

TOWN OF EAST WINDSOR, CONNECTICUT

JUNE 30, 2008

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TOWN OF EAST WINDSOR, CONNECTICUT

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BlumShapiro

Independent Auditors' Report

To the Board of Finance
Town of East Windsor
East Windsor, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Windsor, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town of East Windsor, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Windsor, Connecticut, as of June 30, 2008, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 and budgetary comparison information pages 34 through 39 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2008 on our consideration of the Town of East Windsor, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 28, 2008

**TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

This discussion and analysis of the Town of East Windsor, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2008. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

Financial Highlights

- Net assets of our governmental activities increased by \$1,547,336 million, or nearly 3.4%.
- During the year, the Town had expenses that were \$1.6 million less than the \$39.6 million generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$38.1million with no new programs added this year.
- The General Fund reported a fund balance this year of \$5.3million.
- The resources available for appropriation were \$.3 million more than budgeted for the General Fund. Expenditures were kept within spending limits.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibit III to VI. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

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

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

In the statement of net assets and the statement of activities, the Town reports its activities as follows:

- *Governmental Activities* - The Town's basic services are reported here, including education, public safety, conservation and health, highways, sanitation, surety bonds, culture and recreation, debt service and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like

the Sewer Operating Fund and the Sewer Assessment Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into two categories: governmental and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Fiduciary Funds (Exhibits V and VI)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's government-wide activities net assets, changed from a year ago increasing from \$46.4 million to \$47.9 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

**TABLE 1
NET ASSETS**

	Governmental Activities	
	2008	2007
Current assets	\$ 13,836,945	\$ 14,794,191
Capital assets, net of accumulated depreciation	50,095,690	49,897,276
Total assets	63,932,635	64,691,467
Long-term liabilities outstanding	14,552,656	16,239,568
Other liabilities	1,424,133	2,043,389
Total liabilities	15,976,789	18,282,957
Net Assets:		
Invested in capital assets, net of related debt	38,537,125	36,936,953
Restricted	14,481	33,735
Unrestricted	9,404,240	9,437,822
Total Net Assets	\$ 47,955,846	\$ 46,408,510

Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - remained unchanged at \$9.4 million at June 30, 2008.

TABLE 2
CHANGE IN NET ASSETS

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 2,370,540	\$ 2,313,512
Operating grants and contributions	12,838,657	7,457,911
Capital grants and contributions	370,332	1,409,922
General revenues:		
Property taxes	22,603,437	22,053,161
Grants and contributions not restricted to specific programs	672,302	711,722
Unrestricted investment earnings	561,439	615,891
Other general revenues	259,977	78,161
Total revenues	<u>39,676,684</u>	<u>34,640,280</u>
Expenses:		
General government	2,744,017	3,454,442
Public safety	4,909,819	4,836,752
Conservation and health	414,581	429,599
Highways	1,803,381	1,514,319
Sanitation and waste removal	1,962,790	2,037,783
Insurance and surety bonds	255,958	274,279
Culture and recreation	573,728	565,335
Education	24,911,270	18,512,516
Miscellaneous	140,378	185,950
Interest on long-term debt	413,426	434,063
Total expenses	<u>38,129,348</u>	<u>32,245,038</u>
Increase in Net Assets	<u>\$ 1,547,336</u>	<u>\$ 2,395,242</u>

The Town's total revenues were \$39.7 million. The total cost of all programs and services was \$38.1 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

Revenues of the governmental activities increased in 2007-2008 largely because of a \$4.9 million increase in State of Connecticut on-behalf contributions to the State Teachers' Retirement System. This revenue is offset by a corresponding increase to educational expenditures.

Property tax collections increased due to a \$781,971,913 Grand List, a new mill rate of 27.9113 was placed into effect on July 1. The grand list increased by approximately 3.4% or \$25,732,845.

Low mortgage rates resulted in increased activity in the Town Clerk's Office, which collected \$223,753 in revenues, \$54,735 more than budgeted. Unexpected revenue of \$193,889 was received from the Connecticut Resource Recovery Authority for distribution of funds resulting from a Class Action Law Suit.

Table 3 presents the cost of each of the Town's five largest programs - education, public safety, general government, sanitation and waste removal and highways - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Education	\$ 24,911,270	\$ 18,512,516	\$ 12,255,464	\$ 11,246,683
Public safety	4,909,819	4,836,752	4,675,961	4,499,245
General government	2,744,017	3,454,442	1,793,422	1,428,555
Sanitation and waste removal	1,962,790	2,037,783	813,957	1,019,606
Highways	1,803,381	1,514,319	1,303,782	1,139,054
Other	1,798,071	1,889,226	1,707,233	1,730,550
Total	<u>\$ 38,129,348</u>	<u>\$ 32,245,038</u>	<u>\$ 22,549,819</u>	<u>\$ 21,063,693</u>

Town Funds Financial Analysis

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$9.1 million, which is a change from last year's total of \$9.5 million. Included in this year's total change in fund balance, is an increase of \$.1 million in the Town's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities highlighted in Exhibit IV.

The Capital and Nonrecurring Fund decreased by \$.2 million. The Capital Projects Fund Decreased by \$.5 million. Major activity in the funds included the following:

Purchase of fire fighting equipment for the Broad Brook Fire Department, purchase of a Jet-Vac for the Public Works Department, and completion of a town-wide emergency communications system.

General Fund Budgetary Highlights

Total local revenues had a favorable variance when compared to the budget in the amount of \$435,655. Charges for services had a favorable variance, \$15,187 more than budgeted was realized by the Planning and Zoning Department, \$54,735 more than budgeted was realized by the Town Clerk, and \$94,084 more than budgeted was collected by the Building Department.

Intergovernmental revenues showed a favorable variance in the Commercial Trucks and the Telecommunications Grants. An unfavorable variance was recognized in the Education Equalization and the Reimbursement in Lieu of Taxes Grants. A favorable budget variance was also recognized in interest earned from investments. This was due to a higher than anticipated rate of return on temporary General Fund cash investments with an amount received that was \$38,713 more than budgeted.

General Government - positive expenditure variances were due from a general savings in most departments, but primarily in the Police department budget where \$114,269 was saved due to overtime management, and \$101,460 was saved in the Workers Compensation Lines due to active prevention of workplace injuries, and monitoring of Workers Compensation Claims. Overall, we saved \$461,819 due to conservative spending allocations.

An increase in the cost of utilities, particularly gas and oil, necessitated an added appropriation from contingency of \$44,821.

Appropriations from contingency were needed in the Town Counsel and Legal line, due to various personnel issues, of \$70,000 and in the registrar's budget, to cover budget referendums, of \$19,800.

There was an overall savings of \$50,971 in the personnel benefits budget, which was attributed to lower health insurance rates after the budget was adopted, increased employee contributions, and the continuation of a payment in lieu of policy.

The aforementioned items combined with the planned \$600,000 use of fund balance to minimize the annual tax impact to residents resulted in completing the June 30, 2008 year with an unreserved and undesignated fund balance of \$4,708,263.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Town had \$50 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges and water and sewer lines - Table 4. This amount represents a net increase (including additions and deductions) of \$.2 million or .39%, over last year.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 5,328,962	\$ 5,313,462
Buildings and improvements	13,049,854	13,554,839
Machinery and equipment	2,099,265	1,236,725
Construction in progress	1,348,986	1,762,933
Infrastructure	<u>28,268,623</u>	<u>28,029,317</u>
Total	<u>\$ 50,095,690</u>	<u>\$ 49,897,276</u>

The Town's fiscal-year 2008-2009 capital budget calls for it to spend another \$434,869 for capital projects, principally for: purchase of two police cruisers, equipment replacement for Public Works and Parks Departments, energy-saving windows replacement at Town Hall and for major road improvement.

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

Long-Term Debt

At June 30, 2008, the Town had \$12,020,907 million in bonds and notes outstanding versus \$13,692,899 million last year - a decrease of 12.2% - as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT**

	Governmental Activities	
	2008	2007
General Obligation Bonds and Notes (Backed by the Town)	\$ 12,020,907	\$ 13,692,899

There were no bonds authorized or issued in 2008.

The Town's general obligation bond rating continues to be A-1, a rating that has been assigned by national rating agencies to the Town's debt since 1994. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$154 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2009 budget tax rates. One of those factors is the economy. In July, unemployment in the Town was at 5.7%. This compares with the Hartford region of 6.4% and the State's unemployment rate of 6.1%.

These indicators were taken into account when adopting the General Fund budget for 2008-2009. Amounts available for appropriation in the General Fund budget are \$32,072,228, an increase of 4.92% over the final 2008 budget of \$30,566,870. Property taxes benefiting from 2009 rate increases and increase in assessed valuations are expected to lead this increase.

The Town has appropriated \$1,400,000 from fund balance to the 2008-2009 budget.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of East Windsor, 74 South Main Street, East Windsor, Connecticut 06088.

TOWN OF EAST WINDSOR, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 9,425,514
Investments	640,597
Receivables, net	3,707,263
Due from Fiduciary Funds	38,771
Deferred charges	12,446
Inventory	12,354
Capital assets:	
Assets not being depreciated	6,677,948
Assets being depreciated, net	43,417,742
Total assets	<u>63,932,635</u>
Liabilities:	
Accounts and other payables	474,251
Due to other governments	39,488
Due to Fiduciary Funds	17,766
Unearned revenue	831,293
Unamortized bond premiums	61,335
Noncurrent liabilities:	
Due within one year	2,026,922
Due in more than one year	12,525,734
Total liabilities	<u>15,976,789</u>
Net Assets:	
Invested in capital assets, net of related debt	38,537,125
Restricted for:	
Trust purposes:	
Expendable	14,481
Unrestricted	<u>9,404,240</u>
Total Net Assets	<u>\$ 47,955,846</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,744,017	\$ 667,385	\$ 283,210	\$ (1,793,422)
Public safety	4,909,819	194,964	38,894	(4,675,961)
Conservation and health	414,581	8,421		(406,160)
Highways	1,803,381		129,267	(1,303,782)
Sanitation and waste removal	1,962,790	1,148,833		(813,957)
Insurance and surety bonds	255,958			(255,958)
Culture and recreation	573,728	35,621		(538,107)
Education	24,911,270	309,348	12,346,458	(12,255,464)
Miscellaneous	140,378	5,968		(134,410)
Interest on long-term debt	413,426		40,828	(372,598)
Total governmental activities	\$ 38,129,348	\$ 2,370,540	\$ 12,838,657	(22,549,819)
General revenues:				
Property taxes				22,603,437
Grants and contributions not restricted to specific programs				672,302
Unrestricted investment earnings				561,439
Miscellaneous				259,977
Total general revenues				24,097,155
Change in Net Assets				1,547,336
Net Assets at Beginning of Year, as Restated				46,408,510
Net Assets at End of Year				\$ 47,955,846

The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 4,792,284	\$ 1,752,711	\$ 1,384,148	\$ 1,496,371	\$ 9,425,514
Investments	640,597				640,597
Receivables, net	3,041,732			665,531	3,707,263
Due from other funds	957,698			959,870	1,917,568
Inventories				12,354	12,354
Total Assets	<u>\$ 9,432,311</u>	<u>\$ 1,752,711</u>	<u>\$ 1,384,148</u>	<u>\$ 3,134,126</u>	<u>\$ 15,703,296</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 312,595	\$ 33,484	\$ 872,464	\$ 55,777	\$ 401,856
Due to other funds	977,636	18,727		27,736	1,896,563
Due to other governments	39,488				39,488
Deferred revenue	2,794,329			1,400,426	4,194,755
Total liabilities	<u>4,124,048</u>	<u>52,211</u>	<u>872,464</u>	<u>1,483,939</u>	<u>6,532,662</u>
Fund balances:					
Reserved		1,740,169	387,468	12,354	2,139,991
Unreserved, reported in:					
General Fund	5,308,263				5,308,263
Special Revenue Funds		(39,669)		1,637,833	1,598,164
Capital Project Funds			124,216		124,216
Total fund balances	<u>5,308,263</u>	<u>1,700,500</u>	<u>511,684</u>	<u>1,650,187</u>	<u>9,170,634</u>
Total Liabilities and Fund Balances	<u>\$ 9,432,311</u>	<u>\$ 1,752,711</u>	<u>\$ 1,384,148</u>	<u>\$ 3,134,126</u>	<u>\$ 15,703,296</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

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

Fund balances - total governmental funds	\$ 9,170,634
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 74,643,903	
Less accumulated depreciation	<u>(24,548,213)</u>	
Net capital assets		50,095,690

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

Property tax receivables greater than 60 days	1,041,167
Interest receivable on property taxes	530,228
Assessments receivable	393,312
Interest receivable on assessments	11,314
Sewer use receivables	55,671
Sewer use interest	6,602
Bond issuance costs	12,446
Receivable from the state for school construction projects	1,222,935
Mortgage loans	102,233

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

Net pension obligation	(1,865,924)
Bonds and notes payable	(12,020,907)
Interest payable on bonds and notes	(72,395)
Compensated absences	(752,111)
Bond premium	(61,335)
Deferred charges on refunding	<u>86,286</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 47,955,846</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	General	Capital and Nonrecurring	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 21,914,851	\$	\$	\$	\$ 21,914,851
Assessments including interest and liens				456,399	456,399
Intergovernmental revenues	12,388,137			1,037,249	13,425,386
Licenses, permit and fees	957,522	18,629		1,728,703	2,704,854
Revenues from use of money	313,713	122,640	57,736	67,349	561,438
Other revenues			400	267,211	267,611
Total revenues	<u>35,574,223</u>	<u>141,269</u>	<u>58,136</u>	<u>3,556,911</u>	<u>39,330,539</u>
Expenditures:					
Current:					
General government	2,377,962			200,948	2,578,910
Public safety	4,419,602			321,583	4,741,185
Conservation and health	411,687				411,687
Highways	1,041,430			144,072	1,185,502
Sanitation and waste removal	693,995			1,140,688	1,834,683
Insurance and surety bonds	255,958				255,958
Culture and recreation	584,152				584,152
Education	23,401,901			1,209,500	24,611,401
Miscellaneous	135,197			181	135,378
Capital outlay	299,307	588,054	356,520		1,243,881
Debt service	2,080,785				2,080,785
Total expenditures	<u>35,701,976</u>	<u>588,054</u>	<u>356,520</u>	<u>3,016,972</u>	<u>39,663,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(127,753)</u>	<u>(446,785)</u>	<u>(298,384)</u>	<u>539,939</u>	<u>(332,983)</u>
Other Financing Sources (Uses):					
Transfers in	576,556	254,311		89,817	920,684
Transfers out	<u>(339,128)</u>		<u>(176,556)</u>	<u>(405,000)</u>	<u>(920,684)</u>
Total other financing sources	<u>237,428</u>	<u>254,311</u>	<u>(176,556)</u>	<u>(315,183)</u>	<u>-</u>
Net Change in Fund Balances	109,675	(192,474)	(474,940)	224,756	(332,983)
Fund Balances at Beginning of Year	<u>5,198,588</u>	<u>1,892,974</u>	<u>986,624</u>	<u>1,425,431</u>	<u>9,503,617</u>
Fund Balances at End of Year	<u>\$ 5,308,263</u>	<u>\$ 1,700,500</u>	<u>\$ 511,684</u>	<u>\$ 1,650,187</u>	<u>\$ 9,170,634</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (332,983)
---	--------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,252,321
Depreciation expense	(1,361,443)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	(61,864)
---	----------

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	369,400
---	---------

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

School building grant receipts	(177,115)
Property tax receivable - accrual basis change	203,744
Property tax interest and lien revenue - accrual basis change	28,443
Sewer use and assessment receivable - accrual basis change	(72,110)
Sewer use and assessment interest receivable - accrual change	1,730
Mortgage loan receivable - accrual basis change	(7,948)

Change in pension assets and liabilities	78,506
--	--------

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

Bond principal payments	1,671,992
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(40,704)
Accrued interest	10,251
Amortization of deferred charge on refunding	(22,882)
Amortization of issuance costs	(3,301)
Amortization of premiums	11,299

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>1,547,336</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2008

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 127,787
Investments - mutual funds	10,276,215	66,112
Due from other funds		17,766
	<u> </u>	<u> </u>
Total assets	<u>10,276,215</u>	\$ <u>211,665</u>
Liabilities:		
Due to other funds	38,771	\$
Due to student groups and others		211,665
	<u> </u>	<u> </u>
Total liabilities	<u>38,771</u>	\$ <u>211,665</u>
Net Assets:		
Held in trust for pension benefits	\$ <u>10,237,444</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 1,091,486
Plan members	205,467
Total contributions	<u>1,296,953</u>
Investment income (loss):	
Net depreciation in fair value of investments	(752,020)
Interest	10,134
Total investment income	<u>(741,886)</u>
Total additions	<u>555,067</u>
Deductions:	
Benefit payments	324,852
Administrative expenses	47,212
Total deductions	<u>372,064</u>
Net increase	183,003
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>10,054,441</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 10,237,444</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in 1768. It operates in accordance with the provisions of its Charter, revised November 1998, under a Selectmen - Town Meeting - Board of Finance form of government. The Town provides the following services as authorized by its Charter: public safety (police and fire), community maintenance, conservation and health, education, public improvements, planning and zoning and general government.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

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

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

The various funds included in the financial statements are described below:

Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital assets.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

Pension Trust Fund accounts for the Town of East Windsor's Retirement System.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Student Awards Fund, Student Activity Fund and Contractor's Bond Fund comprise the Town's agency funds.

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

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

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

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

The Town reports the following major governmental funds:

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

The Capital and Nonrecurring Fund is used to account for appropriations related to certain capital and nonrecurring expenditures.

The Capital Projects fund is used to account for bonding authorization related to major capital purchases and construction.

Additionally, the Town reports the following fund type:

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

The agency funds accounts for various student awards and activities as well as contractors' bonds

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

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

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

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.

D. Deposits and Investments

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 4.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Assessed values are established by the Town Assessor's Office at 70% of appraised value. The tax bills are payable in two installments, July and January. In accordance with State Statutes, the oldest outstanding tax is collected first. Delinquent taxes are charged with interest at the rate of 1.5% per month. Outstanding real estate tax accounts are automatically lienied each year prior to June 30.

In the governmental fund financial statements property tax revenues are recognized when they become available. Available means due or past due and received within the current period or expected to be collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	25
Vehicles	5
Office equipment	5
Computer equipment	3
Infrastructure	20-60

H. Compensated Absences

A limited amount of vacation time earned may be accumulated by employees until termination of their employment, at which time they are paid for this accumulated time. Vacation leave is valued using current salary costs, as well as any salary-related payments that are directly and incrementally connected with leave payments to employees. Sick leave is accrued and is contingent upon absences being caused by employees' future illness or retirements. The sick leave calculation is also based on current salary costs as well as salary-related payments.

Eligible Town employees earn 1 to 1.5 days of sick leave per month depending on the employees' contract. An employee leaving the employ of the Town is entitled to be paid for all unused vacation and a maximum of 36 to 126 days of sick leave upon retirement.

I. Long-Term Obligations

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

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Board of Finance prepares the budget from information furnished by the various Town departments and the Board of Selectmen recommendations. This operating budget includes proposed expenditures and the means of financing them. The budget is presented at a public hearing before being formally voted on at the Annual Town Meeting. Budget control is established at the department, office, board or commission level. Additional appropriations may be made during the year based upon recommendations of the Board of Finance and subject to Town Meeting approval. There were no additional appropriations during the fiscal year. Unexpended appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period.

The General Fund budget is prepared on a modified accrual basis of accounting. 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 reflected in budgetary reports as expenditures in the current year.

Also in accordance with the provisions of GASB Statement No. 24, the Town has reported on-behalf payments made by the State of Connecticut into the teachers' retirement system in the governmental funds.

Special Revenue Funds

Budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period which does not coincide with the Town's fiscal year. It is not practicable to present a statement of budgetary operations for Special Revenue Funds on a combined basis.

Capital Projects Funds

Legal authorization for Capital Projects is provided by the related bond ordinances and/or intergovernmental grant agreements.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out of state bank," as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts	\$ 1,103,521
Certificates of deposit	66,112
Time Deposits	<u>4,400,548</u>
Total deposits	5,570,181
Petty cash	2,249
Cash equivalents:	
State Short-Term Investment Fund (STIF)	2,297,914
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	1,749,069
Less certificates of deposit classified as investments	<u>(66,112)</u>
Total Cash and Cash Equivalents	\$ <u>9,553,301</u>

Deposits

At June 30, 2008, the carrying amount of the Town deposits, including \$66,112 of certificates of deposits classified as investments, was \$5,570,181, and the bank balance was \$6,039,000.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2007 bank balance, \$684,001 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$603,900 based on June 30, 2007 deposits was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$4,751,099 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008, the Town's cash equivalents amounted to \$4,046,983. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA	Aaa	AAA

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit*	\$ 66,112	.06
Other investments:		
Pooled open-end mutual fund accounts:		
Pension Trust Funds	10,276,215	
General Fund mutual fund	<u>640,597</u>	
Total	\$ <u>10,982,924</u>	
Portfolio weighted average maturity for interest bearing investments		.06

*Subject to coverage by federal depository insurance and collateralization under as described under "Deposits" above.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The investments held by the Town for the Pension Trust Fund and Student Awards Fund are not rated by a nationally recognized statistical rating organization.

Concentration of Credit Risk -The Town's investment policy does not specify a limit for an investment in any one issuer.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 530,228	\$ 17,916	\$ 548,144
Taxes	1,286,761		1,286,761
Accounts	121,808	12,618	134,426
Sewer use/assessments		448,983	448,983
Intergovernmental	1,222,935	186,014	1,408,949
Gross receivables	<u>3,161,732</u>	<u>665,531</u>	<u>3,827,263</u>
Less allowance for uncollectibles	<u>(120,000)</u>		<u>(120,000)</u>
Net Total Receivables	\$ <u>3,041,732</u>	\$ <u>665,531</u>	\$ <u>3,707,263</u>

An amount of \$120,000 has been established as an allowance for uncollectible taxes.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes and interest receivable	\$ 1,571,395	\$
School building grant	1,222,935	
Sewer assessments receivable	404,626	
Grant drawdowns prior to meeting all eligibility requirements		678,402
Sewer operating user receivable	62,273	
Loans receivable	102,233	
Advance collections - sewer usage fees		152,891
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u>3,363,462</u>	\$ <u>831,293</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,313,462	\$ 15,500	\$ -	\$ 5,328,962
Construction in progress	<u>1,762,933</u>	<u>942,895</u>	<u>(1,356,842)</u>	<u>1,348,986</u>
Total capital assets not being depreciated	<u>7,076,395</u>	<u>958,395</u>	<u>(1,356,842)</u>	<u>6,677,948</u>
Capital assets being depreciated:				
Buildings and improvements	24,832,933	328,575	(39,402)	25,122,106
Machinery and equipment	3,661,813	1,276,002	(212,967)	4,724,848
Infrastructure	<u>37,703,410</u>	<u>415,591</u>	<u>-</u>	<u>38,119,001</u>
Total capital assets being depreciated	<u>66,198,156</u>	<u>2,020,168</u>	<u>(252,369)</u>	<u>67,965,955</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,278,094)	(813,434)	19,276	(12,072,252)
Machinery and equipment	(2,425,088)	(371,724)	171,229	(2,625,583)
Infrastructure	<u>(9,674,093)</u>	<u>(176,285)</u>	<u>-</u>	<u>(9,850,378)</u>
Total accumulated depreciation	<u>(23,377,275)</u>	<u>(1,361,443)</u>	<u>190,505</u>	<u>(24,548,213)</u>
Total capital assets being depreciated, net	<u>42,820,881</u>	<u>658,725</u>	<u>(61,864)</u>	<u>43,417,742</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,897,276</u>	<u>\$ 1,617,120</u>	<u>\$ (1,418,706)</u>	<u>\$ 50,095,690</u>

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

Governmental activities:	
General government	\$ 24,396
Public safety	213,191
Highway	594,936
Sanitation and waste removal	259,919
Culture and recreation	18,476
Education	<u>250,525</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,361,443</u>

Construction Commitments

The Town has active construction projects as of June 30, 2008. The projects include school building improvements, boiler replacement and asbestos removal, sewer improvements, Town Hall improvements and an emergency communication system. At year end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Jet Vac	\$ 287,669	\$ 11,480
High School Heating System	57,936	375,988

The commitments are being financed by General Fund appropriations and general obligation bonds.

6. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions were processed through the General Fund on behalf of other funds. A summary of interfund balances as of June 30, 2008 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pension Trust Fund	\$ 38,771
General Fund	Nonmajor Governmental Funds	27,736
General Fund	Capital and Nonrecurring Fund	18,727
General Fund	Capital Projects	872,464
Nonmajor Governmental Funds	General Fund	959,870
Agency Funds	General Fund	17,766
Total		<u>\$ 1,935,334</u>

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

Interfund transfers:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Governmental	Total
Transfers out:				
General Fund	\$	\$	\$	\$
Capital and Nonrecurring	249,311	176,556	400,000	576,556
Nonmajor Governmental	89,817		5,000	254,311
				89,817
Total Transfers In	\$	\$	\$	\$
	339,128	176,556	405,000	920,684

Transfers are for regularly reoccurring operational transactions.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 13,297,899	\$	\$ 1,471,992	\$ 11,825,907	\$ 1,478,114
Less deferred amounts on refunding	<u>(109,168)</u>		<u>(22,882)</u>	<u>(86,286)</u>	
Total bonds payable	13,188,731	-	1,449,110	11,739,621	1,478,114
Notes payable	395,000		200,000	195,000	195,000
Compensated absences	711,407	40,704		752,111	353,808
Net pension obligation	<u>1,944,430</u>		<u>78,506</u>	<u>1,865,924</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 16,239,568</u>	<u>\$ 40,704</u>	<u>\$ 1,727,616</u>	<u>\$ 14,552,656</u>	<u>\$ 2,026,922</u>

A schedule of bonds outstanding at June 30, 2008 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2008</u>
Bonds:					
Trombley Road Sewer	03/01/84	03/01/12	5	\$ 305,000	\$ 41,000
Sewer System Rehabilitation	03/15/90	03/15/10	6.875-6.9	1,300,000	144,150
Intermediate School Roof	03/15/90	03/15/10	6.875-6.9	520,000	55,850
State of Connecticut					
Clean Water Fund	09/30/96	03/31/16	4.5	10,812,482	4,664,907
Bond refunding	10/01/04	09/15/15	3.00-3.75	3,535,000	2,645,000
Land acquisition	10/01/04	09/15/25	3.0-4.375	3,000,000	2,696,000
Public works improvements	10/01/04	09/15/25	3.0-4.375	600,000	524,000
Rescue/Pumper Fire Truck	06/01/07	06/01/12	4.25	570,750	456,150
High School Heating Plant	06/01/07	06/01/12	4.25	443,500	354,500
Jet Vac Truck	06/01/07	06/01/12	4.25	305,750	244,350
Notes payable:					
Capital Projects	08/15/03	08/15/08	2.75-3.5	995,000	<u>195,000</u>
Total					<u>\$ 12,020,907</u>

The following is a schedule of future debt service requirements as of June 30, 2008:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,673,114	\$ 356,022	\$ 2,029,136
2010	1,484,460	305,088	1,789,548
2011	1,391,034	256,162	1,647,196
2012	1,389,843	214,080	1,603,923
2013	1,128,890	173,270	1,302,160
2014-2018	3,633,566	461,678	4,095,244
2019-2023	950,000	158,961	1,108,961
2024-2025	<u>370,000</u>	<u>16,188</u>	<u>386,188</u>
Total	<u>\$ 12,020,907</u>	<u>\$ 1,941,449</u>	<u>\$ 13,962,356</u>

On October 1, 2004, the Town issued \$3,535,000 in general obligation bonds with an interest rate of 3.00-3.75% to advance refund \$3,410,000 of outstanding 1995 bonds with an interest rate of 4.3-6.3%. The net proceeds of \$3,585,478 (after payment of \$61,641 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased. The balance of the defeased bonds outstanding at June 30, 2008 is \$2,480,000.

All debt service expenditures were funded by the General Fund.

Legal Debt Limit

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 49,573,166	\$ 4,115,500	\$ 45,457,666
Schools	99,146,331	1,832,414	97,313,917
Sewers	82,621,943	4,850,057	77,771,886
Urban renewal	71,605,684		71,605,684
Pension deficit	66,097,554		66,097,554

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$154,227,626. School indebtedness is net of \$1,222,936 of school building grants receivable. There is no authorized unissued debt at June 30, 2008.

Net Pension Obligation

The accrued pension obligation represents the accumulated difference between actuarially determined contributions to the Pension Trust and the actual Town contributions.

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There are no significant reductions in insurance coverage from the prior year. The amount of claim settlements has not exceeded insurance coverage for each of the past three years.

9. CONTINGENT LIABILITIES

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

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. Plan Description

The Town of East Windsor is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be part of the Town of East Windsor's financial reporting entity and is included in the Town's financial reports as a pension trust fund. Sworn Police Personnel are required to contribute 7% of their monthly salary to the PERS while all others in the plan contribute 2%. The Town is required to contribute the remaining amounts necessary to finance coverage as determined through biennial valuations. Benefits and contributions are established by the Town and may be amended by the Town.

The plan covers all full-time employees of the Town except certified employees of the Board of Education. The certified employees affiliated with the Board of Education are covered by a plan administered by the Connecticut State Teacher's Retirement Association. The major features of the plan are as follows:

- **Benefit Formula:** For all employees, except for Sworn Police Personnel, the monthly retirement benefit is 1.75% (Public Works employees 2%) of the average of the annual salaries during the highest 3 consecutive calendar years out of the final 10 years of employment multiplied by service. For Sworn Police Personnel effective July 1, 2001, the retirement benefit is calculated at 2.25% of the average of the annual salaries during the last 2 calendar years of employment multiplied by service.
- **Eligibility requirements:** Employees become eligible to participate in the Plan on the eligibility date coinciding with, or next following, a specified date of hire and completion of 1,000 hours of service.
- **Normal Retirement Date:** For Sworn Police Personnel - later of age 50 with 25 years of participation. Dispatchers - later of age 60 and 25 years of service. Public Works and WPCA - later of age 60 and 15 years of service. All others - later of age 65 and 5 years of service.
- **Vesting provisions:** 100% after 5 years of continuous service.
- **Early retirement:** later of age 55 and the completion of at least ten years of benefit service.

The membership of the plan consisted of the following at July 1, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	25
Terminated vested participants	18
Active Plan members	<u>151</u>
Total	<u><u>194</u></u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

Method Used to Value Investments: Fair value is utilized for all assets.

C. Funding Policy

The contribution requirements of plan members are established and may be amended by the East Windsor Pension and Retirement Board. The Town's funding policy provides for periodic employer contributions at actuarially determined rates. The current contribution percentage is 21.50% of pension payroll.

D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 1,212,499
Interest on net pension obligation	136,110
Adjustment to annual required contribution	<u>(335,629)</u>
Annual pension cost	1,012,980
Contributions made	<u>1,091,486</u>
Decrease in net pension obligation	(78,506)
Net Pension Obligation, Beginning of Year	<u>1,944,430</u>
Net Pension Obligation, End of Year	<u><u>\$ 1,865,924</u></u>

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

Actuarial valuation date	July 1, 2006
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar - Closed,
Remaining amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.0% per annum
Projected salary increases	4.5% per annum

E. Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	\$ 918,567	\$ 507,376	55.24%	\$ 1,356,042
6/30/07	1,126,982	538,594	44.42%	1,944,430
6/30/08	1,012,980	1,091,486	107.75%	1,865,924

F. Pension Plan Required Supplementary Information**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/02	\$ 5,219,590	\$ 7,430,998	\$ (2,211,408)	70.2%	\$ 3,194,156	69.2%
7/1/04	6,275,788	10,309,996	(4,034,208)	60.9%	4,513,048	89.4%
7/1/06	8,313,911	12,977,635	(4,663,724)	64.0%	5,152,888	90.5%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/03	\$ 561,733	52%
6/30/04	561,733	86%
6/30/05	970,187	51%
6/30/06	970,187	52%
6/30/07	1,212,499	44%
6/30/08	1,212,499	90%

G. Teachers Retirement

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$7,977,324 or 71.4% of the total Board of Education professional payroll of \$11,164,567.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2008, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$5,905,142 as payments made by the State of Connecticut on behalf of the Town. This was a significant increase from the prior year due to State bonding for pension funding.

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 EAST WINDSOR, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Property taxes:				
Current and prior year levies	\$ 21,825,849	\$ 21,825,849	\$ 21,686,688	\$ (139,161)
Interest and lien fees	175,000	175,000	228,163	53,163
Total property taxes	22,000,849	22,000,849	21,914,851	(85,998)
Intergovernmental revenues:				
State of Connecticut:				
Education equalization	5,382,635	5,382,635	5,280,932	(101,703)
Public school transportation	189,502	189,502	187,389	(2,113)
School building grants	217,623	217,623	217,943	320
Special education	100,000	100,000	129,496	29,496
Reimbursement in lieu of taxes	110,902	110,902	104,260	(6,642)
Pro-rata share of CT fines	350	350	7,745	7,395
Tax relief - elderly freeze	3,792	3,792	3,792	-
Tax relief - circuit breaker	75,447	75,447	76,904	1,457
Tax relief - veterans	6,850	6,850	6,393	(457)
Tax exempt property - disability	2,037	2,037	2,045	8
LOCIP	76,752	76,752	932	(75,820)
Telephone access grant	40,357	40,357	53,677	13,320
Miscellaneous	1,137	1,137	1,152	15
New machinery and equipment	188,309	188,309	188,880	571
Mashantucket Pequot grant	77,319	77,319	80,783	3,464
Commercial trucks	119,586	119,586	140,672	21,086
Total intergovernmental	6,592,598	6,592,598	6,482,995	(109,603)
Local revenues:				
Building Department	230,000	230,000	324,084	94,084
Zoning Board of Appeals	1,000	1,000	574	(426)
Planning and zoning revenue	25,000	25,000	40,187	15,187
East Windsor Housing Authority	22,700	22,700	24,979	2,279
Conservation Commission	2,500	2,500	8,421	5,921
Police Department	6,767	6,767	5,553	(1,214)
Assessor's revenue	2,400	2,400	1,827	(573)
Town Clerk's revenue	169,000	169,000	223,735	54,735
Mini-Bus donations	3,500	3,500	4,740	1,240
Greater Hartford Transit District	4,280	4,280	5,999	1,719
Miscellaneous	6,200	6,200	263,397	257,197
Parks and recreation	41,000	41,000	43,436	2,436
Parking tickets	80	80	120	40
Land and building rental	500	500	1,001	501
Perpetual care	350	350	340	(10)
Aircraft miscellaneous	5,790	5,790	5,628	(162)
Sale of assets	800	800	3,501	2,701
Total local revenue	521,867	521,867	957,522	435,655

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Revenues from the Use of Money:				
Interest on deposits	\$ 275,000	\$ 275,000	\$ 313,713	\$ 38,713
Other Financing Sources:				
WPCA Assessment Fund	350,000	350,000	350,000	-
Police private duty	50,000	50,000	50,000	-
Capital Projects Fund	176,556	176,556	176,556	-
Total other financing sources	576,556	576,556	576,556	-
Total	\$ 29,966,870	\$ 29,966,870	30,245,637	\$ 278,767
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers'				
Retirement System for Town teachers are not budgeted			5,905,142	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,				
Expenditures and Changes in Fund Balance - Governmental Funds - Exhibit IV			\$ 36,150,779	

TOWN OF EAST WINDSOR, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
General Government:				
Board of Selectmen	\$ 147,062	\$ 150,036	\$ 145,916	\$ 4,120
Town Counsel and Legal	60,000	130,000	110,306	19,694
Auditor	45,500	45,500	33,594	11,906
Treasurer	165,305	165,942	164,454	1,488
Town Clerk	123,855	124,245	122,428	1,817
Assessor	159,171	160,461	158,608	1,853
Tax Collector	118,971	120,171	119,497	674
Board of Tax review	6,515	6,515	6,313	202
Elections - Registrar	40,524	60,324	56,418	3,906
Probate Court	5,100	5,100	4,363	737
Pension Fund	4,801	4,801	4,488	313
Printing and advertising	6,500	6,500	6,431	69
Town property	217,207	232,228	224,403	7,825
Building Committee	1,450	1,450	957	493
Economic Development Commission	1,300	1,300	1,000	300
Zoning Board of Appeals	1,800	1,800	890	910
Planning and Zoning Commission	3,000	3,000	2,670	330
Town Planner	197,688	198,788	175,359	23,429
Building Department	128,612	140,471	135,139	5,332
Elderly Commission	1,100	1,100	683	417
Ethics Committee	300	300	300	-
Senior center	233,374	235,899	227,791	8,108
Conservation Commission	1,700	1,700	1,700	-
Board of Finance	22,725	22,725	11,110	11,615
Miscellaneous	21,700	21,700	21,037	663
Employee benefits	685,997	685,997	638,427	47,570
Total	<u>2,401,257</u>	<u>2,528,053</u>	<u>2,374,282</u>	<u>153,771</u>
Public Safety:				
Police Department	2,349,343	2,368,343	2,253,922	114,421
Police Commission	1,900	1,900	1,435	465
Broad Brook Fire Department	199,950	199,950	199,950	-
Warehouse Point Fire Department	242,000	242,000	242,000	-
Fire Protection (Water)	235,000	235,000	233,916	1,084
Fire Marshal	22,096	22,096	21,354	742
Civil Preparedness	9,700	9,700	9,512	188
Hearing Officer	200	200		200
Dog damage	10	10		10
Firefighters benefits	210,000	228,444	224,136	4,308
Employee benefits	1,343,905	1,343,905	1,226,898	117,007
Total	<u>4,614,104</u>	<u>4,651,548</u>	<u>4,413,123</u>	<u>238,425</u>
Conservation and Health:				
General assistance	12,500	12,500	12,500	-
Human services	132,156	132,306	132,266	40
Visiting Nurse Association	9,305	9,305	9,305	-
Miscellaneous health agencies	56,022	56,022	55,999	23
Immunizations and physicals	15,000	27,500	27,352	148
Ambulance Association	125,000	125,000	125,000	-
Employee benefits	64,406	64,406	48,969	15,437
Total	<u>414,389</u>	<u>427,039</u>	<u>411,391</u>	<u>15,648</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance (Over) Under
	Original	Final	Actual	
Highways:				
Highways	\$ 460,460	\$ 474,460	\$ 470,635	\$ 3,825
General roads	125,000	125,000	125,000	-
Street lighting	139,900	139,900	123,234	16,666
Engineering	94,007	94,277	93,572	705
Employee benefits	245,577	245,577	228,606	16,971
Total	<u>1,064,944</u>	<u>1,079,214</u>	<u>1,041,047</u>	<u>38,167</u>
Sanitation and Waste Removal:				
Landfill	694,000	694,000	693,995	5
Insurance and Surety Bonds:				
Insurance and surety bonds	264,000	264,000	247,107	16,893
Unemployment compensation	12,000	12,000	8,851	3,149
Total	<u>276,000</u>	<u>276,000</u>	<u>255,958</u>	<u>20,042</u>
Culture and Recreation:				
Broad Brook Library	12,000	12,000	12,000	-
Community activities	1,000	1,000	1,000	-
WHP Library	227,963	227,963	227,963	-
Parks and recreation	285,743	286,313	284,761	1,552
Employee benefits	58,908	58,908	57,378	1,530
Total	<u>585,614</u>	<u>586,184</u>	<u>583,102</u>	<u>3,082</u>
Miscellaneous:				
Cemeteries	30,000	30,000	30,000	-
Contingency Fund	200,000	8,270		8,270
Information technology	110,500	110,500	105,197	5,303
Total	<u>340,500</u>	<u>148,770</u>	<u>135,197</u>	<u>13,573</u>
Debt Service	<u>2,080,788</u>	<u>2,080,788</u>	<u>2,080,785</u>	<u>3</u>
Capital Improvement Plan	<u>278,410</u>	<u>278,410</u>	<u>299,307</u>	<u>(20,897)</u>
Education:				
Salaries:				
Administration	420,280	420,280	328,709	91,571
Building administration	618,747	618,747	616,615	2,132
Certified personnel	7,076,968	7,076,968	6,954,556	122,412
Substitutes	211,650	211,650	270,270	(58,620)
Home Bound	7,500	7,500	22,361	(14,861)
Tutors	344,905	344,905	356,842	(11,937)
Stipends	179,402	179,402	168,745	10,657
Summer school	3,393	3,393	5,497	(2,104)
Adult education/enrichment	21,227	21,227	30,191	(8,964)
Clerical	516,123	516,123	527,041	(10,918)
Teacher's Aides	504,053	504,053	560,243	(56,190)
Nurses	188,828	188,828	211,365	(22,537)
Custodial	421,472	421,472	441,123	(19,651)
Support services	114,695	114,695	128,171	(13,476)
School facility use	2,000	2,000	1,697	303
Total	<u>10,631,243</u>	<u>10,631,243</u>	<u>10,623,426</u>	<u>7,817</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
Employee Benefits:				
Retirement and Social Security	\$ 408,475	\$ 408,475	\$ 531,284	\$ (122,809)
Fringe benefits	1,854,704	1,854,704	1,824,731	29,973
Workmen's compensation and travel insurance	150,924	150,924	142,188	8,736
Total	<u>2,414,103</u>	<u>2,414,103</u>	<u>2,498,203</u>	<u>(84,100)</u>
Purchased Services:				
Instructional Program Improvements	4,200	4,200	6,837	(2,637)
Pupil services	56,986	56,986	63,267	(6,281)
Other professional services	274,629	274,629	308,105	(33,476)
Public utilities	198,223	198,223	227,813	(29,590)
Cleaning/repairing	298,966	298,966	343,543	(44,577)
Maintenance	55,395	55,395	94,511	(39,116)
Pupil transportation	1,210,754	1,210,754	1,268,438	(57,684)
Property insurance	48,697	48,697	45,017	3,680
Liability insurance	39,982	39,982	41,505	(1,523)
Communications	25,087	25,087	188,879	(163,792)
Printing/binding	40,253	40,253	29,655	10,598
Tuition	1,334,373	1,334,373	725,110	609,263
Travel, conferences and other transportation	24,157	24,157	47,646	(23,489)
Total	<u>3,611,702</u>	<u>3,611,702</u>	<u>3,390,326</u>	<u>221,376</u>
Supplies:				
Instructional	256,777	256,777	264,697	(7,920)
Custodial/maintenance	78,999	78,999	89,463	(10,464)
Heat and energy	234,399	234,399	243,913	(9,514)
Food services	1	1		1
Textbooks	49,000	49,000	45,159	3,841
Library	20,900	20,900	22,803	(1,903)
Other supplies	81,280	81,280	91,124	(9,844)
Total	<u>721,356</u>	<u>721,356</u>	<u>757,159</u>	<u>(35,803)</u>
Capital equipment:				
New equipment	66,250	66,250	161,219	(94,969)
Dues and fees	33,082	33,082	47,403	(14,321)
Total	<u>99,332</u>	<u>99,332</u>	<u>208,622</u>	<u>(109,290)</u>
Total Education	<u>17,477,736</u>	<u>17,477,736</u>	<u>17,477,736</u>	<u>-</u>
Total Expenditures	<u>30,227,742</u>	<u>30,227,742</u>	<u>29,765,923</u>	<u>461,819</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance (Over) Under</u>
	<u>Original</u>	<u>Final</u>		
Other financing uses:				
Transfer out:				
Capital Nonrecurring Fund	\$ 249,311	\$ 249,311	\$ 249,311	\$ -
Dog Fund	89,817	89,817	89,817	-
	<u>339,128</u>	<u>339,128</u>	<u>339,128</u>	<u>-</u>
Total other financing uses				
Total	\$ <u>30,566,870</u>	\$ <u>30,566,870</u>	30,105,051	\$ <u>461,819</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for				
Town teachers are not budgeted.			5,905,142	
The Town and Board of Education do not budget for accrued payroll services at year end.				
The accrued wages are charged to the subsequent year's budget. These amounts are recorded				
as a current year expenditure for financial statement purposes.			<u>30,911</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,				
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>36,041,104</u>	

TOWN OF EAST WINDSOR, CONNECTICUT
COMPARATIVE BALANCE SHEET - GENERAL FUND

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 4,792,284	\$ 5,325,517
Investments	640,597	529,406
Accounts and other receivables	121,809	63,243
Property taxes receivable, net of allowance for doubtful accounts of \$120,000 in 2007 and \$120,000 in 2006	1,166,761	1,076,895
Interest receivable	530,228	501,785
Due from other governments	1,222,934	1,474,118
Due from other funds	<u>957,698</u>	<u>176,290</u>
Total Assets	<u>\$ 9,432,311</u>	<u>\$ 9,147,254</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 312,594	\$ 356,365
Due to other funds	977,636	795,438
Due to other governments	39,488	57,605
Deferred revenue	<u>2,794,330</u>	<u>2,739,258</u>
Total liabilities	<u>4,124,048</u>	<u>3,948,666</u>
Fund Equity:		
Fund balance:		
Designated for subsequent year's budget	600,000	600,000
Undesignated	<u>4,708,263</u>	<u>4,598,588</u>
Total fund balance	<u>5,308,263</u>	<u>5,198,588</u>
Total Liabilities and Fund Equity	<u>\$ 9,432,311</u>	<u>\$ 9,147,254</u>

TOWN OF EAST WINDSOR, CONNECTICUT

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

Grand List	Uncollected Taxes July 1, 2007	Lawful Corrections		Suspense Transfers	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2008
		Additions	Deductions			Taxes	Interest	Fees	Total	
2006	\$ 21,960,306	\$ 20,004	\$	\$	\$ 21,980,310	\$ 21,334,963	\$ 100,338	\$ 48	\$ 21,435,349	\$ 645,347
2005	625,564	3,712			629,276	331,794	63,975	1,560	397,329	297,482
2004	281,237		83	89,022	192,132	91,253	26,977	288	118,518	100,879
2003	73,982	161			74,143	14,196	12,948	192	27,336	59,947
2002	44,924		1,969		42,955	6,102	4,032	168	10,302	36,853
2001	29,169				29,169	4,781	3,610	72	8,463	24,388
2000	19,280				19,280	1,846	803	96	2,745	17,434
1999	16,330				16,330	357	279	24	660	15,973
1998	14,441				14,441	1,894	175	24	2,093	12,547
1997	12,104				12,104				-	12,104
1996	12,108				12,108		500		500	12,108
1995	10,770				10,770		100		100	10,770
1994	14,095				14,095	396	853		1,249	13,699
1993	11,874				11,874	118	181		299	11,756
1992	15,474				15,474				-	15,474
	<u>\$ 23,141,658</u>	<u>\$ 23,877</u>	<u>\$ 2,052</u>	<u>\$ 89,022</u>	<u>\$ 23,074,461</u>	<u>21,787,700</u>	<u>214,771</u>	<u>2,472</u>	<u>22,004,943</u>	<u>\$ 1,286,761</u>
			Suspense collections			<u>12,863</u>	<u>10,920</u>		<u>23,783</u>	
			Total			<u>\$ 21,800,563</u>	<u>\$ 225,691</u>	<u>\$ 2,472</u>	<u>22,028,726</u>	
			Property taxes receivable considered available:							
			June 30, 2007						(239,469)	
			June 30, 2008						<u>125,594</u>	
			Total Property Tax Revenue						<u>\$ 21,914,851</u>	

TOWN OF EAST WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue							
	Federal and State Grants	Hot Lunch Program	Dog License	Sewer Operating	Sewer Assessment	Drug Forfeiture	Small Cities	Town Aid Road
ASSETS								
Cash and cash equivalents	\$	\$ 141,652	\$	\$ 684,739	\$ 519,004	\$ 2,655	\$ 132,485	\$
Accounts and other receivable				62,273				
Assessment receivable					404,626			
Due from other governments	29,492	26,995	14,466				102,233	
Due from other funds		12,354						345,419
Inventory								
Total Assets	\$ 29,492	\$ 181,001	\$ 14,466	\$ 747,012	\$ 923,630	\$ 2,655	\$ 234,718	\$ 345,419
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 781	\$ 33,855	\$ 9,572	\$ 8,511	\$ 19	\$ 747	\$	\$
Due to other funds	22,211			4,759				
Deferred revenue	6,500			215,164	404,626		234,718	
Total liabilities	29,492	33,855	9,572	228,434	404,645	747	234,718	-
Fund balances:								
Reserved:								
Inventory		12,354						
Unreserved:								
Designated for specific purposes		134,792	4,894	518,578	518,985	1,908		345,419
Undesignated		147,146	4,894	518,578	518,985	1,908	-	345,419
Total fund balances								
Total Liabilities and Fund Balances	\$ 29,492	\$ 181,001	\$ 14,466	\$ 747,012	\$ 923,630	\$ 2,655	\$ 234,718	\$ 345,419

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TOWN OF EAST WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Revenue					Total Nonmajor Governmental Funds
	Miscellaneous Grants	Veterans Trust	Cemetery Trust	Police Private Duty	Senior Center	
ASSETS						
Cash and cash equivalents	\$	\$ 10,938	\$ 4,898	\$	\$	\$ 1,496,371
Accounts and other receivable				12,618		74,891
Assessment receivable						404,626
Due from other governments	27,294					186,014
Due from other funds	516,746			76,580	6,659	959,870
Inventory						12,354
Total Assets	\$ 544,040	\$ 10,938	\$ 4,898	\$ 89,198	\$ 6,659	\$ 3,134,126
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	\$ 3,058	\$	\$	\$	\$	\$ 55,777
Due to other funds	539,418					27,736
Deferred revenue						1,400,426
Total liabilities	542,476	-	-	-	-	1,483,939
Fund balances:						
Reserved:						
Inventory						12,354
Unreserved:						
Designated for specific purposes		10,938	4,898	89,198	6,659	22,495
Undesignated	1,564					1,615,338
Total fund balances	1,564	10,938	4,898	89,198	6,659	1,650,187
Total Liabilities and Fund Balances	\$ 544,040	\$ 10,938	\$ 4,898	\$ 89,198	\$ 6,659	\$ 3,134,126

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue							
	Federal and State Grants	Hot Lunch Program	Dog License	Sewer Operating	Sewer Assessment	Drug Forfeiture	Small Cities	Town Aid Road
Revenues:								
Assessment including interest and lien	\$ 637,844	\$ 182,376	\$	\$	\$ 456,399	\$	\$	\$ 129,267
Intergovernmental revenues		308,948	13,520	1,219,213				
Licenses, fees and charges for goods and services		811		47,259	12,652	91		
Revenues from use of money								
Other revenues								
Total revenues	<u>637,844</u>	<u>492,135</u>	<u>13,520</u>	<u>1,266,472</u>	<u>469,051</u>	<u>91</u>	<u>-</u>	<u>129,267</u>
Expenditures:								
Current:								
General government								
Public safety			97,847			747		130,009
Highways								
Sanitation and waste removal				1,140,688				
Education	637,844	474,680						
Miscellaneous								
Capital outlay								
Debt service								
Total expenditures	<u>637,844</u>	<u>474,680</u>	<u>97,847</u>	<u>1,140,688</u>		<u>747</u>	<u>-</u>	<u>130,009</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>17,455</u>	<u>(84,327)</u>	<u>125,784</u>	<u>469,051</u>	<u>(656)</u>	<u>-</u>	<u>(742)</u>
Other Financing Sources (Uses):								
Transfers in			89,817					
Transfers out		-	<u>89,817</u>	<u>(5,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				<u>(5,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	17,455	5,490	120,784	119,051	(656)		(742)
Fund Balances at Beginning of Year		129,691	(596)	397,794	399,934	2,564	-	346,161
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 147,146</u>	<u>\$ 4,894</u>	<u>\$ 518,578</u>	<u>\$ 518,985</u>	<u>\$ 1,908</u>	<u>\$ -</u>	<u>\$ 345,419</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue					Total
	Miscellaneous Grants	Veterans Trust	Cemetery Trust	Police Private Duty	Senior Center	Nonmajor Governmental Funds
Revenues:						
Assessment including interest and lien	\$ 87,762	\$	\$	\$	\$	\$ 456,399
Intergovernmental revenues				174,131	12,891	1,037,249
Licenses, fees and charges for goods and services		6,355	181			1,728,703
Revenues from use of money	267,211					67,349
Other revenues	354,973	6,355	181	174,131	12,891	267,211
Total revenues						3,556,911
Expenditures:						
Current:						
General government	185,567	5,000			10,381	200,948
Public safety	70,703			152,286		321,583
Highways	14,063					144,072
Sanitation and waste removal						1,140,688
Education	96,976					1,209,500
Miscellaneous			181			181
Capital outlay						-
Debt service						-
Total expenditures	367,309	5,000	181	152,286	10,381	3,016,972
Excess (Deficiency) of Revenues over Expenditures	(12,336)	1,355	-	21,845	2,510	539,939
Other Financing Sources (Uses):						
Transfers in						89,817
Transfers out				(50,000)		(405,000)
Total other financing sources (uses)				(50,000)		(315,183)
Net Change in Fund Balances	(12,336)	1,355	-	(28,155)	2,510	224,756
Fund Balances at Beginning of Year	13,900	9,583	4,898	117,353	4,149	1,425,431
Fund Balances at End of Year	\$ 1,564	\$ 10,938	\$ 4,898	\$ 89,198	\$ 6,659	\$ 1,650,187

TOWN OF EAST WINDSOR, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	<u>Student Awards</u>	<u>Student Activity</u>	<u>Contractor's Bond</u>	<u>Totals</u>	
				<u>2008</u>	<u>2007</u>
Assets:					
Cash and cash equivalents	\$ 9,105	\$ 93,278	\$ 25,404	\$ 127,787	\$ 117,119
Investments	66,112			66,112	63,827
Due from other funds			17,766	17,766	17,766
Total Assets	\$ <u>75,217</u>	\$ <u>93,278</u>	\$ <u>43,170</u>	\$ <u>211,665</u>	\$ <u>198,712</u>
Liabilities:					
Due to student groups and others	\$ <u>75,217</u>	\$ <u>93,278</u>	\$ <u>43,170</u>	\$ <u>211,665</u>	\$ <u>198,712</u>

TOWN OF EAST WINDSOR, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Student Awards Fund				
Assets:				
Cash and cash equivalents	\$ 7,708	\$ 10,000	\$ 8,603	\$ 9,105
Investments	<u>63,827</u>	<u>2,285</u>		<u>66,112</u>
Total Assets	<u>\$ 71,535</u>	<u>\$ 12,285</u>	<u>\$ 8,603</u>	<u>\$ 75,217</u>
Liabilities:				
Due to student groups	<u>\$ 71,535</u>	<u>\$ 12,285</u>	<u>\$ 8,603</u>	<u>\$ 75,217</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	<u>\$ 84,914</u>	<u>\$ 290,774</u>	<u>\$ 282,410</u>	<u>\$ 93,278</u>
Liabilities:				
Due to students groups	<u>\$ 84,914</u>	<u>\$ 290,774</u>	<u>\$ 282,410</u>	<u>\$ 93,278</u>
Contractors' Bond Fund				
Assets:				
Cash and cash equivalents	\$ 24,497	\$ 907		\$ 25,404
Due from other funds	<u>17,766</u>			<u>17,766</u>
Total Assets	<u>\$ 42,263</u>	<u>\$ 907</u>	<u>\$ -</u>	<u>\$ 43,170</u>
Liabilities:				
Due to contractors	<u>\$ 42,263</u>	<u>\$ 907</u>	<u>\$ -</u>	<u>\$ 43,170</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 117,119	\$ 301,681	\$ 291,013	\$ 127,787
Investments	63,827	2,285		66,112
Due from other funds	<u>17,766</u>			<u>17,766</u>
Total Assets	<u>\$ 198,712</u>	<u>\$ 303,966</u>	<u>\$ 291,013</u>	<u>\$ 211,665</u>
Liabilities:				
Due to student groups and others	<u>\$ 198,712</u>	<u>\$ 303,966</u>	<u>\$ 291,013</u>	<u>\$ 211,665</u>

TOWN OF EAST WINDSOR, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2008

Total tax collections (including interest and lien fees) received by
Treasurer for year ended June 30, 2008 \$ 22,028,726

Reimbursement for revenue loss on:

Tax relief for elderly - freeze 3,792

Base \$ 22,032,518

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 49,573,166	\$	\$	\$	\$
4-1/2 times base		99,146,331			
3-3/4 times base			82,621,943		
3-1/4 times base				71,605,684	
3 times base					<u>66,097,554</u>
Total debt limitation	<u>49,573,166</u>	<u>99,146,331</u>	<u>82,621,943</u>	<u>71,605,684</u>	<u>66,097,554</u>
Indebtedness:					
Bonds and serial notes payable	4,115,500	3,055,350	4,850,057		
School building grants		<u>(1,222,936)</u>			
Total indebtedness	<u>4,115,500</u>	<u>1,832,414</u>	<u>4,850,057</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding and Authorized Debt	<u>\$ 45,457,666</u>	<u>\$ 97,313,917</u>	<u>\$ 77,771,886</u>	<u>\$ 71,605,684</u>	<u>\$ 66,097,554</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$154,227,626).

Note 2: There is no authorized unissued debt at June 30, 2008.