

TOWN OF EAST WINDSOR, CONNECTICUT

JUNE 30, 2009

TOWN OF EAST WINDSOR, CONNECTICUT

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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, 2009, 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, 2009, 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 on pages 36 through 41 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 19, 2009 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 19, 2009

**TOWN OF EAST WINDSOR, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

This discussion and analysis of the Town of East Windsor, Connecticut's (the Town) financial performance is presented by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2009. 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 decreased by 1.9 million, or nearly 4.1%
- Total cost of all of the Town's programs was \$36.8 million, 3.3% less than the prior year.
- The General Fund reported a fund balance this year of \$3.1 million.
- The Town's long term liabilities were reduced by \$1.3 million including the reporting of the Town's obligation for other post employment benefit obligation as of 2008-2009.
- The resources available for appropriation were \$.7 million more than budgeted for the General Fund. Expenditures were kept 2.5% below 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 Exhibits 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 from \$47.9 million to \$46.0 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	
	2009	2008
Current assets	\$ 11,588,204	\$ 13,836,945
Capital assets, net of accumulated depreciation	49,528,769	50,095,690
Total assets	61,116,973	63,932,635
Long-term liabilities outstanding	13,227,482	14,552,656
Other liabilities	1,840,085	1,424,133
Total liabilities	15,067,567	15,976,789
Net Assets:		
Invested in capital assets, net of related debt	39,246,899	38,537,125
Restricted	21,947	14,481
Unrestricted	6,780,560	9,404,240
Total Net Assets	\$ 46,049,406	\$ 47,955,846

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 - were \$6.8 million at June 30, 2009.

TABLE 2
CHANGE IN NET ASSETS

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 2,234,926	\$ 2,370,540
Operating grants and contributions	9,033,699	12,838,657
Capital grants and contributions	150,000	370,332
General revenues:		
Property taxes	22,736,914	22,603,437
Grants and contributions not restricted to specific programs	644,780	672,302
Unrestricted investment earnings	151,188	561,439
Other general revenues	12,399	259,977
Total revenues	<u>34,963,906</u>	<u>39,676,684</u>
Expenses:		
General government	3,138,249	2,744,017
Public safety	5,178,149	4,909,819
Conservation and health	406,067	414,581
Highways	2,215,538	1,803,381
Sanitation and waste removal	2,282,257	1,962,790
Insurance and surety bonds	290,970	255,958
Culture and recreation	629,279	573,728
Education	22,233,653	24,911,270
Miscellaneous	137,414	140,378
Interest on long-term debt	358,770	413,426
Total expenses	<u>36,870,346</u>	<u>38,129,348</u>
Increase in Net Assets	<u>\$ (1,906,440)</u>	<u>\$ 1,547,336</u>

The Town's total revenues were \$34.9 million. The total cost of all programs and services was \$36.8 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

Tax revenues of the governmental activities increased in 2008-2009 largely because of increased property tax collections. Revaluation created a \$1,067,382,110 Grand List, with a new mill rate of 20.9135 placed into effect on July 1. The grand list increased by approximately 3.6% or \$285,410,197 of increased assessments.

The total cost of services was reduced by \$1.2 million from the 2007-2008 level.

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	
	2009	2008	2009	2008
Education	\$ 22,233,653	\$ 24,911,270	\$ 13,416,317	\$ 12,255,464
Public safety	5,178,149	4,909,819	5,020,818	4,675,961
General government	3,138,249	2,744,017	2,349,692	1,793,422
Sanitation and waste removal	2,282,257	1,962,790	1,002,344	813,957
Highways	2,215,538	1,803,381	1,935,660	1,303,782
Other	1,822,500	1,798,071	1,726,890	1,707,233
Total	\$ <u>36,870,346</u>	\$ <u>38,129,348</u>	\$ <u>25,451,721</u>	\$ <u>22,549,819</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 \$6.3 million, which is a change from last year's total of \$9.1 million. Included in this year's total change in fund balance, is a decrease of \$2.2 million in the Town's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities highlighted in Exhibit IV.

The Capital and Nonrecurring Fund decreased by \$.3 million. Major activity in the funds included the following:

Purchase of replacement fire fighting vehicle for the Broad Brook Fire Department, purchase of a replacement truck for the Public Works Department and purchase of existing senior vans from leasing.

General Fund Budgetary Highlights

Charges for services some variances more than budgeted by the Conservation Department, \$17,892 and more than budgeted was realized by the Planning and Zoning, \$4,246.

Intergovernmental revenues showed a favorable variance in the Town rental income. A favorable variance was recognized in the Education Equalization and the Reimbursement in Lieu of Taxes Grants.

General Government - positive expenditure variances were due from a general savings in most departments, but primarily in the land use department budget where \$36,491 was saved, and \$82,756 was saved in the Workers Compensation Lines due to active prevention of workplace injuries, and monitoring of Workers Compensation Claims. Overall, we saved \$369,120 due to conservative spending allocations.

An increase in the cost of utilities, particularly gas and oil, necessitated an added appropriation from contingency of \$69,475.

Appropriations of \$76,443 from contingency were needed in the Town Counsel and Legal line, due to Charter Revision and various personnel issues and in the Fire Protection budget of \$31,711.

There was an overall savings of \$29,428 in the personnel benefits budget, which was attributed to lower health insurance rates from the original adopted budget, increased employee contributions, and the continuation of a payment in lieu of insurance.

The aforementioned items combined with the planned \$1,400,000 use of fund balance to minimize the annual tax impact to residents resulted in completing the June 30, 2009 year with an unreserved and undesignated fund balance of \$2,334,152.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the Town had \$49.5 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 decrease (including additions and deductions) of \$.5 million or 1.1%, over last year.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	\$ 5,328,962	\$ 5,328,962
Buildings and improvements	12,640,124	13,049,854
Machinery and equipment	2,019,655	2,099,265
Construction in progress	1,841,484	1,348,986
Infrastructure	27,698,544	28,268,623
Total	<u>\$ 49,528,769</u>	<u>\$ 50,095,690</u>

The Town's fiscal-year 2008-2009 capital budget called for it to spend another \$434,860 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, 2009, the Town had \$10.3 million in bonds and notes outstanding versus \$12.0 million last year - a decrease of 13.9% - as shown in Table 5.

**TABLE 5
OUTSTANDING DEBT**

	Governmental Activities	
	2009	2008
General Obligation Bonds and Notes (Backed by the Town)	\$ 10,347,793	\$ 12,020,907

There were no bonds authorized or issued in 2009.

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 8.0%. This compares with the Hartford region of 8.2% and the State's unemployment rate of 8.0%.

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.

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 Treasurer's Office, Town of East Windsor, 74 South Main Street, East Windsor, Connecticut 06088.

TOWN OF EAST WINDSOR, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 7,786,718
Receivables, net	3,784,434
Deferred charges	9,508
Inventory	7,544
Capital assets:	
Assets not being depreciated	7,170,446
Assets being depreciated, net	42,358,323
Total assets	<u>61,116,973</u>
Liabilities:	
Accounts and other payables	882,454
Due to other governments	31,617
Due to fiduciary funds	17,766
Unearned revenue	857,124
Unamortized bond premiums	51,124
Noncurrent liabilities:	
Due within one year	1,860,604
Due in more than one year	11,366,878
Total liabilities	<u>15,067,567</u>
Net Assets:	
Invested in capital assets, net of related debt	39,246,899
Restricted for:	
Trust purposes:	
Expendable	21,947
Unrestricted	<u>6,780,560</u>
Total Net Assets	<u>\$ 46,049,406</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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental activities:					
General government	\$ 3,138,249	\$ 483,280	\$ 305,277	\$	\$ (2,349,692)
Public safety	5,178,149	102,877	54,454		(5,020,818)
Conservation and health	406,067	22,892			(383,175)
Highways	2,215,538	70	129,808	150,000	(1,935,660)
Sanitation and waste removal	2,282,257	1,279,913			(1,002,344)
Insurance and surety bonds	290,970				(290,970)
Culture and recreation	629,279	32,285			(596,994)
Education	22,233,653	308,405	8,508,931		(13,416,317)
Miscellaneous	137,414	5,204			(132,210)
Interest on long-term debt	358,770		35,229		(323,541)
Total governmental activities	<u>\$ 36,870,346</u>	<u>\$ 2,234,926</u>	<u>\$ 9,033,699</u>	<u>\$ 150,000</u>	<u>(25,451,721)</u>
General revenues:					
Property taxes					22,736,914
Grants and contributions not restricted to specific programs					644,780
Unrestricted investment earnings					151,188
Miscellaneous					12,399
Total general revenues					<u>23,545,281</u>
Change in Net Assets					(1,906,440)
Net Assets at Beginning of Year					<u>47,955,846</u>
Net Assets at End of Year					<u>\$ 46,049,406</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EAST WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 4,437,716	\$ 1,337,682	\$ 2,011,320	\$ 7,786,718
Receivables, net	3,104,564		679,870	3,784,434
Due from other funds	325,051	72,382	1,122,426	1,519,859
Inventories			7,544	7,544
Total Assets	<u>\$ 7,867,331</u>	<u>\$ 1,410,064</u>	<u>\$ 3,821,160</u>	<u>\$ 13,098,555</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 654,898	\$ 10,140	\$ 155,364	\$ 820,402
Due to other funds	1,207,574		330,051	1,537,625
Due to other governments	31,617			31,617
Deferred revenue	2,868,530		1,452,379	4,320,909
Total liabilities	<u>4,762,619</u>	<u>10,140</u>	<u>1,937,794</u>	<u>6,710,553</u>
Fund balances:				
Reserved			7,544	7,544
Unreserved, reported in:				
General Fund	3,104,712			3,104,712
Special Revenue Funds		1,399,924	1,875,822	3,275,746
Total fund balances	<u>3,104,712</u>	<u>1,399,924</u>	<u>1,883,366</u>	<u>6,388,002</u>
Total Liabilities and Fund Balances	<u>\$ 7,867,331</u>	<u>\$ 1,410,064</u>	<u>\$ 3,821,160</u>	<u>\$ 13,098,555</u>

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

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	\$ 6,388,002
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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	\$ 75,536,830	
Less accumulated depreciation	<u>(26,008,061)</u>	
Net capital assets		49,528,769

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	1,238,796
Interest receivable on property taxes	573,159
Assessments receivable	455,284
Interest receivable on assessments	12,137
Sewer use receivables	49,073
Sewer use interest	5,382
Bond issuance costs	9,508
Receivable from the state for school construction projects	1,048,066
Mortgage loans	81,888

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	(1,866,484)
Net OPEB obligation	(254,000)
Bonds and notes payable	(10,347,793)
Interest payable on bonds and notes	(62,052)
Compensated absences	(825,128)
Bond premium	(51,124)
Deferred charges on refunding	<u>65,923</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u>46,049,406</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, 2009

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 22,039,940	\$	\$	\$ 22,039,940
Assessments including interest and liens			456,413	456,413
Intergovernmental revenues	8,607,535		1,111,082	9,718,617
Licenses, permits and fees	549,003	6,000	1,614,994	2,169,997
Revenues from use of money	86,311	19,286	45,591	151,188
Other revenues			207,749	207,749
Total revenues	<u>31,282,789</u>	<u>25,286</u>	<u>3,435,829</u>	<u>34,743,904</u>
Expenditures:				
Current:				
General government	2,703,149		247,761	2,950,910
Public safety	4,400,954		234,731	4,635,685
Conservation and health	398,646			398,646
Highways	1,299,363		106,459	1,405,822
Sanitation and waste removal	731,541		1,209,003	1,940,544
Insurance and surety bonds	290,970			290,970
Culture and recreation	590,584			590,584
Education	20,760,869		1,181,965	21,942,834
Miscellaneous	180,163			180,163
Capital outlay	260,881	516,625	383,735	1,161,241
Debt service	2,029,137			2,029,137
Total expenditures	<u>33,646,257</u>	<u>516,625</u>	<u>3,363,654</u>	<u>37,526,536</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,363,468)</u>	<u>(491,339)</u>	<u>72,175</u>	<u>(2,782,632)</u>
Other Financing Sources (Uses):				
Transfers in	452,278	206,493	94,368	753,139
Transfers out	<u>(292,361)</u>	<u>(15,730)</u>	<u>(445,048)</u>	<u>(753,139)</u>
Total other financing sources	<u>159,917</u>	<u>190,763</u>	<u>(350,680)</u>	<u>-</u>
Net Change in Fund Balances	(2,203,551)	(300,576)	(278,505)	(2,782,632)
Fund Balances at Beginning of Year	<u>5,308,263</u>	<u>1,700,500</u>	<u>2,161,871</u>	<u>9,170,634</u>
Fund Balances at End of Year	<u>\$ 3,104,712</u>	<u>\$ 1,399,924</u>	<u>\$ 1,883,366</u>	<u>\$ 6,388,002</u>

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TOWN OF EAST WINDSOR, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

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) \$ (2,782,632)

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	814,485
Depreciation expense	(1,502,772)

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.	121,366
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Revenues in the statement of activities that do not provide current financial resources are
not reported as revenues in the funds, and revenues recognized in the funds are not reported in the
statement of activities:

School building grant receipts	(174,869)
Property tax receivable - accrual basis change	197,629
Property tax interest and lien revenue - accrual basis change	42,931
Sewer use and assessment receivable - accrual basis change	55,374
Sewer use and assessment interest receivable - accrual change	(397)
Mortgage loan receivable - accrual basis change	(20,345)

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	1,673,114
-------------------------	-----------

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	(73,017)
Accrued interest	10,343
Amortization of deferred charge on refunding	(20,363)
Amortization of issuance costs	(2,938)
Amortization of premiums	10,211
Net pension expense	(560)
Net other post employment benefit expense	(254,000)

Change in Net Assets of Governmental Activities (Exhibit II)	\$ <u>(1,906,440)</u>
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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, 2009

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$	\$ 139,418
Investments - mutual funds	9,183,814	71,759
Accounts receivable	150,069	
Due from other funds		<u>17,766</u>
Total assets	<u>9,333,883</u>	<u>\$ 228,943</u>
Liabilities:		
Accounts payable	17,193	\$
Due to other funds		
Due to student groups and others		<u>228,943</u>
Total liabilities	<u>17,193</u>	<u>\$ 228,943</u>
Net Assets:		
Held in trust for pension benefits	<u>\$ 9,316,690</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, 2009

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 937,957
Plan members	228,625
Total contributions	<u>1,166,582</u>
Investment income (loss):	
Net depreciation in fair value of investments	(1,687,738)
Interest	1,995
Total investment loss	<u>(1,685,743)</u>
Total reductions	<u>(519,161)</u>
Deductions:	
Benefit payments	319,087
Administrative expenses	<u>82,506</u>
Total deductions	<u>401,593</u>
Net decrease	(920,754)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>10,237,444</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 9,316,690</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.

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 account 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 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities 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 lien-ed 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.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$4,270,834 of the Town's bank balance of \$5,616,704 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,767,681
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>503,153</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 4,270,834</u>

Cash Equivalents

At June 30, 2009 the Town's cash equivalents amounted to \$3,426,125. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year

	<u>Standard 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
State Tax Exempt Proceeds Fund (TEPF)*			

*Not Rated

Investments

As of June 30, 2009, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 – 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ <u>71,759</u>	\$ <u>-</u>	\$ <u>71,759</u>	\$ <u>-</u>
Other investments:					
Mutual funds	N/A	<u>9,183,814</u>			
Total Investments		<u>\$ 9,255,573</u>			

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

N/A Not applicable

Interest Rate Risk - The Town does not limit their maximum final stated maturities on investments but intends to invest in shorter-term securities. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2009, 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	\$ 573,159	\$ 17,519	\$ 590,678
Taxes	1,520,119		1,520,119
Accounts	83,220	94,297	177,517
Sewer use/assessments		504,357	504,357
Intergovernmental	1,048,066	63,697	1,111,763
Contribution receivable		150,069	150,069
Gross receivables	<u>3,224,564</u>	<u>829,939</u>	<u>4,054,503</u>
Less allowance for uncollectibles	<u>(120,000)</u>		<u>(120,000)</u>
Net Total Receivables	<u>\$ 3,104,564</u>	<u>\$ 829,939</u>	<u>\$ 3,934,503</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	\$ 1,811,955	\$
School building grant	1,048,066	
Sewer assessments receivable	467,421	
Grant drawdowns prior to meeting all eligibility requirements		726,647
Sewer operating user receivable	54,455	
Loans receivable	81,888	
Advance collections - sewer usage fees	<u> </u>	<u>130,477</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,463,785</u>	<u>\$ 857,124</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 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	\$ 5,328,962	\$	\$	\$ 5,328,962
Construction in progress	<u>1,348,986</u>	<u>922,662</u>	<u>(430,164)</u>	<u>1,841,484</u>
Total capital assets not being depreciated	<u>6,677,948</u>	<u>922,662</u>	<u>(430,164)</u>	<u>7,170,446</u>
Capital assets being depreciated:				
Buildings and improvements	25,122,106	30,757		25,152,863
Machinery and equipment	4,724,848	297,128	(42,924)	4,979,052
Infrastructure	<u>38,119,001</u>	<u>115,468</u>	<u> </u>	<u>38,234,469</u>
Total capital assets being depreciated	<u>67,965,955</u>	<u>443,353</u>	<u>(42,924)</u>	<u>68,366,384</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,072,252)	(440,487)		(12,512,739)
Machinery and equipment	(2,625,583)	(376,738)	42,924	(2,959,397)
Infrastructure	<u>(9,850,378)</u>	<u>(685,547)</u>	<u> </u>	<u>(10,535,925)</u>
Total accumulated depreciation	<u>(24,548,213)</u>	<u>(1,502,772)</u>	<u>42,924</u>	<u>(26,008,061)</u>
Total capital assets being depreciated, net	<u>43,417,742</u>	<u>(1,059,419)</u>	<u>-</u>	<u>42,358,323</u>
Governmental Activities Capital Assets, Net	<u>\$ 50,095,690</u>	<u>\$ (136,757)</u>	<u>\$ (430,164)</u>	<u>\$ 49,528,769</u>

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

Governmental activities:		
General government	\$	29,186
Public safety		324,940
Highway		606,801
Sanitation and waste removal		270,554
Culture and recreation		25,076
Education		<u>246,215</u>
Total Depreciation Expense - Governmental Activities	\$	<u><u>1,502,772</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2009. 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	\$ 298,353	\$ 796
High School Heating System	430,987	6,437

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, 2009 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 325,051
Capital Nonrecurring Fund	Nonmajor Governmental Funds	5,000
Capital Nonrecurring Fund	General Fund	67,382
Nonmajor Governmental Funds	General Fund	1,122,426
Agency Funds	General Fund	<u>17,766</u>
Total		\$ <u><u>1,537,625</u></u>

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

Interfund transfers:

Transfers in				
	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 12,230	\$ 440,048	\$ 452,278
Capital and Nonrecurring	201,493		5,000	206,493
Nonmajor Governmental	<u>90,868</u>	<u>3,500</u>		<u>94,368</u>
Total Transfers In	\$ <u>292,361</u>	\$ <u>15,730</u>	\$ <u>445,048</u>	\$ <u>753,139</u>

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, 2009 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	\$ 11,825,907	\$	\$ 1,478,114	\$ 10,347,793	\$ 1,484,459
Less deferred amounts on refunding	<u>(86,286)</u>		<u>(20,363)</u>	<u>(65,923)</u>	
Total bonds payable	11,739,621	-	1,457,751	10,281,870	1,484,459
Notes payable	195,000		195,000	-	
Compensated absences	752,111	73,017		825,128	376,145
Net OPEB obligation		254,000		254,000	
Net pension obligation	<u>1,865,924</u>	<u>560</u>		<u>1,866,484</u>	
Total Governmental Activities Long-Term Liabilities	\$ <u>14,552,656</u>	\$ <u>327,577</u>	\$ <u>1,652,751</u>	\$ <u>13,227,482</u>	\$ <u>1,860,604</u>

A schedule of bonds outstanding at June 30, 2009 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, 2009</u>
Bonds:					
Trombley Road Sewer	03/01/84	03/01/12	5	\$ 305,000	\$ 30,000
Sewer System Rehabilitation	03/15/90	03/15/10	6.875-6.9	1,300,000	72,720
Intermediate School Roof	03/15/90	03/15/10	6.875-6.9	520,000	27,280
State of Connecticut					
Clean Water Fund	09/30/96	03/31/16	4.5	10,812,482	4,102,793
Bond refunding	10/01/04	09/15/15	3.00-3.75	3,535,000	2,295,000
Land acquisition	10/01/04	09/15/25	3.0-4.375	3,000,000	2,544,000
Public works improvements	10/01/04	09/15/25	3.0-4.375	600,000	486,000
Rescue/Pumper Fire Truck	06/01/07	06/01/12	4.25	570,750	341,550
High School Heating Plant	06/01/07	06/01/12	4.25	443,500	265,500
Jet Vac Truck	06/01/07	06/01/12	4.25	305,750	182,950
Total					\$ <u>10,347,793</u>

The following is a schedule of future debt service requirements as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,484,459	\$ 305,088	\$ 1,789,547
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	1,131,180	143,675	1,274,855
2015-2019	2,692,387	369,008	3,061,395
2020-2024	945,000	139,947	1,084,947
2025	<u>185,000</u>	<u>4,047</u>	<u>189,047</u>
Total	\$ <u>10,347,793</u>	\$ <u>1,605,277</u>	\$ <u>11,953,070</u>

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:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 49,518,041	\$ 3,554,500	\$ 45,963,541
Schools	99,036,081	1,539,714	97,496,367
Sewers	82,530,068	4,205,513	78,324,555
Urban renewal	71,526,059		71,526,059
Pension deficit	66,024,054		66,024,054

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$154,056,126. School indebtedness is net of \$1,048,066 of school building grants receivable. There is no authorized unissued debt at June 30, 2009.

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. 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, 2008, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	19
Terminated vested participants	7
Active plan members	<u>186</u>
Total	<u><u>212</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	\$ 1,154,130
Interest on net pension obligation	130,615
Adjustment to annual required contribution	<u>(346,228)</u>
Annual pension cost	938,517
Contributions made	<u>937,957</u>
Increase in net pension obligation	560
Net pension obligation, beginning of year	<u>1,865,924</u>
Net Pension Obligation, End of Year	<u>\$ 1,866,484</u>

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

Actuarial valuation date	July 1, 2008
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

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
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
6/30/09	938,517	937,957	99.9%	1,866,484

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
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%
7/1/08	10,201,533	13,997,324	(3,795,791)	72.9%	5,347,942	71.0%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
6/30/09	1,154,130	81%

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 \$8,496,487 or 68.5% of the total Board of Education professional payroll of \$12,402,204.

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, 2009, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,312,078 as payments made by the State of Connecticut on behalf of the Town. This was significantly lower than in the previous 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.

10. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing medical benefits to certain eligible retirees and their spouses. The Post-Retirement Medical Program (RMP) covers Town and Board of Education employees. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand alone financial statement for this program.

At July 1, 2008, plan membership consisted of the following:

	Post- Retirement Medical Program
Retired participants and spouses	26
Active plan members	186
Total Participants	212

B. Funding Policy

The Town funding and payment of post employment benefits are accounted for in the General Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with post employment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of post employment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for post employment obligations are based upon characteristics of benefits on 3 distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- Teachers and Administrators retiring at age 60 with 20 years of service, or completion of 35 years of service regardless of age are eligible for coverage at 100% contribution of premiums.
- Police and Dispatchers who retire with at least 20 years of service are eligible for coverage. Police and Dispatchers contribute 50% of premiums with 20 to 24 years of service and 25% of premiums with 25 years of service or over.
- Town Hall, Public Works, BOE Non-Certified and BOE Unaffiliated who retires with the Town under the following parameters are eligible to receive benefits with 100% contribution of premiums.

C. Annual OPEB Cost and Net OPEB Obligations

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

	<u>Post-Retirement Medical Program</u>
Annual required contribution (ARC)	\$ 423,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	423,000
Contributions made	169,000
	<hr/>
Increase in net OPEB obligation	254,000
Net OPEB obligation, beginning of year	-
	<hr/>
Net OPEB Obligation, End of Year	<u>\$ 254,000</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2009 is presented below. Data is only presented for the fiscal year ended June 30, 2009, due to this being the year of transition.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 423,000	\$ 169,000	39.95%	\$ 254,000

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$5,068,000, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$5,068,000. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized on a level dollar basis closed with a remaining amortization period at July 1, 2008 at 30 years.

11. 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.

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, 2009

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Property taxes:				
Current and prior year levies	\$ 22,322,648	\$ 22,322,648	\$ 21,801,309	\$ (521,339)
Interest and lien fees	150,000	150,000	238,631	88,631
Total property taxes	22,472,648	22,472,648	22,039,940	(432,708)
Intergovernmental revenues:				
State of Connecticut:				
Education equalization	5,482,135	5,482,135	5,464,110	(18,025)
Public school transportation	187,922	187,922	188,068	146
School building grants	210,097	210,097	210,098	1
Reimbursement in lieu of taxes	103,788	103,788	105,601	1,813
Pro-rata share of CT fines	6,800	6,800	6,634	(166)
Tax relief - elderly freeze	2,000	2,000	3,807	1,807
Tax relief - circuit breaker	82,749	82,749	78,100	(4,649)
Tax relief - veterans	6,930	6,930	4,822	(2,108)
Tax exempt property - disability	2,045	2,045	1,842	(203)
LOCIP	77,173	77,173	150,000	72,827
Telephone access grant	53,677	53,677	49,456	(4,221)
Miscellaneous	1,137	1,137	5	(1,132)
New machinery and equipment	258,539	258,539	184,851	(73,688)
Mashantucket Pequot grant	79,919	79,919	83,708	3,789
Commercial trucks	161,155	161,155	120,326	(40,829)
Total intergovernmental	6,716,066	6,716,066	6,651,428	(64,638)
Local revenues:				
Building Department	280,000	280,000	197,030	(82,970)
Zoning Board of Appeals	1,000	1,000	1,066	66
Planning and zoning revenue	28,000	28,000	32,246	4,246
East Windsor Housing Authority	22,680	22,680	24,074	1,394
Conservation Commission	5,000	5,000	22,892	17,892
Police Department	6,074	6,074	4,835	(1,239)
Assessor's revenue	2,400	2,400	1,576	(824)
Town Clerk's revenue	253,000	253,000	185,560	(67,440)
Mini-Bus donations	4,000	4,000	5,320	1,320
Greater Hartford Transit District	5,000	5,000	5,628	628
Miscellaneous	10,000	10,000	18,646	8,646
Parks and recreation	41,000	41,000	39,160	(1,840)
Parking tickets	80	80	345	265
Land and building rental	3,700	3,700	5,421	1,721
Perpetual care	350	350	170	(180)
Aircraft miscellaneous	5,430	5,430	5,034	(396)
Sale of assets	800	800		(800)
Total local revenue	668,514	668,514	549,003	(119,511)

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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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues from the Use of Money:				
Interest on deposits	\$ 275,000	\$ 275,000	\$ 86,311	\$ (188,689)
Other Financing Sources:				
WPCA Assessment Fund	440,000	440,000	440,000	-
Cemetery Trust			48	48
Capital Nonrecurring			12,230	12,230
Total other financing sources	<u>440,000</u>	<u>440,000</u>	<u>452,278</u>	<u>12,278</u>
Total	\$ <u>30,572,228</u>	\$ <u>30,572,228</u>	29,778,960	\$ <u>(793,268)</u>
Budgetary revenues are different than GAAP revenues because:				
Excess cost grants are netted for budgetary reporting			644,029	
State of Connecticut on-behalf contributions to the Connecticut State Teachers'				
Retirement System for Town teachers are not budgeted			<u>1,312,078</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,				
Expenditures and Changes in Fund Balance - Governmental Funds - Exhibit IV			\$ <u>31,735,067</u>	

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, 2009

	Budgeted Amounts			Variance (Over) Under
	Original	Final	Actual	
General Government:				
Board of Selectmen	\$ 151,997	\$ 152,158	\$ 151,324	\$ 834
Town Counsel and Legal	150,000	230,943	228,776	2,167
Auditor	46,000	46,000	36,000	10,000
Treasurer	167,902	191,035	189,692	1,343
Town Clerk	125,594	126,266	117,718	8,548
Assessor	183,351	185,334	179,678	5,656
Tax Collector	120,698	121,932	118,262	3,670
Board of Tax review	4,850	4,850	2,404	2,446
Elections - Registrar	42,796	42,796	41,431	1,365
Probate Court	4,229	4,271	4,249	22
Pension Fund	5,031	1,283	596	687
Printing and advertising	6,500	6,500	6,409	91
Town property	244,593	279,168	279,021	147
Building Committee	1,450	1,450	800	650
Economic Development Commission	5,000	5,000	3,173	1,827
Zoning Board of Appeals	1,100	1,100	600	500
Planning and Zoning Commission	3,000	3,000	2,590	410
Town Planner	196,686	197,471	174,968	22,503
Building Department	135,980	136,575	122,587	13,988
Elderly Commission	650	650	636	14
Ethics Committee	2,000	2,175	2,075	100
Senior center	237,546	240,755	236,370	4,385
Conservation Commission	1,850	1,850	1,555	295
Board of Finance	2,600	2,600	1,953	647
Miscellaneous	21,465	21,465	21,380	85
Employee benefits	744,587	750,000	744,498	5,502
Total	2,607,455	2,756,627	2,668,745	87,882
Public Safety:				
Police Department	2,332,516	2,323,261	2,319,029	4,232
Police Commission	1,740	1,740	1,553	187
Broad Brook Fire Department	208,076	208,076	208,076	-
Warehouse Point Fire Department	251,835	251,835	251,835	-
Fire Protection (Water)	231,419	263,130	262,397	733
Fire Marshal	20,017	20,017	19,808	209
Civil Preparedness	8,350	8,350	6,733	1,617
Hearing Officer	60	60	5	55
Dog damage	10	10		10
Firefighters benefits	210,000	210,000	154,303	55,697
Employee benefits	1,203,086	1,173,270	1,110,748	62,522
Total	4,467,109	4,459,749	4,334,487	125,262
Conservation and Health:				
General assistance	12,500	15,500	14,130	1,370
Human services	133,101	135,475	130,416	5,059
Visiting Nurse Association	8,168	8,168	8,168	-
Miscellaneous health agencies	60,984	60,984	60,974	10
Immunizations and physicals	15,000	15,000	4,343	10,657
Ambulance Association	125,000	125,000	125,000	-
Employee benefits	74,669	74,669	51,903	22,766
Total	429,422	434,796	394,934	39,862

(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, 2009

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
Highways:				
Highways	\$ 515,944	\$ 607,344	\$ 596,668	\$ 10,676
General roads	199,716	199,716	199,716	-
Street lighting	147,340	131,340	130,915	425
Engineering	96,516	96,582	96,513	69
Employee benefits	251,749	262,552	262,550	2
Total	<u>1,211,265</u>	<u>1,297,534</u>	<u>1,286,362</u>	<u>11,172</u>
Sanitation and Waste Removal:				
Landfill	<u>714,220</u>	<u>721,970</u>	<u>719,131</u>	<u>2,839</u>
Insurance and Surety Bonds:				
Insurance and surety bonds	314,000	314,000	287,470	26,530
Unemployment compensation	12,000	12,000	3,500	8,500
Total	<u>326,000</u>	<u>326,000</u>	<u>290,970</u>	<u>35,030</u>
Culture and Recreation:				
Broad Brook Library	5,000	5,000	5,000	-
Community activities	1,000	1,000	997	3
WHP Library	232,522	232,522	232,522	-
Parks and recreation	292,227	289,727	275,109	14,618
Employee benefits	69,305	69,305	66,464	2,841
Total	<u>600,054</u>	<u>597,554</u>	<u>580,092</u>	<u>17,462</u>
Miscellaneous:				
Cemeteries	20,000	20,000	20,000	-
Contingency Fund	301,191	51,939		51,939
Miscellaneous	4,050	4,050	3,843	207
Information technology	153,239	163,786	156,321	7,465
Total	<u>478,480</u>	<u>239,775</u>	<u>180,164</u>	<u>59,611</u>
Debt Service	<u>2,029,136</u>	<u>2,029,136</u>	<u>2,029,136</u>	<u>-</u>
Capital Improvement Plan	<u>434,860</u>	<u>250,881</u>	<u>260,881</u>	<u>(10,000)</u>
Education:				
Salaries:				
Administration	343,626	343,626	343,626	-
Building administration	646,799	646,799	665,779	(18,980)
Certified personnel	7,639,447	7,639,447	7,457,345	182,102
Substitutes	189,263	189,263	389,177	(199,914)
Home Bound	7,500	7,500	39,945	(32,445)
Tutors	435,633	435,633	432,837	2,796
Stipends	186,813	186,813	184,649	2,164
Summer school	5,828	5,828	5,158	670
Adult education/enrichment	21,584	21,584	27,213	(5,629)
Clerical	620,320	620,320	601,139	19,181
Teacher's Aides	630,998	630,998	668,773	(37,775)
Nurses	208,110	208,110	236,654	(28,544)
Custodial	447,053	447,053	472,295	(25,242)
Support services	114,348	114,348	136,928	(22,580)
School facility use	2,000	2,000	1,304	696
Total	<u>11,499,322</u>	<u>11,499,322</u>	<u>11,662,822</u>	<u>(163,500)</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, 2009

	Budgeted Amounts			Variance (Over) Under
	Original	Final	Actual	
Employee Benefits:				
Retirement and Social Security	\$ 451,735	\$ 451,735	\$ 484,925	\$ (33,190)
Fringe benefits	1,933,600	1,933,600	1,963,076	(29,476)
Workmen's compensation and travel insurance	152,526	152,526	146,953	5,573
Total	2,537,861	2,537,861	2,594,954	(57,093)
Purchased Services:				
Instructional program improvements	10,500	10,500	6,535	3,965
Pupil services	60,193	60,193	41,771	18,422
Other professional services	239,419	239,419	227,045	12,374
Public utilities	223,495	223,495	315,684	(92,189)
Cleaning/repairing	293,062	293,062	280,799	12,263
Maintenance	64,850	64,850	55,296	9,554
Pupil transportation	1,387,674	1,387,674	1,341,653	46,021
Property insurance	48,697	48,697	45,017	3,680
Liability insurance	41,707	41,707	41,505	202
Communications	17,663	17,663	37,016	(19,353)
Printing/binding	48,253	48,253	25,898	22,355
Tuition	1,188,387	1,188,387	863,966	324,421
Travel, conferences and other transportation	48,643	48,643	33,201	15,442
Total	3,672,543	3,672,543	3,315,386	357,157
Supplies:				
Instructional	283,037	283,037	273,286	9,751
Custodial/maintenance	77,367	77,367	53,783	23,584
Heat and energy	289,201	289,201	430,110	(140,909)
Food services	1	1		1
Textbooks	61,750	61,750	62,695	(945)
Library	28,790	28,790	29,775	(985)
Other supplies	93,921	93,921	99,689	(5,768)
Total	834,067	834,067	949,338	(115,271)
Capital equipment:				
New equipment	101,200	101,200	141,275	(40,075)
Dues and fees	33,082	33,082	14,300	18,782
Total	134,282	134,282	155,575	(21,293)
Total Education	18,678,075	18,678,075	18,678,075	-
Total Expenditures	31,976,076	31,792,097	31,422,977	369,120

(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, 2009

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
Other financing uses:				
Transfer out:				
Capital Nonrecurring Fund	\$ 5,284	\$ 201,493	\$ 201,493	\$ -
Dog Fund	90,868	90,868	90,868	-
	<u>96,152</u>	<u>292,361</u>	<u>292,361</u>	<u>-</u>
Total other financing uses				
Total	\$ <u>32,072,228</u>	\$ <u>32,084,458</u>	31,715,338	\$ <u>369,120</u>
Budgetary expenditures are different than GAAP expenditures because:				
Excess cost grants are netted for budgetary reportin			644,029	
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for				
Town teachers are not budgeted.			1,312,078	
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>267,173</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>33,938,618</u>	

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

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 4,437,716	\$ 4,792,284
Investments	-	640,597
Accounts and other receivables	83,220	121,809
Property taxes receivable, net	1,400,119	1,166,761
Interest receivable	573,159	530,228
Due from other governments	1,048,066	1,222,934
Due from other funds	<u>325,051</u>	<u>957,698</u>
Total Assets	<u>\$ 7,867,331</u>	<u>\$ 9,432,311</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 654,898	\$ 312,594
Due to other funds	1,207,574	977,636
Due to other governments	31,617	39,488
Deferred revenue	<u>2,868,530</u>	<u>2,794,330</u>
Total liabilities	<u>4,762,619</u>	<u>4,124,048</u>
Fund Equity:		
Fund balance:		
Designated for subsequent year's budget and other purposes	1,250,000	1,400,000
Undesignated	<u>1,854,712</u>	<u>3,908,263</u>
Total fund balance	<u>3,104,712</u>	<u>5,308,263</u>
Total Liabilities and Fund Equity	<u>\$ 7,867,331</u>	<u>\$ 9,432,311</u>

TOWN OF EAST WINDSOR, CONNECTICUT

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2009

Grand List	Uncollected Taxes		Lawful Corrections		Suspense Transfers	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2009
	July 1, 2008		Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2007	\$ 22,446,266	\$	146,197	\$ 494,594	\$	\$ 22,097,869	\$ 21,324,580	\$ 101,519	\$ 240	\$ 21,426,339	\$ 773,289
2006	645,347		38,319	17,520		666,146	318,428	58,322	2,088	378,838	347,718
2005	297,482		60	2,741	115,276	179,525	55,275	21,707	504	77,486	124,250
2004	100,879			1,287		99,592	15,797	12,585	216	28,598	83,795
2003	59,947			726		59,221	10,951	11,296	168	22,415	48,270
2002	36,853			685		36,168	8,536	11,208	120	19,864	27,632
2001	24,388	38		663		23,763	5,158	6,010	120	11,288	18,605
2000	17,434			634		16,800	1,370	1,122	72	2,564	15,430
1999	15,973			614		15,359	693	3,566	24	4,283	14,666
1998	12,547			598		11,949	670	1,062	24	1,756	11,279
1997	12,104			583		11,521	657	1,154	24	1,835	10,864
1996	12,108			572		11,536	645	1,648	24	2,317	10,891
1995	10,770			549		10,221	620	2,211	24	2,855	9,601
1994	13,699			310		13,389	383	878	24	1,285	13,006
1993	11,756			310		11,446	623	623	48	1,294	10,823
	<u>\$ 23,717,553</u>	<u>\$</u>	<u>184,614</u>	<u>\$ 522,386</u>	<u>\$ 115,276</u>	<u>\$ 23,264,505</u>	21,744,386	234,911	3,720	21,983,017	<u>\$ 1,520,119</u>
				Suspense collections			11,323	9,871	-	21,194	
				Total			<u>\$ 21,755,709</u>	<u>\$ 244,782</u>	<u>\$ 3,720</u>	22,004,211	
				Property taxes receivable considered available:							
				June 30, 2008						(125,594)	
				June 30, 2009						<u>161,323</u>	
				Total Property Tax Revenue						<u>\$ 22,039,940</u>	

TOWN OF EAST WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	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	\$	\$ 164,328	\$	\$ 767,448	\$ 544,797	\$ 1,410	\$ 139,439	\$
Accounts and other receivable				54,455			81,888	
Assessment receivable					467,421			
Due from other governments	32,883	25,026						
Due from other funds	28,410		25,922					368,768
Inventory		7,544						
Total Assets	\$ 61,293	\$ 196,898	\$ 25,922	\$ 821,903	\$ 1,012,218	\$ 1,410	\$ 221,327	\$ 368,768
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$ 31,228	\$ 41,621	\$ 8,727	\$ 11,528	\$	\$	\$	\$
Due to other funds				106,547	350			
Deferred revenue	30,065			188,371	467,421		221,327	
Total liabilities	61,293	41,621	8,727	306,446	467,771	-	221,327	-
Fund balances:								
Reserved:								
Inventory		7,544						
Unreserved:								
Designated for specific purposes								
Undesignated		147,733	17,195	515,457	544,447	1,410		368,768
Total fund balances	-	155,277	17,195	515,457	544,447	1,410	-	368,768
Total Liabilities and Fund Balances	\$ 61,293	\$ 196,898	\$ 25,922	\$ 821,903	\$ 1,012,218	\$ 1,410	\$ 221,327	\$ 368,768

(Continued on next page)

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Miscellaneous Grants	Veterans Trust	Cemetery Trust	Police Private Duty	Senior Center	Total	
ASSETS							
Cash and cash equivalents	\$	\$ 17,049	\$ 4,898	\$	\$	\$ 1,639,369	\$ 2,011,320
Accounts and other receivable				12,409		148,752	148,752
Assessment receivable						467,421	467,421
Due from other governments	5,788					63,697	63,697
Due from other funds	602,099			90,216	7,011	1,122,426	1,122,426
Inventory						7,544	7,544
Total Assets	<u>\$ 607,887</u>	<u>\$ 17,049</u>	<u>\$ 4,898</u>	<u>\$ 102,625</u>	<u>\$ 7,011</u>	<u>\$ 3,449,209</u>	<u>\$ 3,821,160</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenses	\$ 62,260	\$	\$	\$	\$	\$ 155,364	\$ 155,364
Due to other funds						106,897	330,051
Deferred revenue	545,195					1,452,379	1,452,379
Total liabilities	<u>607,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,714,640</u>	<u>1,937,794</u>
Fund balances:							
Reserved:							
Inventory						7,544	7,544
Unreserved:							
Designated for specific purposes		17,049	4,898		7,011	28,958	28,958
Undesignated	432			102,625		1,698,067	1,846,864
Total fund balances	<u>432</u>	<u>17,049</u>	<u>4,898</u>	<u>102,625</u>	<u>7,011</u>	<u>1,734,569</u>	<u>1,883,360</u>
Total Liabilities and Fund Balances	<u>\$ 607,887</u>	<u>\$ 17,049</u>	<u>\$ 4,898</u>	<u>\$ 102,625</u>	<u>\$ 7,011</u>	<u>\$ 3,449,209</u>	<u>\$ 3,821,160</u>

TOWN OF EAST WINDSOR, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	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	\$	\$	\$	\$	\$ 456,413	\$	\$	\$
Intergovernmental revenues	693,841	186,805					15,152	129,808
Licenses, fees and charges for goods and services		308,405	13,649	1,198,924				
Revenues from use of money		1,045		11,958	9,049	32		
Other revenues								
Total revenues	<u>693,841</u>	<u>496,255</u>	<u>13,649</u>	<u>1,210,882</u>	<u>465,462</u>	<u>32</u>	<u>15,152</u>	<u>129,808</u>
Expenditures:								
Current:								
General government							15,152	
Public safety			92,216			530		
Highways								106,459
Sanitation and waste removal				1,209,003				
Education	693,841	488,124						
Capital outlay								
Debt service								
Total expenditures	<u>693,841</u>	<u>488,124</u>	<u>92,216</u>	<u>1,209,003</u>	<u>-</u>	<u>530</u>	<u>15,152</u>	<u>106,459</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>8,131</u>	<u>(78,567)</u>	<u>1,879</u>	<u>465,462</u>	<u>(498)</u>	<u>-</u>	<u>23,349</u>
Other Financing Sources (Uses):								
Transfers in			90,868					
Transfers out				(5,000)	(440,000)			
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>90,868</u>	<u>(5,000)</u>	<u>(440,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	8,131	12,301	(3,121)	25,462	(498)	-	23,349
Fund Balances at Beginning 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>
Fund Balances at End of Year	\$ -	\$ 155,277	\$ 17,195	\$ 515,457	\$ 544,447	\$ 1,410	\$ -	\$ 368,768

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		Special Revenue							
		Miscellaneous Grants	Veterans Trust	Cemetery Trust	Police Private Duty	Senior Center	Total	Capital Projects	Total Nonmajor Governmental Funds
Revenues:									
	Assessment including interest and lien	\$	\$	\$	\$	\$	456,413	\$	\$ 456,41
	Intergovernmental revenues	85,476					1,111,082		1,111,08
	Licenses, fees and charges for goods and services				84,048	9,968	1,614,994		1,614,99
	Revenues from use of money		6,111	48			28,243	17,348	45,59
	Other revenues	207,749					207,749		207,74
	Total revenues	<u>293,225</u>	<u>6,111</u>	<u>48</u>	<u>84,048</u>	<u>9,968</u>	<u>3,418,481</u>	<u>17,348</u>	<u>3,435,82</u>
Expenditures:									
47	Current:								
	General government	222,993				9,616	247,761		247,76
	Public safety	71,364			70,621		234,731		234,73
	Highways						106,459		106,45
	Sanitation and waste removal						1,209,003		1,209,00
	Education						1,181,965		1,181,96
	Capital outlay						-	383,735	383,73
	Debt service						-		-
	Total expenditures	<u>294,357</u>	<u>-</u>	<u>-</u>	<u>70,621</u>	<u>9,616</u>	<u>2,979,919</u>	<u>383,735</u>	<u>3,363,65</u>
Excess (Deficiency) of Revenues over Expenditures		<u>(1,132)</u>	<u>6,111</u>	<u>48</u>	<u>13,427</u>	<u>352</u>	<u>438,562</u>	<u>(366,387)</u>	<u>72,17</u>
Other Financing Sources (Uses):									
	Transfers in						90,868	3,500	94,36
	Transfers out			(48)			(445,048)		(445,04
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>(354,180)</u>	<u>3,500</u>	<u>(350,68</u>
Net Change in Fund Balances		(1,132)	6,111	-	13,427	352	84,382	(362,887)	(278,50
Fund Balances at Beginning of Year		<u>1,564</u>	<u>10,938</u>	<u>4,898</u>	<u>89,198</u>	<u>6,659</u>	<u>1,650,187</u>	<u>511,684</u>	<u>2,161,87</u>
Fund Balances at End of Year		\$ 432	\$ 17,049	\$ 4,898	\$ 102,625	\$ 7,011	\$ 1,734,569	\$ 148,797	\$ 1,883,36

TOWN OF EAST WINDSOR, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	<u>Student Awards</u>	<u>Student Activity</u>	<u>Contractor's Bond</u>	<u>Totals</u>	
				<u>2009</u>	<u>2008</u>
Assets:					
Cash and cash equivalents	\$ 11,905	\$ 101,861	\$ 25,652	\$ 139,418	\$ 127,787
Investments	71,759			71,759	66,112
Due from other funds			17,766	17,766	17,766
Total Assets	\$ <u>83,664</u>	\$ <u>101,861</u>	\$ <u>43,418</u>	\$ <u>228,943</u>	\$ <u>211,665</u>
Liabilities:					
Due to student groups and others	\$ <u>83,664</u>	\$ <u>101,861</u>	\$ <u>43,418</u>	\$ <u>228,943</u>	\$ <u>211,665</u>

TOWN OF EAST WINDSOR, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Student Awards Fund				
Assets:				
Cash and cash equivalents	\$ 9,105	\$ 8,000	\$ 5,200	\$ 11,905
Investments	<u>66,112</u>	<u>8,797</u>	<u>3,150</u>	<u>71,759</u>
Total Assets	<u>\$ 75,217</u>	<u>\$ 16,797</u>	<u>\$ 8,350</u>	<u>\$ 83,664</u>
Liabilities:				
Due to student groups	<u>\$ 75,217</u>	<u>\$ 16,797</u>	<u>\$ 8,350</u>	<u>\$ 83,664</u>
Student Activity Fund				
Assets:				
Cash and cash equivalents	<u>\$ 93,278</u>	<u>\$ 283,168</u>	<u>\$ 274,585</u>	<u>\$ 101,861</u>
Liabilities:				
Due to students groups	<u>\$ 93,278</u>	<u>\$ 283,168</u>	<u>\$ 274,585</u>	<u>\$ 101,861</u>
Contractors' Bond Fund				
Assets:				
Cash and cash equivalents	\$ 25,404	\$ 248	\$	\$ 25,652
Due from other funds	<u>17,766</u>			<u>17,766</u>
Total Assets	<u>\$ 43,170</u>	<u>\$ 248</u>	<u>\$ -</u>	<u>\$ 43,418</u>
Liabilities:				
Due to contractors	<u>\$ 43,170</u>	<u>\$ 248</u>	<u>\$ -</u>	<u>\$ 43,418</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 127,787	\$ 291,416	\$ 279,785	\$ 139,418
Investments	66,112	8,797	3,150	71,759
Due from other funds	<u>17,766</u>			<u>17,766</u>
Total Assets	<u>\$ 211,665</u>	<u>\$ 300,213</u>	<u>\$ 282,935</u>	<u>\$ 228,943</u>
Liabilities:				
Due to student groups and others	<u>\$ 211,665</u>	<u>\$ 300,213</u>	<u>\$ 282,935</u>	<u>\$ 228,943</u>

TOWN OF EAST WINDSOR, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2009

Total tax collections (including interest and lien fees) received by

Treasurer for year ended June 30, 2009

\$ 22,004,211

Reimbursement for revenue loss on:

Tax relief for elderly - freeze

3,807

Base

\$ 22,008,018

	<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	\$ 49,518,041	\$	\$	\$	\$
4-1/2 times base		99,036,081			
3-3/4 times base			82,530,068		
3-1/4 times base				71,526,059	
3 times base					66,024,054
	<u>49,518,041</u>	<u>99,036,081</u>	<u>82,530,068</u>	<u>71,526,059</u>	<u>66,024,054</u>
Total debt limitation	<u>49,518,041</u>	<u>99,036,081</u>	<u>82,530,068</u>	<u>71,526,059</u>	<u>66,024,054</u>
Indebtedness:					
Bonds and serial notes payable	3,554,500	2,587,780	4,205,513		
School building grants		(1,048,066)			
	<u>3,554,500</u>	<u>1,539,714</u>	<u>4,205,513</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>3,554,500</u>	<u>1,539,714</u>	<u>4,205,513</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding and Authorized Debt	\$ <u>45,963,541</u>	\$ <u>97,496,367</u>	\$ <u>78,324,555</u>	\$ <u>71,526,059</u>	\$ <u>66,024,054</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$154,056,126).

Note 2: There is no authorized unissued debt at June 30, 2009.