

TOWN OF DEEP RIVER, CONNECTICUT

FINANCIAL REPORT
June 30, 2012

TOWN OF DEEP RIVER, CONNECTICUT

FINANCIAL REPORT

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TOWN OF DEEP RIVER, CONNECTICUT

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 previously 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, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2013 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

McGladrey LLP

New Haven, Connecticut
March 1, 2013



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

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012.

Financial Highlights

- On a government-wide basis, the Town's net assets increased by \$911,103 for the fiscal year, governmental activities increased by \$1,111,561 while business-type activities of the Town decreased by \$200,458. The governmental activities increase was due to increases in tax revenues, capital grants and charges for services, offset by a slight decrease in general government spending. The business-type activities decrease was due principally to the non-cash charge for depreciation expense of \$331,908 in connection with the sewer fund assets.
- The Town's combined net assets total \$18,864,500 at June 30, 2012.
- At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,079,475, an increase of \$339,990 from the prior year.
- At year-end, the unassigned fund balance for the general fund was \$267,114 or 1.76% of total general fund expenditures and transfers out.
- The Town's total capital lease debt for governmental activities increased by \$231,922 during the fiscal year. The increase is due to the fact that the Town entered into a new capital lease for the purchase of Town and Fire Department equipment (\$438,614) offset by regularly scheduled principal payments made during the fiscal year (\$206,692). Total debt for business-type activities decreased by \$152,300 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 nine (9) 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 two (2) funds considered to be major funds. Data from the other seven (7) governmental funds is presented individually for the Capital Projects Fund (based on its size) and collectively for all remaining funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report.

Major Governmental Funds	Non-major Governmental Funds	
General	Dog License Fund	Incubator Building Fund
	Small Cities Project SC-96	Grant Account
Capital Projects	Hot Lunch Program Fund	Social Services
		Deep River Town Hall
		Auditorium Restoration 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 \$18,864,500 at the close of the fiscal year.

The largest portion of the Town's net assets, \$19,187,660 (102.0%), 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 2,395,296	\$ 1,820,117	\$ 283,329	\$ 363,893	\$ 2,678,625	\$ 2,184,010
Capital assets (net)	11,622,632	10,457,460	10,421,902	10,653,810	22,044,534	21,111,270
Total assets	14,017,928	12,277,577	10,705,231	11,017,703	24,723,159	23,295,280
Long-term liabilities outstanding	2,160,411	1,828,602	2,451,133	2,603,433	4,611,544	4,432,035
Other liabilities	1,029,886	732,905	217,229	176,943	1,247,115	909,848
Total Liabilities	3,190,297	2,561,507	2,668,362	2,780,376	5,858,659	5,341,883
Net assets:						
Invested in capital assets, net of related debt	11,216,891	10,283,641	7,970,769	8,050,377	19,187,660	18,334,018
Restricted	71,353	71,340	-	-	71,353	71,340
Unrestricted	(460,613)	(638,911)	66,100	186,950	(394,513)	(451,961)
Total Net Assets	\$ 10,827,631	\$ 9,716,070	\$ 8,036,869	\$ 8,237,327	\$ 18,864,500	\$ 17,953,397

Town of Deep River Change in Net Assets						
	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 954,824	\$ 607,136	\$ 863,937	\$ 896,402	\$ 1,818,761	\$ 1,503,538
Operating grants and contributions	2,412,466	2,546,937	-	-	2,412,466	2,546,937
Capital grants and contributions	805,745	317,109	-	-	805,745	317,109
General revenues:						
Property taxes	11,740,270	11,341,064	-	-	11,740,270	11,341,064
Grants and contributions not restricted to specific programs	404,251	187,792	-	-	404,251	187,792
Investment income	12,010	15,270	21	85	12,031	15,355
Total revenues	16,329,566	15,015,308	863,958	896,487	17,193,524	15,911,795
Expenses:						
General government	1,946,418	1,940,664	-	-	1,946,418	1,940,664
Public safety	689,961	693,992	-	-	689,961	693,992
Public works	1,067,920	1,271,181	-	-	1,067,920	1,271,181
Health and social services	133,959	195,514	-	-	133,959	195,514
Parks and recreation	172,779	115,729	-	-	172,779	115,729
Education	11,197,802	10,815,744	-	-	11,197,802	10,815,744
Interest expense	9,166	235,083	-	-	9,166	235,083
Sewer department	-	-	1,064,416	1,185,526	1,064,416	1,185,526
Total expenses	15,218,005	15,267,907	1,064,416	1,185,526	16,282,421	16,453,433
Change in net assets	1,111,561	(252,599)	(200,458)	(289,039)	911,103	(541,638)
Net Assets, beginning	9,716,070	9,968,669	8,237,327	8,526,366	17,953,397	18,495,035
Net Assets, ending	\$ 10,827,631	\$ 9,716,070	\$ 8,036,869	\$ 8,237,327	\$ 18,864,500	\$ 17,953,397

Governmental Activities

The Town's net assets increased by \$1,111,561 during the current fiscal year.

Governmental activities revenues totaled \$16,329,566 for fiscal year 2012. Property taxes are the largest revenue source for the Town and represent \$11,740,270 or 71.9% of governmental revenues. Current tax collections were 98.9% of the adjusted tax levy. Operating grants and contributions revenues are the Town's second largest revenue. Operating grants and contributions revenues were \$2,412,466 or 14.8% of governmental revenues for the year. Charges for services, the third largest revenue, were \$954,824 or 5.8% of governmental revenues. Capital grants and contributions restricted to specific programs were \$805,745, or 4.9% of governmental revenues. Grants and contributions not restricted to specific programs were \$404,251, or 2.5% and include elderly tax relief and in lieu of tax contributions. The remaining \$12,010 or 0.1% of revenues is generated by investment income.

Governmental activities revenues increased by \$1,314,258, or 8.7%, from that of the prior year. Significant fluctuations from the prior year were as follows:

- A \$399,206 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, as well as enhanced collection efforts on both the current and past due tax levy.
- A \$134,471 decrease in operating grants and contributions. The decrease was due primarily to a decrease in education grant funding as a result of the elimination of certain Federal education stimulus awards.
- Capital grants and contributions increased by \$488,636 due primarily to the reimbursement received in connection with the Village Street bridge replacement project, and the transfer of approximately \$200,000 from the Town Hall Auditorium Fund which was previously administered by a separate legal entity.
- Charges for services increased \$347,688. The increase was due primarily to a lump sum payment of \$319,445 received in connection with the sale of our lease rights for the cellular phone tower located on Town property (transfer station).
- Investment income decreased \$3,260 due to the significant decrease in interest rates during the current fiscal year.

Expenses

Governmental expenses totaled \$15,218,005 for the fiscal year. Of the expenses, \$11,197,802 or 73.6% is related to education. General government expenses amounted to \$1,946,418 or 12.8%, while public works amounted to \$1,067,920 or 7.0%. Public safety expenses were \$689,961 or 4.5%. Interest expense was \$9,166 or 0.1%. Health and social services expenses were \$133,959 or 0.9%, and park and recreation expenses were \$172,779 or 1.1%.

Governmental activities expenses decreased by \$49,902 or 0.3%, from that of the prior year. Significant fluctuations from the prior year were as follows:

- Public works decreased by \$203,261 due to the shift of certain general road maintenance funds to capital expenditures primarily for the Village Street bridge replacement.
- Health and social services expenses decreased by \$61,555 due to the elimination of certain nonrecurring transition costs associated with the 2011 closing of the Town operated public health nursing service program.
- The above decreases were partially offset by increases in Education expenses of \$382,058, which were funded primarily through grant revenues, and Parks and recreation expenses of \$57,050, in connection with the expansion of programs, addition of a part time director, and certain maintenance activities.

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 \$863,958 in sewer department revenues, 99.99% or \$863,937 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. Revenues decreased by \$32,529 primarily due to a decrease in septage revenues (from private haulers) partially offset by the Town of Chester contract revenues.

Expenses

Business-type expenses totaled \$1,064,416 for the sewer department's fiscal year ended June 30, 2012. Such expenses decreased by \$121,110 from that of the prior year. Expenditures decreased due to lower operating costs associated with the lower volumes noted above, and the partial payment by the Town of in connection with the clean water notes.

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, 2012, is \$1,079,475. The fund balance includes \$146,708 to liquidate contracts and purchase orders of the prior period, \$71,353 restricted for specific purposes, \$594,300 committed to certain functions and \$267,114 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 increased by \$97,409 during the current fiscal year.

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 \$200,458 for the fiscal year ended June 30, 2012.

Sewer Fund

Unrestricted net assets of the sewer fund at the end of the year amounted to \$66,100.

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	\$ 11,604,727	\$ 11,604,727	\$ 11,782,802	\$ 178,075
Intergovernmental, charges for services and other	2,305,226	2,305,226	3,259,848	954,622
Total revenues and other financing sources	13,909,953	13,909,953	15,042,650	1,132,697
Expenditures and Other Financing Uses:				
Expenditures	13,896,944	14,473,208	14,852,739	379,531
Transfers	-	(157,688)	107,088	(264,776)
Total expenditures and other financing uses	13,896,944	14,315,520	14,959,827	644,307
Net change in fund balance	\$ 13,009	\$ (405,567)	\$ 82,823	\$ 488,390

The final amended budget exceeded the original budget by \$576,264. Overall, revenues exceed our original estimates. However, expenses (primarily capital expenditures and road maintenance) also exceeded our original estimates based primarily on the timing of project completions

Capital Assets

At June 30, 2012, the Town of Deep River's investment in capital assets in both governmental and business-type activities amounted to \$22,044,534, 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 increase in the Town's investment in capital assets for the current fiscal year was \$933,264, or 4.4%. The increase relates primarily to the ongoing streetscape project, town road and sewer plant improvements and the Village Street bridge replacement, offset by depreciation expense.

	Town of Deep River Capital Assets - Net					
	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 514,688	\$ 514,688	\$ 360,214	\$ 360,214	\$ 874,902	\$ 874,902
Construction in progress	997,258	163,083	-	-	997,258	163,083
Land improvements	1,180	1,975	-	-	1,180	1,975
Buildings	7,179,415	7,337,501	-	-	7,179,415	7,337,501
Sewer plant and collection system	-	-	9,677,208	9,939,282	9,677,208	9,939,282
Machinery and equipment	116,702	132,797	383,671	350,042	500,373	482,839
Vehicles	601,809	620,577	809	4,272	602,618	624,849
Infrastructure	2,211,580	1,686,839	-	-	2,211,580	1,686,839
Total	\$ 11,622,632	\$ 10,457,460	\$ 10,421,902	\$ 10,653,810	\$ 22,044,534	\$ 21,111,270

Long-term Debt

At the end of the current fiscal year, the Town had total bonded and note debt outstanding of \$2,451,133. 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, 2012 and 2011						
June 30, 2012				June 30, 2011		
Primary Government				Primary Government		
Governmental Activities	Business-type Activities	Total		Governmental Activities	Business-type Activities	Total
Clean water notes	\$ -	\$ 2,451,133	\$ 2,451,133	\$ -	\$ 2,603,433	\$ 2,603,433
Total	\$ -	\$ 2,451,133	\$ 2,451,133	\$ -	\$ 2,603,433	\$ 2,603,433

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 \$82,547,152, 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 2012/2013 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 2012/2013 budget.

The 2012/2013 general fund budget is \$14,335,825, a decrease of \$832,114 or 5.5% over the prior year actual expenditures.

The decrease is due primarily to the timing of cash expenditures and related state reimbursements associated with the Village Street bridge replacement.

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, 2012

	Governmental Type Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,329,464	\$ 200	\$ 1,329,664
Receivables:			
Property taxes, net of allowance for collection losses	357,177	-	357,177
Assessments/use charges	-	82,166	82,166
Intergovernmental	414,090	-	414,090
Loans	34,460	-	34,460
Other	92,539	96,882	189,421
Internal balances	112,551	(112,551)	-
Net pension asset	55,015	-	55,015
Assessments/use charges, noncurrent	-	216,632	216,632
Capital assets, not being depreciated	1,511,946	360,214	1,872,160
Capital assets, being depreciated, net of depreciation	10,110,686	10,061,688	20,172,374
Total assets	14,017,928	10,705,231	24,723,159
Liabilities			
Accounts payable and accruals	1,029,886	217,229	1,247,115
Noncurrent liabilities:			
Due within one year	131,937	155,374	287,311
Due in more than one year	2,028,474	2,295,759	4,324,233
Total liabilities	3,190,297	2,668,362	5,858,659
Net Assets			
Invested in capital assets, net of related debt	11,216,891	7,970,769	19,187,660
Restricted	71,353	-	71,353
Unrestricted	(460,613)	66,100	(394,513)
Total net assets	\$ 10,827,631	\$ 8,036,869	\$ 18,864,500

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, 2012

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	\$ 1,946,418	\$ 538,991	\$ -	\$ -	\$ (1,407,427)	\$ -	\$ (1,407,427)
Public safety	689,961	79,822	-	-	(610,139)	-	(610,139)
Public works	1,067,920	206,885	-	805,745	(55,290)	-	(55,290)
Health and social services	133,959	-	5,184	-	(128,775)	-	(128,775)
Parks and recreation	172,779	64,823	-	-	(107,956)	-	(107,956)
Education	11,197,802	64,303	2,407,282	-	(8,726,217)	-	(8,726,217)
Interest expense	9,166	-	-	-	(9,166)	-	(9,166)
Total governmental activities	15,218,005	954,824	2,412,466	805,745	(11,044,970)	-	(11,044,970)
Business-type activities:							
Sewer Enterprise	1,064,416	863,937	-	-	-	(200,479)	(200,479)
Total business-type activities	1,064,416	863,937	-	-	-	(200,479)	(200,479)
Total primary government	<u>\$ 16,282,421</u>	<u>\$ 1,818,761</u>	<u>\$ 2,412,466</u>	<u>\$ 805,745</u>	<u>(11,044,970)</u>	<u>(200,479)</u>	<u>(11,245,449)</u>
General revenues:							
Property taxes					11,740,270	-	11,740,270
Grants and contributions not restricted to specific programs					404,251	-	404,251
Income from investments					12,010	21	12,031
Total general revenues					<u>12,156,531</u>	<u>21</u>	<u>12,156,552</u>
Change in net assets					1,111,561	(200,458)	911,103
Net assets - beginning					<u>9,716,070</u>	<u>8,237,327</u>	<u>17,953,397</u>
Net assets - ending					<u>\$ 10,827,631</u>	<u>\$ 8,036,869</u>	<u>\$ 18,864,500</u>

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

TOWN OF DEEP RIVER, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General	Capital Projects Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 368,175	\$ 474,959	\$ 486,330	\$ 1,329,464
Receivables (net of allowances for collection losses):				
Property taxes	357,177	-	-	357,177
Intergovernmental	408,666	-	5,424	414,090
Loans	-	-	34,460	34,460
Other	88,627	-	3,912	92,539
Due from other funds	360,183	-	-	360,183
Total assets	\$ 1,582,828	\$ 474,959	\$ 530,126	\$ 2,587,913
Liabilities				
Accounts payable and accruals	\$ 1,028,274	\$ -	\$ 1,612	\$ 1,029,886
Due to other funds	-	219,008	28,624	247,632
Deferred revenue	230,920	-	-	230,920
Total liabilities	1,259,194	219,008	30,236	1,508,438
Fund balances				
Restricted	-	-	71,353	71,353
Committed	-	255,951	338,349	594,300
Assigned	56,520	-	90,188	146,708
Unassigned	267,114	-	-	267,114
Total fund balances	323,634	255,951	499,890	1,079,475
Total liabilities and fund balances	\$ 1,582,828	\$ 474,959	\$ 530,126	

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.	11,622,632
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred	230,920
Net pension asset	55,015
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,160,411)

Net assets of governmental activities \$ 10,827,631

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, 2012

	General	Capital Projects Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes and lien fees	\$ 11,782,802	\$ -	\$ -	\$ 11,782,802
Intergovernmental	2,928,640	186,917	241,112	3,356,669
Charges for services	799,952	-	154,871	954,823
Investment income	9,025	2,316	669	12,010
Other	-	-	265,794	265,794
Total revenues	15,520,419	189,233	662,446	16,372,098
EXPENDITURES				
Current:				
General government	1,753,712	-	42,627	1,796,339
Public safety	579,261	-	1,917	581,178
Public works	982,562	-	-	982,562
Health and social services	99,029	-	15,040	114,069
Parks and recreation	151,666	-	-	151,666
Education	10,717,646	-	301,775	11,019,421
Capital outlay	1,367,653	291,622	63,205	1,722,480
Debt service	102,758	-	-	102,758
Total expenditures	15,754,287	291,622	424,564	16,470,473
Revenues over (under) expenditures	(233,868)	(102,389)	237,882	(98,375)
OTHER FINANCING SOURCES (USES)				
Transfers in	208,112	315,200	-	523,312
Transfers (out)	(315,200)	(201,552)	(6,560)	(523,312)
Capital lease	438,365	-	-	438,365
Total other financing sources (uses)	331,277	113,648	(6,560)	438,365
Change in fund balances	97,409	11,259	231,322	339,990
FUND BALANCES , beginning	226,225	244,692	268,568	739,485
FUND BALANCES , ending	\$ 323,634	\$ 255,951	\$ 499,890	\$ 1,079,475

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, 2012

Net change in fund balances – total governmental funds	\$ 339,990
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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.	1,165,172
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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.	(42,532)
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Change in net pension asset	(19,260)
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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.	(231,922)
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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.	(99,887)
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Change in net assets of governmental activities	<u>\$ 1,111,561</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, 2012

	Business-Type Activities Sewer
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 200
Receivables:	
Assessments	25,000
User charges	57,166
Other	96,882
Total current assets	179,248
Noncurrent assets:	
Assessment receivables	216,632
Capital assets, net of accumulated depreciation	10,421,902
Total noncurrent assets	10,638,534
Total assets	10,817,782
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	217,229
Due to other funds	112,551
Loan payable	155,374
Total current liabilities	485,154
Noncurrent liabilities:	
Loan payable	2,295,759
Total noncurrent liabilities	2,295,759
Total liabilities	2,780,913
NET ASSETS	
Invested in capital assets, net of related debt	7,970,769
Unrestricted	66,100
Total net assets	\$ 8,036,869

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, 2012

	Business-Type Activities Sewer
OPERATING REVENUES	
Charges for services	\$ 863,937
Total operating revenues	<u>863,937</u>
OPERATING EXPENSES	
Salaries and benefits	373,438
Contracted services	19,342
Utilities	92,509
Plant operation	189,879
Administration	6,662
Depreciation	331,908
Total operating expenses	<u>1,013,738</u>
Operating loss	(149,801)
NONOPERATING REVENUES (EXPENSES)	
Investment income	21
Interest expense	(50,678)
Total nonoperating (revenues) expenses	<u>(50,657)</u>
Change in net assets	(200,458)
NET ASSETS, beginning	<u>8,237,327</u>
NET ASSETS, ending	<u><u>\$ 8,036,869</u></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, 2012

	Business-Type Activities Sewer
Cash Flows From Operating Activities	
Receipts from customers	\$ 859,431
Payments to suppliers	(235,316)
Payment to employees	(361,344)
Net cash provided by operating activities	<u>262,771</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	(100,000)
Principal payments	(152,300)
Interest payments	(50,678)
Net cash used in capital and related financing activities	<u>(302,978)</u>
Cash Flows Provided by Investing Activities	
Investment income	<u>21</u>
Net decrease in cash and cash equivalents	(40,186)
Cash and Cash Equivalents	
Beginning	<u>40,386</u>
Ending	<u>\$ 200</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (149,801)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation	331,908
(Increase) decrease in:	
Assessments receivable	27,241
Other and user charges receivable	(31,747)
Due from other funds	600
Increase (decrease) in:	
Accounts and other payables	40,286
Due to other funds	44,284
Net cash provided by operating activities	<u>\$ 262,771</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, 2012

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	\$ -	\$ 18,823
Investments at fair value:		
Equity mutual funds	1,089,462	-
Bond mutual funds	697,993	-
Fixed income mutual funds	-	-
Total investments	1,787,455	-
Receivable		
Employer contribution	243,389	-
Total assets	2,030,844	18,823
LIABILITIES		
Due to student groups	-	18,823
Total liabilities	-	18,823
NET ASSETS HELD IN TRUST	\$ 2,030,844	\$ -

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, 2012

	Pension Trust Funds
	<hr/>
ADDITIONS	
Contributions:	
Employer	\$ 243,389
Total contributions	<hr/> 243,389
Investment income (loss):	
Net depreciation in fair value of investments	(13,020)
Interest income	910
Total	<hr/> (12,110)
Total additions	<hr/> 231,279
DEDUCTIONS	
Benefits	30,273
Administration	500
Total deductions	<hr/> 30,773
Change in net assets	200,506
NET ASSETS, July 1, 2011	<hr/> 1,830,338
NET ASSETS, June 30, 2012	<hr/> <hr/> \$ 2,030,844

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

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

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, 2012

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 pension, 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 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 funds:

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 *Capital Projects Fund* is used to account for the acquisition or construction of significant capital projects other than accounted for in the proprietary 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 fiduciary 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* 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

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2012**

funds include the cost of operations and maintenance, administrative expenses, claim expense, and 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

Property taxes, 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. 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 responsible for overall investment policy. Any change in investment

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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, 2012

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 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/Government-Wide Funds/Activities

The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Governmental Accounting Standards Board Statement No. 27. In governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources. In governmental activities, expense is recognized based on actuarially required contributions. The pension asset is recorded as a non-current asset in the government-wide financial statements. The pension obligation is recorded as a non-current liability in the government-wide financial statements.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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.

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 – 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.

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 are not due

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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

Compensated absences	\$ (265,902)
Capital leases payable	(405,741)
Net pension obligation	(1,226,768)
Landfill closure	<u>(262,000)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (2,160,411)</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	\$ 1,695,983
Depreciation expense	<u>(530,811)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,165,172</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:

Capital lease proceeds	\$ (438,614)
Capital lease principal repayments	<u>206,692</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (231,922)</u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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	\$ (23,525)
Net pension obligation	(76,362)
Landfill closure	<u>-</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (99,887)</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, 2012

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, 2012, approximately \$396,000 of the Town's bank balance including certificates of deposits, of \$1,499,000 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, 2012:

Cash and cash equivalents

Deposits with financial institutions	\$ 1,348,487
Total cash and cash equivalents	1,348,487

Investments

Pension Trust Funds:	
Equity Mutual Funds	1,089,462
Bond Mutual Funds	697,993
Total pension investments	1,787,455
Total cash, cash equivalents and investments	\$ 3,135,942

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

Statement of Net Assets

Cash and cash equivalents	\$ 1,329,664
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Fiduciary Funds

Cash	18,823
Investments	1,787,455
	1,806,278
Total cash, cash equivalents and investments	\$ 3,135,942

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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
Bond Mutual Funds	\$ 697,993	\$ 1,539	\$ 42,626	\$ 625,404	\$ 28,424

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
AAA	\$ 169,910
AA	31,608
A	74,473
BBB	192,519
BB	104,223
B	92,854
Unrated	32,406
	<u>\$ 697,993</u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 4. Capital Assets

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

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 514,688	\$ -	\$ -	\$ -	\$ 514,688
Construction in progress	163,083	997,258	-	(163,083)	997,258
Total capital assets, not being depreciated	677,771	997,258	-	(163,083)	1,511,946
Capital assets, being depreciated:					
Land improvements	289,228	-	-	-	289,228
Buildings and Improvements	12,735,727	136,809	-	-	12,872,536
Machinery and equipment	788,983	-	-	-	788,983
Vehicles	1,929,774	75,000	-	-	2,004,774
Infrastructure	1,951,637	486,916	-	163,083	2,601,636
Total capital assets, being depreciated	17,695,349	698,725	-	163,083	18,557,157
Total capital assets	18,373,120	1,695,983	-	-	20,069,103
Less accumulated depreciation for:					
Land improvements	287,253	795	-	-	288,048
Buildings and Improvements	5,398,226	294,895	-	-	5,693,121
Machinery and equipment	656,186	16,095	-	-	672,281
Vehicles	1,309,197	93,768	-	-	1,402,965
Infrastructure	264,798	125,258	-	-	390,056
Total accumulated depreciation	7,915,660	530,811	-	-	8,446,471
Total capital assets, being depreciated, net	9,779,689	167,914	-	163,083	10,110,686
Governmental activities capital assets, net	\$ 10,457,460	\$ 1,165,172	\$ -	\$ -	\$ 11,622,632

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
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	100,000	-	1,914,632
Vehicles	181,903	-	-	181,903
Total capital assets, being depreciated	16,662,281	100,000	-	16,762,281
Total capital assets	17,022,495	100,000	-	17,122,495
Less accumulated depreciation for:				
Sewer plant	2,881,138	122,783	-	3,003,921
Sewer collection system	1,845,326	139,291	-	1,984,617
Machinery and equipment	1,464,590	66,371	-	1,530,961
Vehicles	177,631	3,463	-	181,094
Total accumulated depreciation	6,368,685	331,908	-	6,700,593
Total capital assets, being depreciated, net	10,653,810	(231,908)	-	10,061,688
Total business-type activities capital assets, net	\$ 11,014,024	\$ (131,908)	\$ -	\$ 10,421,902

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

Governmental activities:

General government	\$ 104,384
Public safety	87,060
Public works	154,474
Health and social services	12,500
Park and recreation	21,113
Education	151,280
Total depreciation expense - governmental activities	\$ 530,811

Business-type activities:

Sewer	\$ 331,908
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TOWN OF DEEP RIVER, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS, Continued**
June 30, 2012

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, 2012 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 360,183	\$ -
Capital Projects	-	219,008
Non-Major Governmental Funds	-	28,624
Sewer Fund	-	112,551
Grand Total	\$ 360,183	\$ 360,183

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, 2012 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 208,112	\$ 315,200
Capital Projects	315,200	201,552
Non-major Government Funds	-	6,560
	\$ 523,312	\$ 523,312

The General Fund transfer to the Capital Projects Fund was for ongoing projects. Capital Projects Funds transfer to the General Fund for reimbursement of various capital projects accounted for in the General Fund in accordance with budget authorizations.

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	<u>\$ 230,920</u>

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 7. Long-Term Liabilities

A summary of changes in outstanding long-term obligations during the year ended June 30, 2012 is as follows:

Description	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Due Within One Year
Governmental activities:					
Other long-term liabilities:					
Compensated absences	\$ 242,377	\$ 82,222	\$ 58,697	\$ 265,902	\$ 55,000
Capital lease obligations	173,819	438,614	206,692	405,741	76,937
Net pension obligation	1,150,406	76,362	-	1,226,768	-
Landfill closure costs	262,000	-	-	262,000	-
Total other long-term liabilities	1,828,602	597,198	265,389	2,160,411	131,937
Governmental activity long-term liabilities	\$ 1,828,602	\$ 597,198	\$ 265,389	\$ 2,160,411	\$ 131,937
Business-type activities:					
Bonds payable:					
Clean water sewer note	\$ 2,603,433	\$ -	\$ 152,300	\$ 2,451,133	\$ 155,374
Business-type activity long-term liabilities	\$ 2,603,433	\$ -	\$ 152,300	\$ 2,451,133	\$ 155,374

Clean Water Sewer Notes - Business-Type Activities

As of June 30, 2012, 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, 2011	Additions	Deductions	Balance June 30, 2012
Clean Water Sewer Note	\$ 3,375,000	10/30/2006	4/30/2026	2.00%	\$ 2,603,433	\$ -	\$ 152,300	\$ 2,451,133
					<u>\$ 2,603,433</u>	<u>\$ -</u>	<u>\$ 152,300</u>	<u>\$ 2,451,133</u>

TOWN OF DEEP RIVER, CONNECTICUT**NOTES TO FINANCIAL STATEMENTS, Continued**
June 30, 2012

The following is a summary as of June 30, 2012, of the future principal and interest requirements for the Town's note indebtedness - business-type activities:

Fiscal Year Ending	Principal	Interest	Total
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>\$ 2,451,133</u>	<u>\$ 356,716</u>	<u>\$ 2,807,849</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	\$ 26,533,013	\$ -	\$ 26,533,013
Schools	53,066,026	4,594,262	48,471,764
Sewers	44,221,689	-	44,221,689
Urban renewal	38,325,463	-	38,325,463
Pension deficit	35,377,351	-	35,377,351

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or approximately \$82,547,152.

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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, 2012, the outstanding bonded indebtedness of the District was \$15,777,000. The Town of Deep River's share will be approximately 29.12% or \$4,594,262. These are general obligations of Regional School District No. 4 and its member towns.

Capital Lease

At June 30, 2012, 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 \$909,864, with \$270,212 in accumulated depreciation.

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

2013	\$	192,514
2014		113,100
2015		113,099
Total		<u>418,713</u>
Less amount representing interest		12,972
	\$	<u><u>405,741</u></u>

Note 8. Landfill 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. The estimated liability for landfill post-closure care costs has a balance of approximately \$262,000 as of June 30, 2012. 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, 2012. 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, 2012**

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 216 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, 2012

Classes of Employees Covered

At July 1, 2010, the date of the last actuarial valuation, membership in the plan consisted of the following:

	July 1, 2010 Town	July 1, 2010 Firemen
Active plan members	24	26
Terminated employees entitled to benefits but not yet receiving them	8	8
Retired plan members	-	12
Total plan participants	32	46

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. Certain administrative expenses are funded by 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. Certain administrative expenses are funded by 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, 2010	July 1, 2010
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, 2012

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	\$ 230,727	\$ 30,808
Interest on net pension obligation	69,024	(5,571)
Adjustment to annual required contribution	-	14,023
Annual pension cost	299,751	39,260
Contributions made	(223,389)	(20,000)
Increase in net pension obligation (asset)	76,362	19,260
Net pension obligation (asset), July 1, 2011	1,150,406	(74,275)
Net pension obligation (asset), June 30, 2012	<u>\$ 1,226,768</u>	<u>\$ (55,015)</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>	7/1/2010	\$ 1,060,371	\$ 2,285,458	\$ (1,225,087)	46.40%	\$ 1,236,322	(99.1) %
<u>Firemen Plan</u>	7/1/2010	\$ 312,846	\$ 437,690	\$ (124,844)	71.48%	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, 2012

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 Pension Cost	Annual Percentage Cost (APC)	Percentage of APC Contributed	Amount Contributed	Net Pension Obligation
	6/30/2010	\$ 306,025	98.1%	79.09%	\$ 242,061	\$ 1,053,002
	6/30/2011	350,239	88.1%	72.19%	252,835	1,150,406
	6/30/2012	299,751	96.8%	74.52%	223,389	1,226,768

<u>Firemen</u>	Fiscal Year Ending	Annual Pension Cost	Annual Percentage Cost (APC)	Percentage of APC Contributed	Amount Contributed	Net Pension (Asset) Obligation
	6/30/2010	\$ 25,754	193.6%	167.0%	\$ 43,000	\$ (67,473)
	6/30/2011	38,448	141.5%	117.7%	45,250	(74,275)
	6/30/2012	39,260	64.9%	50.9%	20,000	(55,015)

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
June 30, 2012

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ASSETS			
Investments, at fair value:			
Equity mutual funds	\$ 878,658	\$ 210,804	\$ 1,089,462
Bond mutual funds	563,233	134,760	697,993
Total investments	1,441,891	345,564	1,787,455
Receivable:			
Employer contribution	223,389	20,000	243,389
Total assets	1,665,280	365,564	2,030,844
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 1,665,280	\$ 365,564	\$ 2,030,844

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2012

TOWN OF DEEP RIVER, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Year Ended June 30, 2012

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Retirement Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 223,389	\$ 20,000	\$ 243,389
Investment Income (Loss):			
Net depreciation in fair value of investments	(11,105)	(1,915)	(13,020)
Interest and dividends	660	250	910
Total investment income (loss)	(10,445)	(1,665)	(12,110)
Total additions	212,944	18,335	231,279
DEDUCTIONS			
Benefits	-	30,273	30,273
Administration	250	250	500
Total deductions	250	30,523	30,773
Change in net assets	212,694	(12,188)	200,506
NET ASSETS, July 1, 2011	1,452,586	377,752	1,830,338
NET ASSETS, June 30, 2012	\$ 1,665,280	\$ 365,564	\$ 2,030,844

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, 2012

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 \$322,000 for the year ended June 30, 2012.

Note 12. Fund Balance

Below is a table of fund balance categories and classifications at June 30, 2012 for the Town governmental funds:

	General Fund	Capital Projects	Nonmajor Governmental Funds
Fund balances:			
Restricted:			
General government	\$ -	\$ -	\$ 71,013
Education	-	-	340
Total restricted	-	-	71,353
Committed:			
General government	-	-	338,349
Public works	-	255,951	-
Total committed	-	255,951	338,349
Assigned:			
General government	56,520	-	-
Public safety	-	-	2,602
Health and social services	-	-	87,586
Total assigned	56,520	-	90,188
Unassigned:			
General government	267,114	-	-
Total unassigned	267,114	-	-
Total fund balance	\$ 323,634	\$ 255,951	\$ 499,890

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Note 13. Governmental Accounting Standards Board (GASB) Statements

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 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 statements in the future. This Statement provides a new statement of net position format to report

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

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. 65, *Items Previously Reported as Assets and Liabilities***, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The provisions of this Statement are effective for periods beginning after December 15, 2012, and would be applied on a prospective basis. Early adoption is encouraged.
- **GASB Statement No. 66, *Technical Corrections - 2012***, enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. GASB 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund types. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement also amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for: (a) operating lease payments that vary from a straight-line basis; (b) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans; and (c) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The provisions of this Statement are effective for periods beginning after December 15, 2012, and would be applied on a prospective basis. Early adoption is encouraged.
- **GASB Statement No. 67, *Financial Reporting for Pension Plans an amendment of GASB Statement No. 25***, was issued in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of

TOWN OF DEEP RIVER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2012

Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2014.

- **GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27***, was issued in June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2015.
- **GASB Statement No. 69, *Government Combinations and Disposals of Government Operations***, provides guidance for:
 - Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations.
 - Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations.
 - Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based on their acquisition values in a government acquisition.
 - Reporting the disposal of government operations that have been transferred or sold.

The requirements of this Statement are effective for periods beginning after December 15, 2013, and should be applied on a prospective basis.

**Required Supplementary
Information**

TOWN OF DEEP RIVER, CONNECTICUT

**PENSION TRUST FUNDS – SCHEDULES OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012**

TOWN EMPLOYEES' RETIREMENT SYSTEM						
	A	B	(A-B)	(A/B)	C	((B-A)/C)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL as a Percentage of Covered Payroll
July 1,						
2010	1,060,371	2,285,458	(1,225,087)	46.4%	1,236,322	(99.1%)
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%)

FIREFIGHTERS' MERIT PLAN						
	A	B	(A-B)	(A/B)	C	((B-A)/C)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/Under Funded AAL as a Percentage of Covered Payroll
July 1,						
2010	312,846	437,690	(124,844)	71.5%	N/A	N/A
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

TOWN OF DEEP RIVER, CONNECTICUT

PENSION TRUST FUNDS

REQUIRED SUPPLEMENTARY INFORMATION – SCHEDULE OF EMPLOYER CONTRIBUTIONS

June 30, 2012

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%
	2012	230,727	223,389	96.82%
<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%
	2012	30,808	20,000	64.92%

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, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Taxes, interest and lien fees	\$ 11,604,727	\$ 11,604,727	11,782,802	\$ 178,075
Intergovernmental	1,923,786	1,923,786	2,353,590	429,804
Charges for services	356,440	356,440	897,463	541,023
Income from investments	25,000	25,000	8,795	(16,205)
Total revenues	13,909,953	13,909,953	15,042,650	1,132,697
EXPENDITURES				
Current:				
General government	1,725,993	1,756,893	1,729,046	27,847
Public safety	521,705	605,971	579,261	26,710
Public works	893,830	990,414	982,562	7,852
Health and social services	96,196	99,029	99,029	-
Parks and recreation	124,764	152,328	151,666	662
Education	9,590,200	9,657,688	9,657,688	-
Capital outlay	245,260	511,889	958,871	(446,982)
Debt service:				
Principal	497,367	497,367	497,334	33
Interest	201,629	201,629	197,282	4,347
Total expenditures	13,896,944	14,473,208	14,852,739	(379,531)
Revenues over (under) expenditures	13,009	(563,255)	189,911	753,166
OTHER FINANCING SOURCES (USES)				
Transfers in	-	157,688	208,112	(50,424)
Transfers (out)	-	-	(315,200)	(315,200)
Total other financing sources (uses)	-	157,688	(107,088)	(264,776)
Total	\$ 13,009	\$ (405,567)	82,823	\$ 488,390

See Note to Required Supplementary Information.

TOWN OF DEEP RIVER, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2012

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, 2012

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	\$ 16,166,896	\$ 16,069,487
Excess cost grants	(146,100)	(146,100)
Effect of GASB No. 54	(9,669)	(4,665)
State Teachers Retirement payments made by State Department of Education on behalf of the Town, not recognized for budgetary purposes	(322,000)	(322,000)
Capital lease	(438,365)	(428,783)
Balance, budgetary basis	<u>\$ 15,250,762</u>	<u>\$ 15,167,939</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 Individual and Combining
Fund Financial Statements and Other 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, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
TAXES, INTEREST AND LIEN FEES				
Current Taxes	\$ 11,404,727	\$ 11,404,727	\$ 11,512,396	\$ 107,669
Prior Taxes	150,000	150,000	169,347	19,347
Interest and Lien Fees	50,000	50,000	101,059	51,059
Total taxes, interest and lien fees	11,604,727	11,604,727	11,782,802	178,075
INTERGOVERNMENTAL				
Education cost sharing	1,687,351	1,687,351	1,692,905	5,554
Telephone Tax Sharing	34,661	34,661	18,462	(16,199)
Transportation	10,204	10,204	5,164	(5,040)
Town aid roads	100,118	100,118	100,098	(20)
PILOT - State owned property	11,006	11,006	-	(11,006)
Pequot fund	12,919	12,919	13,880	961
PILOT - Manufacturing	-	-	9,819	9,819
Tax relief for elderly	29,603	29,603	36,358	6,755
Unrestricted grants	-	-	61,023	61,023
Tax relief for veterans	2,919	2,919	4,099	1,180
Village Street	-	-	380,881	380,881
Boat registration	3,600	3,600	-	(3,600)
LOCIP - Infrastructure	31,405	31,405	30,901	(504)
Total intergovernmental	1,923,786	1,923,786	2,353,590	429,804
CHARGES FOR SERVICES				
Licenses and Permits:				
Licenses and permits	500	500	295	(205)
Building permits	50,000	50,000	90,436	40,436
Planning and zoning fees	19,500	19,500	9,606	(9,894)
Conveyance tax	40,000	40,000	38,048	(1,952)
Town Clerk fees	35,000	35,000	29,952	(5,048)
Fire Marshal permits/fees	100	100	400	300
Inland wetland/conservation permit	1,000	1,000	1,255	255
Total licenses and permits	146,100	146,100	169,992	23,892
Charges for services:				
Reimbursement for Administrative Sewer	16,000	16,000	-	(16,000)
Rental income - Town equipment	25,000	25,000	29,670	4,670
Bulky waste site contract	55,000	55,000	55,000	-
Total charges for services	96,000	96,000	84,670	(11,330)

(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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Recycling fees	20,000	20,000	50,587	30,587
Insurance reimbursement	-	-	15,068	15,068
Park and recreation fees	32,340	32,340	64,823	32,483
Miscellaneous	12,000	12,000	106,950	94,950
Public safety/police	30,000	30,000	73,373	43,373
Nextel contract	-	-	319,445	319,445
Newsletter	20,000	20,000	12,555	(7,445)
Total miscellaneous	114,340	114,340	642,801	528,461
Total charges for services	356,440	356,440	897,463	541,023
INCOME FROM INVESTMENTS				
Interest Income	25,000	25,000	8,795	(16,205)
TRANSFERS IN	-	157,688	208,112	50,424
Total revenues and transfers in	\$ 13,909,953	\$ 14,067,641	\$ 15,250,762	\$ 1,183,121

(Concluded)

TOWN OF DEEP RIVER, CONNECTICUT

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES - BUDGETARY BASIS -
BUDGET AND ACTUAL
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
GENERAL GOVERNMENT:				
SELECTMAN				
First Selectman Salary	\$ 63,684	\$ 64,958	\$ 64,958	\$ -
Selectmen Salary	7,638	7,791	7,759	32
Treasurer Salary	6,873	7,010	7,009	1
Administrative Assistant Salary	32,406	33,054	33,455	(401)
Accounts Manager	55,080	63,693	63,693	-
Legal Fees	10,000	12,250	12,250	-
Engineering Services	4,000	23,222	21,909	1,313
Expense Allowance	2,500	2,500	2,500	-
Office Supplies and Postage	22,460	22,460	21,291	1,169
School/Meetings	500	500	1,351	(851)
Legal Notices	3,200	3,200	4,463	(1,263)
Total Selectman	208,341	240,638	240,638	-
ELECTIONS				
Registrars' Salary	7,500	7,650	6,736	914
Part-time Elections Salary	6,120	6,243	3,882	2,361
Printing Expenses	3,000	3,000	1,998	1,002
Total Elections	16,620	16,893	12,616	4,277
BUILDING OPERATIONS				
Fuel Oil	87,000	117,719	117,719	-
Water	8,000	8,000	9,082	(1,082)
Electricity	55,000	55,000	50,188	4,812
Sewer Fees	3,147	3,147	2,722	425
Telephone - Town Dept.	17,000	17,340	21,961	(4,621)
Custodial Services/Supplies	21,000	21,000	22,073	(1,073)
Miscellaneous Supplies	1,000	1,000	1,038	(38)
Building Repairs	20,000	31,851	30,016	1,835
Probate Court/Rent	-	-	20	(20)
Elderly Housing Sewer Fees	3,000	3,000	3,000	-
Quarterly Sprinkler/Elevator Inspections	2,800	2,800	3,038	(238)
Total Building Operations	217,947	260,857	260,857	-
TOWN CLERK				
Town Clerk Salary	43,470	44,339	44,373	(34)
Assistant's Salary	16,775	17,110	17,161	(51)
Index Land Records	1,200	1,200	1,183	17
School/Meetings	800	800	805	(5)
Micro Filming	11,400	11,822	11,872	(50)
Vital Statistics	600	600	477	123
Total Town Clerk	74,245	75,871	75,871	-

(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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
BOARD OF FINANCE				
Part-time Clerical Salary	500	510	-	510
Auditor/Consultant	34,000	13,700	13,700	-
Printing Expense	6,000	6,000	2,124	3,876
Legal Notices	2,500	2,500	-	2,500
Total Board of Finance	43,000	22,710	15,824	6,886
TAX REVIEW				
Tax Reviewer Salary	600	612	283	329
Legal Notices	150	150	63	87
Total Tax Review	750	762	346	416
ASSESSOR				
Assessor Salary	66,007	67,327	68,979	(1,652)
Secretary Salary	27,356	27,903	27,986	(83)
Valuation Appeals	10,000	10,000	6,938	3,062
Computer Maintenance & Service	1,000	1,000	1,000	-
Update Maps	13,650	13,650	7,350	6,300
School/Meetings	1,500	1,500	1,311	189
Auto Mileage Expense	2,390	2,390	2,195	195
Audits	700	700	537	163
Total Assessor	122,603	124,470	116,296	8,174
TAX COLLECTOR				
Tax Collector Salary	29,713	30,307	30,309	(2)
Part-time Clerical Salary	10,025	10,225	9,410	815
Legal Fees	1,000	1,000	-	1,000
Computer Maintenance & Services	7,150	7,150	7,027	123
School/Meetings	1,500	1,500	841	659
Legal Notices	450	450	392	58
DMV Fees	15,000	18,469	22,565	(4,096)
Tax Refunds	1,089	1,089	-	1,089
Total Tax Collector	65,927	70,190	70,544	(354)
SPECIAL SERVICES				
Data Processing Services	9,000	9,000	12,972	(3,972)
Senior Citizen's Club	500	500	-	500
Copier	4,000	9,538	8,016	1,522
BMSI License/Computer Support Fee	12,000	12,000	12,553	(553)
Beautification Committee	2,000	2,000	1,829	171
Memorial Day	1,600	1,600	1,658	(58)

(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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
SPECIAL SERVICES, CONTINUED				
Industrial Development Committee	2,000	2,000	2,000	-
Newsletter/Brochure	20,000	20,000	17,285	2,715
Essex Dog Run Lease	10,000	10,000	10,325	(325)
Dog Fund Salary	3,938	3,938	3,938	-
Contingency	15,000	32,169	32,169	-
Total Special Services	80,038	102,745	102,745	-
PLANNING & ZONING				
Enforcement Officer Salary	27,272	27,817	30,292	(2,475)
Part-time Clerical Salary	3,336	3,403	2,686	717
Legal Fees	2,500	10,665	12,533	(1,868)
Engineering Services	4,000	4,000	90	3,910
Training/Meetings	500	500	-	500
Legal notices	17,000	666	3,841	(3,175)
Printing Expenses	2,100	2,100	-	2,100
Engineering/Professional Services	1,200	1,200	909	291
Total Planning & Zoning	57,908	50,351	50,351	-
ZONING BOARD OF APPEALS				
Part-time Clerical Salary	300	306	140	166
Legal Fees	1,500	1,500	600	900
Legal Notices	500	500	255	245
Total Zoning Board of Appeals	2,300	2,306	995	1,311
BUILDING OFFICIAL				
Building Official Salary	27,000	34,327	35,717	(1,390)
Secretary Salary	13,176	1,192	1,192	-
Reference Manuals/Books	650	650	125	525
State Training fees	2,400	2,400	1,535	865
Total Building Official	43,226	38,569	38,569	-
INLAND WETLANDS & CONSERVATION				
Enforcement Agent Salary	7,247	7,392	5,233	2,159
Part-time Clerical Salary	2,800	2,856	2,021	835
Legal Fees	500	500	-	500
Technical Services	1,000	1,000	275	725
Middlesex Soil Conservation Services	1,577	1,577	1,577	-
CACIWC	100	100	50	50
Auto Mileage Expense	250	250	-	250
Legal Notices	650	650	198	452
Total Inland Wetlands & Conservation	14,124	14,325	9,354	4,971

(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, 2012**

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
INSURANCE & BONDS	130,000	110,287	109,602	685
LIBRARY				
Librarian Salary	53,868	54,950	54,950	-
Assistants Salary	45,533	51,214	51,214	-
Library Program Expenses	30,000	30,000	30,000	-
Total Library	129,401	136,164	136,164	-
PROBATE				
Clerk	3,500	3,500	2,130	1,370
EMPLOYEE BENEFITS				
Medical Insurance	224,000	194,500	192,664	1,836
Life Insurance	2,500	2,500	2,287	213
Pension Plan	139,142	139,142	139,142	-
Tax exemption - DRAA & DRFD	16,000	16,000	14,052	1,948
FICA/Social Security - Employer/WPCF	86,000	86,255	90,239	(3,984)
Unemployment Compensation	750	7,971	7,971	-
Total Employee Benefits	468,392	446,368	446,355	13
POLITICAL SUBDIVISIONS				
Estuary Transit District	6,045	6,045	6,045	-
Estuary Council Seniors	19,900	15,016	15,000	16
Tri-Town Services	5,000	5,000	5,000	-
Public Service Agencies (formerly CAGM)	4,400	1,500	1,420	80
CRERPA	9,336	9,336	9,366	(30)
CCM	2,990	2,990	2,958	32
Total Political Subdivisions	47,671	39,887	39,789	98
TOTAL GENERAL GOVERNMENT	1,725,993	1,756,893	1,729,046	27,847
PUBLIC SAFETY:				
POLICE				
Part-time Officers	75,320	80,705	80,705	-
Crossing Guard Salary	4,437	4,526	3,955	571
Funded Special Police Services	30,000	71,329	71,329	-
Full-time Officer/FT/OT	58,024	75,002	75,002	-
Resident Trooper	115,000	124,595	124,595	-
Miscellaneous Supplies	2,800	2,800	1,476	1,324
Vehicle Maintenance	4,000	7,809	8,195	(386)
Training	2,000	2,000	1,586	414
Uniforms	2,500	2,500	4,423	(1,923)
Total Police	294,081	371,266	371,266	-

(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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
FIRE DEPARTMENT				
Part-time Clerical Salary	965	984	876	108
Communications Equipment Maintenance	6,000	6,000	6,000	-
Training	5,000	5,000	4,518	482
Physicals	1,000	1,000	125	875
Miscellaneous Building Supplies	5,000	5,000	5,030	(30)
Fire Equipment & Supplies	15,000	15,000	11,868	3,132
Vehicle Fuel & Oil	-	-	524	(524)
Vehicle Maintenance	17,000	15,580	16,843	(1,263)
Incentive Program	50,000	50,000	26,838	23,162
Operating Expenses	16,000	17,420	17,367	53
Water Hole Maintenance	3,500	3,500	3,355	145
Banquet	4,200	4,200	4,200	-
Personal Losses	400	400	200	200
Total Fire Department	124,065	124,084	97,744	26,340
FIRE MARSHAL				
Fire Marshal Salary	18,600	18,972	18,972	-
Deputy Marshal Salary	500	500	180	320
Fire Marshal Auto Expense	1,000	1,000	1,010	(10)
Deputy Fire Marshal Auto Expense	125	125	-	125
Miscellaneous Supplies	500	1,118	1,553	(435)
Burning Official/Training	150	150	150	-
Total Fire Marshal	20,875	21,865	21,865	-
PUBLIC SERVICE COMMUNICATIONS				
Cell/Pagers	6,500	7,216	7,216	-
Valley Shore Communications Contract	22,065	27,421	27,421	-
Dispatcher Salary	52,619	52,619	52,619	-
Total Public Service Communications	81,184	87,256	87,256	-
CIVIL PREPAREDNESS	1,500	1,500	1,130	370
TOTAL PUBLIC SAFETY	521,705	605,971	579,261	26,710
PUBLIC WORKS:				
HIGHWAY DEPARTMENT				
Road Crew Salary	188,000	217,174	217,174	-
Equipment Maintenance	50,000	66,435	66,435	-
General Road Maintenance	176,840	197,570	197,570	-
Town Aid Road Maintenance	100,418	101,104	101,104	-
Total Highway Department	515,258	582,283	582,283	-

(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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
PUBLIC UTILITIES				
Street Lighting	52,000	52,000	50,160	1,840
Fire Hydrant Service	64,000	64,000	57,989	6,011
Total Public Utilities	116,000	116,000	108,149	7,851
WASTE/RECYCLE				
Transfer Station Operator Salary	34,512	35,202	35,422	(220)
Recycling Salary	8,160	12,654	12,654	-
Water Tests/Engineering	17,000	29,179	29,179	-
CRRA Tipping Fees	107,000	107,353	107,381	(28)
Bulky Waste Coverage	85,000	96,843	96,843	-
Household Hazardous Waste Facility	10,000	10,000	9,711	289
Sanitary Lavatory Rental	900	900	940	(40)
Total Waste/Recycle	262,572	292,131	292,130	1
TOTAL PUBLIC WORKS	893,830	990,414	982,562	7,852
HEALTH AND SOCIAL SERVICES:				
SANITARIAN				
Health District	56,196	56,196	56,196	-
PUBLIC HEALTH NURSING SERVICE				
Social Services Salary	15,000	17,503	17,503	-
LVVNA	25,000	25,000	25,000	-
Office Supplies & Postage	-	330	330	-
Total Public Health Nursing Service	40,000	42,833	42,833	-
TOTAL HEALTH AND SOCIAL SERVICES	96,196	99,029	99,029	-
PARKS & RECREATION				
Program Director Salary	14,280	14,566	19,605	(5,039)
Part-time Summer Program Salary	12,000	12,240	10,610	1,630
Life-Gate Guard Salary	15,000	21,969	21,969	-
Water-Devitt Field	6,500	10,569	10,569	-
Summer Youth Program	8,350	8,350	6,774	1,576
Maintenance-All Facilities	21,130	30,472	31,935	(1,463)
Youth Basketball	10,000	16,658	16,658	-
Seasonal Programs	10,354	10,354	10,255	99
New Programs	700	700	-	700
Self-Funding Programs	26,450	26,450	23,291	3,159
TOTAL PARKS AND RECREATION	124,764	152,328	151,666	662

(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, 2012

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
DEBT SERVICE:				
INTEREST PAYMENTS				
Regional District #4 Bonds	201,629	201,629	197,282	4,347
DEBT REDEMPTION				
Regional District #4 Bonds	394,576	394,576	394,576	-
Fire/Highway Dept. Truck	102,791	102,791	102,758	33
Total Debt Redemption	497,367	497,367	497,334	33
TOTAL DEBT SERVICE	698,996	698,996	694,616	4,380
EDUCATION:				
ELEMENTARY SCHOOL	5,192,900	5,237,450	5,237,450	-
REGIONAL DISTRICT #4	4,387,300	4,390,525	4,390,525	-
DEEP RIVER ELEMENTARY SCHOOL				
Maintenance	10,000	29,713	29,713	-
Total Deep River Elementary School	10,000	29,713	29,713	-
TOTAL EDUCATION	9,590,200	9,657,688	9,657,688	-
CAPITAL OUTLAY				
Computer Upgrade Project	4,000	16,000	4,000	12,000
DRES Lighting Project	-	-	793	(793)
DRES Flooring Projects	-	46,000	46,540	(540)
Road Repair/Salt Shed/Equipment	100,000	193,304	199,307	(6,003)
Village Street Bridge	-	31,320	508,167	(476,847)
Library Boiler Replacement	-	13,395	12,995	400
Fountain Hill Cemetery	20,000	20,000	20,000	-
Phase 5 Streetscape	21,260	3,175	-	3,175
Architectural/Engineer Fire	75,000	75,000	75,000	-
Town Hall Windows Project	25,000	25,000	1,800	23,200
Town Hall Renovation Project	-	88,695	90,269	(1,574)
TOTAL CAPITAL OUTLAY	245,260	511,889	958,871	(446,982)
TRANSFERS OUT	-	-	315,200	(315,200)
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 13,896,944	\$ 14,473,208	\$ 15,167,939	\$ (694,731)

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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.

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

Capital Projects Funds

Deep River Town Hall Auditorium – is used to account for the restoration of the Town Hall auditorium.

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TOWN OF DEEP RIVER, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	Special Revenue		
	Dog License Fund	Hot Lunch Program Fund	Incubator Building Fund
ASSETS			
Cash and cash equivalents	\$ 2,602	\$ 14,340	\$ 147,329
Intergovernmental receivables	-	5,424	-
Loans receivable	-	-	-
Other receivables	-	3,912	-
Total assets	\$ 2,602	\$ 23,676	\$ 147,329
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	-	1,612	-
Due to other funds	-	22,064	6,560
Total liabilities	-	23,676	6,560
Fund Balances			
Restricted	-	-	-
Committed	-	-	140,769
Assigned	2,602	-	-
Total fund balance	2,602	-	140,769
Total liabilities and fund balances	\$ 2,602	\$ 23,676	\$ 147,329

Special Revenue			Capital Projects	Total Nonmajor Funds
Small Cities Project SC-96	Grant Account	Social Services Fund	Deep River Town Hall Auditorium Restoration Fund	
\$ 36,553	\$ 340	\$ 87,586	\$ 197,580	\$ 486,330
-	-	-	-	5,424
34,460	-	-	-	34,460
-	-	-	-	3,912
<u>\$ 71,013</u>	<u>\$ 340</u>	<u>\$ 87,586</u>	<u>\$ 197,580</u>	<u>\$ 530,126</u>
-	-	-	-	\$ 1,612
-	-	-	-	28,624
-	-	-	-	30,236
71,013	340	-	-	71,353
-	-	-	197,580	338,349
-	-	87,586	-	90,188
<u>71,013</u>	<u>340</u>	<u>87,586</u>	<u>197,580</u>	<u>499,890</u>
<u>\$ 71,013</u>	<u>\$ 340</u>	<u>\$ 87,586</u>	<u>\$ 197,580</u>	<u>\$ 530,126</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, 2012

	Special Revenue		
	Dog License Fund	Hot Lunch Program Fund	Incubator Building Fund
REVENUES			
Intergovernmental	\$ -	\$ 32,136	\$ -
Charges for services	6,049	64,303	84,519
Interest income	-	-	2
Other	-	-	-
Total revenues	6,049	96,439	84,521
EXPENDITURES			
Current:			
General government	-	-	38,903
Public safety	1,917	-	-
Health and social services	-	-	-
Education	-	96,449	-
Capital outlay	-	-	-
Total expenditures	1,917	96,449	38,903
Revenues over (under) expenditures	4,132	(10)	45,618
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers (out)	-	-	(6,560)
Total other financing sources	-	-	(6,560)
Changes in fund balance	4,132	(10)	39,058
FUND BALANCES, beginning	(1,530)	10	101,711
FUND BALANCES, ending	\$ 2,602	\$ -	\$ 140,769

Special Revenue				Capital Projects	
Small Cities Project SC-96	Grant Account	Social Services Fund	Deep River Town Hall Auditorium Restoration Fund	Total Nonmajor Funds	
\$ -	\$ 208,976	\$ -	\$ -	\$ 241,112	
-	-	-	-	154,871	
97	-	395	175	669	
-	-	5,184	260,610	265,794	
97	208,976	5,579	260,785	662,446	
-	3,724	-	-	42,627	
-	-	-	-	1,917	
-	-	15,040	-	15,040	
-	205,326	-	-	301,775	
-	-	-	63,205	63,205	
-	209,050	15,040	63,205	424,564	
97	(74)	(9,461)	197,580	237,882	
-	-	-	-	-	
-	-	-	-	(6,560)	
-	-	-	-	(6,560)	
97	(74)	(9,461)	197,580	231,322	
70,916	414	97,047	-	268,568	
\$ 71,013	\$ 340	\$ 87,586	\$ 197,580	\$ 499,890	

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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, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash and cash equivalents				
Student activity fund	\$ 19,016	\$ 34,109	\$ 34,302	\$ 18,823
LIABILITIES				
Due to student groups				
Student activity fund	\$ 19,016	\$ 34,109	\$ 34,302	\$ 18,823

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Other Schedules

TOWN OF DEEP RIVER, CONNECTICUT

BALANCE SHEET - BY ACCOUNT - GENERAL FUND
June 30, 2012

	General Fund	Library Fund	Totals
ASSETS			
Cash and cash equivalents	\$ 311,655	\$ 56,520	\$ 368,175
Receivables (net of allowances for collection losses):		-	
Property taxes	357,177	-	357,177
Intergovernmental	408,666	-	408,666
Other	88,627	-	88,627
Due from other funds	360,183	-	360,183
Total assets	\$ 1,526,308	\$ 56,520	\$ 1,582,828
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accruals	\$ 1,028,274	\$ -	\$ 1,028,274
Deferred revenue	230,920	-	230,920
Total liabilities	1,259,194	-	1,259,194
FUND BALANCES			
Assigned	-	56,520	56,520
Unassigned	267,114	-	267,114
Total fund balances	267,114	56,520	323,634
Total liabilities and fund balances	\$ 1,526,308	\$ 56,520	\$ 1,582,828

TOWN OF DEEP RIVER, CONNECTICUT

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

For the Year Ended June 30, 2012

	General Fund	Library Fund	Eliminations	Totals
REVENUES				
Property taxes and lien fees	\$ 11,782,802	\$ -	\$ -	\$ 11,782,802
Intergovernmental	2,928,640	-	-	2,928,640
Charges for services	790,513	9,439	-	799,952
Investment income	8,795	230	-	9,025
Total revenues	15,510,750	9,669	-	15,520,419
EXPENDITURES				
Current:				
General government	1,719,047	34,665	-	1,753,712
Public safety	579,261	-	-	579,261
Public works	982,562	-	-	982,562
Health and social services	99,029	-	-	99,029
Parks and recreation	151,666	-	-	151,666
Education	10,717,646	-	-	10,717,646
Capital outlay	1,367,653	-	-	1,367,653
Debt service	102,758	-	-	102,758
Total expenditures	15,719,622	34,665	-	15,754,287
Revenues over (under) expenditures	(208,872)	(24,996)	-	(233,868)
OTHER FINANCING SOURCES (USES)				
Transfers in	208,112	30,000	(30,000)	208,112
Transfers out	(345,200)	-	30,000	(315,200)
Capital lease	438,365	-	-	438,365
Net other financing sources (uses)	301,277	30,000	-	331,277
Net change in fund balances	92,405	5,004	-	97,409
FUND BALANCES, beginning of year	174,709	51,516	-	226,225
FUND BALANCES, end of year	\$ 267,114	\$ 56,520	\$ -	\$ 323,634

TOWN OF DEEP RIVER, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2012

Grand List Year	Balance Uncollected July 1, 2011	Current Levy	Lawful Corrections		Transfers to Suspense	Balance to be Collected	Collections			Balance Uncollected June 30, 2012
			Net Adjustments				Taxes	Interest and Lien Fees	Total	
1995	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1996	-	-	-		-	-	-	-	-	-
1997	-	-	-		-	-	-	-	-	-
1998	-	-	-		-	-	-	-	-	-
1999	-	-	-		-	-	-	-	-	-
2000	-	-	-		-	-	-	-	-	-
2001	624	-	-		624	-	-	-	-	624
2002	-	-	-		-	-	-	-	-	-
2003	558	-	-		558	77	99	176	481	
2004	3,432	-	-		3,432	1,959	2,315	4,274	1,473	
2005	7,526	-	-		7,526	4,755	4,844	9,599	2,771	
2006	11,035	-	-		11,035	5,819	4,852	10,671	5,216	
2007	49,512	-	(220)		49,292	13,489	8,518	22,007	35,803	
2008	74,327	-	2,158		76,485	29,456	11,739	41,195	47,029	
2009	190,573	-	16,296		206,869	109,805	22,731	132,536	97,064	
2010	-	11,652,950	5,705		11,658,655	11,499,374	36,260	11,535,634	159,281	
Total	\$ 337,587	\$ 11,652,950	\$ 23,939		\$ 12,014,476	\$ 11,664,734	\$ 91,358	\$ 11,756,092	\$ 349,742	

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