAL OUTLAY				
Computer Upgrade Project	4,000	4,679	4,489	190
DRES Lighting Project	-	57,852	57,852	-
Road Repair/Salt Shed/Equipment	100,000	132,620	138,319	(5,699)
Village Street Bridge	-	32,426	18,244	14,182
Devitt Field Fencing	-	-	2,342	(2,342)
Fountain Hill Cemetery	15,000	15,000	15,000	-
Revaluation/Village Street Bridge	27,000	47,931	47,931	-
TOTAL CAPITAL OUTLAY	146,000	290,508	284,177	6,331
TRANSFERS OUT	-	28,178	28,178	-
TOTAL EXPENDITURES	\$ 13,985,007	\$ 14,131,019	\$ 14,139,909	\$ (8,890)

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Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Dog License Fund – is used to account for revenue from dog license fees pursuant to the General Statutes of Connecticut.

Hot Lunch Program Fund – is used to account for the operations of the food program by the school system.

Incubator Building Fund – is used to account for fees collected and expenditures.

Small Cities Project SC-96 – is used to account for project or improvements.

Grant Account – is used to account for Federal and State grants.

VNA – is used to account for the revenue from donations to the Deep River visiting nurses.

Social Services Fund – is used to account for the activity of social services.

Capital Projects Fund – is used to account for the acquisition or construction of significant capital projects.

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TOWN OF DEEP RIVER, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue		
	Dog License Fund	Hot Lunch Program Fund	Incubator Building Fund
ASSETS			
Cash and cash equivalents	\$ 1,243	\$ 12,845	\$ 100,226
Intergovernmental receivables	-	5,105	-
Loans receivable	-	-	-
Other receivables	-	6,662	1,485
Total assets	\$ 1,243	\$ 24,612	\$ 101,711
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	2,773	5,211	-
Due to other funds	-	19,391	-
Total liabilities	2,773	24,602	-
Fund Balances (Deficits)			
Restricted	-	10	-
Committed	-	-	101,711
Assigned	-	-	-
Unassigned	(1,530)	-	-
Total fund balance (deficit)	(1,530)	10	101,711
Total liabilities and fund balances (deficits)	\$ 1,243	\$ 24,612	\$ 101,711

Special Revenue							
Small Cities		Grant		Social		Capital	Total
Project		Account		Services		Projects	Nonmajor
SC-96			VNA	Fund			Funds
\$ 36,456	\$ 414	\$ -	\$ 97,047	\$ 424,839	\$ 673,070		
-	36,328	-	-	-	41,433		
34,460	-	-	-	-	34,460		
-	-	-	-	-	8,147		
<u>\$ 70,916</u>	<u>\$ 36,742</u>	<u>\$ -</u>	<u>\$ 97,047</u>	<u>\$ 424,839</u>	<u>\$ 757,110</u>		
-	-	-	-	8,583	\$ 16,567		
-	36,328	-	-	171,564	227,283		
-	36,328	-	-	180,147	243,850		
70,916	414	-	-	-	71,340		
-	-	-	-	244,692	346,403		
-	-	-	97,047	-	97,047		
-	-	-	-	-	(1,530)		
<u>70,916</u>	<u>414</u>	<u>-</u>	<u>97,047</u>	<u>244,692</u>	<u>513,260</u>		
<u>\$ 70,916</u>	<u>\$ 36,742</u>	<u>\$ -</u>	<u>\$ 97,047</u>	<u>\$ 424,839</u>	<u>\$ 757,110</u>		

TOWN OF DEEP RIVER, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES (DEFICIT) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ending June 30, 2011

	Special Revenue		
	Dog License Fund	Hot Lunch Program Fund	Incubator Building Fund
REVENUES			
Intergovernmental	\$ -	\$ 33,447	\$ -
Charges for services	6,390	60,547	71,890
Interest income	-	10	4
Other	-	-	-
Total revenues	6,390	94,004	71,894
EXPENDITURES			
Current:			
General government	-	-	78,010
Public safety	6,028	-	-
Health and social services	-	-	-
Education	-	93,994	-
Capital outlay	-	-	-
Total expenditures	6,028	93,994	78,010
Revenues over (under) expenditures	362	10	(6,116)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources	-	-	-
Changes in fund balance (deficits)	362	10	(6,116)
FUND BALANCES (DEFICIT), beginning, as restated (Note 14)	(1,892)	-	107,827
FUND BALANCES (DEFICIT), ending	\$ (1,530)	\$ 10	\$ 101,711

Special Revenue							
Small Cities Project SC-96	Grant Account	VNA	Social Services Fund	Capital Projects	Total Nonmajor Funds		
\$ -	\$ 331,766	\$ -	\$ -	\$ 163,083	\$ 528,296		
-	-	-	-	-	138,827		
122	-	-	543	318	997		
-	-	-	30,892	-	30,892		
122	331,766	-	31,435	163,401	699,012		
-	58	-	-	-	78,068		
-	-	-	-	-	6,028		
-	-	-	6,362	-	6,362		
-	331,766	-	-	-	425,760		
-	-	-	-	279,522	279,522		
-	331,824	-	6,362	279,522	795,740		
122	(58)	-	25,073	(116,121)	(96,728)		
-	-	-	71,974	-	71,974		
-	-	(71,974)	-	-	(71,974)		
-	-	(71,974)	71,974	-	-		
122	(58)	(71,974)	97,047	(116,121)	(96,728)		
70,794	472	71,974	-	360,813	609,988		
\$ 70,916	\$ 414	\$ -	\$ 97,047	\$ 244,692	\$ 513,260		

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Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

TOWN OF DEEP RIVER, CONNECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS**

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS				
Cash and cash equivalents				
Student activity fund	\$ 19,101	\$ 30,138	\$ 30,223	\$ 19,016
LIABILITIES				
Accounts payable				
Student activity fund	\$ 19,101	\$ 30,138	\$ 30,223	\$ 19,016

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Other Schedules

TOWN OF DEEP RIVER, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND

June 30, 2011

	General Fund	Library Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 421,201	\$ 51,516	\$ 472,717
Receivables (net of allowances for collection losses):			
Property taxes	345,022	-	345,022
Intergovernmental	48,435	-	48,435
Other	54,891	-	54,891
Due from other funds	295,550	-	295,550
Total assets	\$ 1,165,099	\$ 51,516	\$ 1,216,615
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accruals	\$ 456,386	\$ -	\$ 456,386
Advance tax collections	259,952	-	259,952
Due to other funds	600	-	600
Deferred revenue	273,452	-	273,452
Total liabilities	990,390	-	990,390
FUND BALANCES			
Assigned	-	51,516	51,516
Unassigned	174,709	-	174,709
Total fund balances	174,709	51,516	226,225
Total liabilities and fund balances	\$ 1,165,099	\$ 51,516	\$ 1,216,615

TOWN OF DEEP RIVER, CONNECTICUT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BY ACCOUNT -
GENERAL FUND**

For the Year Ended June 30, 2011

	General Fund	Library Fund	Eliminations	Totals
REVENUES				
Property taxes and lien fees	\$ 11,351,611	\$ -	\$ -	\$ 11,351,611
Intergovernmental	2,489,489	3,161	-	2,492,650
Charges for services	452,100	16,209	-	468,309
Investment income	13,884	389	-	14,273
Total revenues	14,307,084	19,759	-	14,326,843
EXPENDITURES				
Current:				
General government	1,731,521	36,537	-	1,768,058
Public safety	607,125	-	-	607,125
Public works	1,083,628	-	-	1,083,628
Health and social services	166,183	-	-	166,183
Parks and recreation	114,934	-	-	114,934
Education	9,820,587	-	-	9,820,587
Capital outlay	284,177	-	-	284,177
Debt service	707,552	-	-	707,552
Total expenditures	14,515,707	36,537	-	14,552,244
Revenues over (under) expenditures	(208,623)	(16,778)	-	(225,401)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	28,178	(28,178)	-
Transfers out	(28,178)	-	28,178	-
Net other financing sources (uses)	(28,178)	28,178	-	-
Net change in fund balances	(236,801)	11,400	-	(225,401)
FUND BALANCES, beginning of year	411,510	40,116	-	451,626
FUND BALANCES, end of year	\$ 174,709	\$ 51,516	\$ -	\$ 226,225

TOWN OF DEEP RIVER, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2011

Grand List Year	Balance Uncollected July 1, 2010	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections			Balance Uncollected June 30, 2011
			Net Adjustments				Taxes	Interest and Lien Fees	Total	
1995	\$ 338	\$ -	\$ (212)		\$ -	\$ 126	\$ 126	\$ -	\$ 126	\$ -
1996	646	-	(646)		-	-	-	-	-	-
1997	675	-	(646)		(29)	-	-	-	-	-
1998	646	-	(646)		-	-	-	-	-	-
1999	733	-	(733)		-	-	-	-	-	-
2000	846	-	(846)		-	-	-	-	-	-
2001	1,642	-	(745)		(273)	624	-	-	-	624
2002	1,190	-	(746)		(444)	-	-	-	-	-
2003	5,152	-	(768)		(708)	3,676	3,118	3,161	6,279	558
2004	9,168	-	(773)		(2,546)	5,849	2,417	2,331	4,748	3,432
2005	17,227	-	(1,186)		(5,867)	10,174	2,648	2,030	4,678	7,526
2006	23,416	-	(1,022)		(6,988)	15,406	4,371	2,516	6,887	11,035
2007	74,961	-	2,341		-	77,302	27,790	11,747	39,537	49,512
2008	169,157	-	20,680		-	189,837	115,510	18,986	134,496	74,327
2009	-	11,271,087	(9,541)		-	11,261,546	11,070,973	32,435	11,103,408	190,573
Total	\$ 305,797	\$ 11,271,087	\$ 4,511		\$ (16,855)	\$ 11,564,540	\$ 11,226,953	\$ 73,206	\$ 11,300,159	\$ 337,587

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