

**TOWN OF EAST WINDSOR, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**TOWN OF EAST WINDSOR, CONNECTICUT**

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## Independent Auditors' Report

To the Board of Finance  
Town of 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, 2010, 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 financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of East Windsor, Connecticut, as of June 30, 2010 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2010 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on pages 35 through 40 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.

*Blum, Shapiro & Company, P.C.*

December 13, 2010

**TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

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, 2010. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to VI.

**Financial Highlights**

- Total cost of all of the Town's programs was \$36.5 million, 0.9% less than the prior year.
- The General Fund reported a fund balance this year of \$2.9 million.
- The Town's long term liabilities were reduced by \$1.5 million including the reporting of the Town's obligation for other post employment benefit obligation as of 2009-2010.
- The resources available for appropriation were \$.3 million less than budgeted for the General Fund due to monies being reclassified to grants. Expenditures were kept 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 Exhibit III to VI. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Operating Fund and the Sewer Assessment Fund) or to show that it is meeting legal responsibilities for

using grants and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into two categories: governmental and fiduciary.

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

**Government-Wide Financial Analysis**

The Town's government-wide activities net assets, changed from a year ago from \$46.0 million to \$45.8 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**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current assets	\$ 11,509,675	\$ 11,588,204
Capital assets, net of accumulated depreciation	48,854,897	49,528,769
Total assets	<u>60,364,572</u>	<u>61,116,973</u>
Long-term liabilities outstanding	11,713,323	13,278,606
Other liabilities	2,780,424	1,788,961
Total liabilities	<u>14,493,747</u>	<u>15,067,567</u>
Net Assets:		
Invested in capital assets, net of related debt	39,339,813	39,246,899
Restricted	11,974	21,947
Unrestricted	<u>6,519,038</u>	<u>6,780,560</u>
Total Net Assets	<u>\$ 45,870,825</u>	<u>\$ 46,049,406</u>

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 \$6.5 million at June 30, 2010.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,166,950	\$ 2,234,926
Operating grants and contributions	9,638,012	9,033,699
Capital grants and contributions	105,979	150,000
General revenues:		
Property taxes	23,740,203	22,736,914
Grants and contributions not restricted to specific programs	536,305	644,780
Unrestricted investment earnings	39,122	151,188
Other general revenues	99,756	12,399
Total revenues	<u>36,326,327</u>	<u>34,963,906</u>
Expenses:		
General government	3,332,224	3,197,932
Public safety	5,548,029	5,360,702
Conservation and health	416,222	409,966
Highways	2,203,257	2,233,082
Sanitation and waste removal	2,115,376	2,299,801
Culture and recreation	472,896	639,026
Education	21,951,693	22,233,653
Miscellaneous	156,077	137,414
Interest on long-term debt	309,134	358,770
Total expenses	<u>36,504,908</u>	<u>36,870,346</u>
Decrease in Net Assets	<u>\$ (178,581)</u>	<u>\$ (1,906,440)</u>

The Town's total revenues were \$**36.3** million. The total cost of all programs and services was \$**36.5** million. Our analysis below separately considers the operations of governmental activities.

**Governmental Activities**

Tax revenues of the governmental activities increased in 2009-2010 largely because of increased property tax collections. Revaluation created a \$1,077,515,448 Grand List, with a new mill rate of 21.7488 placed into effect on July 1. The grand list increased by approximately 0.95% or \$10,133,338 of increased assessments.

The total cost of services was reduced by \$0.36 million from the 2008-2009 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	
	2010	2009	2010	2009
Education	\$ 21,951,693	\$ 22,233,653	\$ 12,999,889	\$ 13,416,317
Public safety	5,548,029	5,178,149	5,371,443	5,020,818
General government	3,332,224	3,138,249	2,138,364	2,349,692
Sanitation and waste removal	2,115,376	2,282,257	831,267	1,002,344
Highways	2,203,257	2,215,538	1,964,863	1,935,660
Other	1,354,329	1,822,500	1,288,141	1,726,890
<b>Total</b>	<b>\$ 36,504,908</b>	<b>\$ 36,870,346</b>	<b>\$ 24,593,967</b>	<b>\$ 25,451,721</b>

**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 \$5.6 million, which is a change from last year's total of \$6.4 million. Included in this year's total change in fund balance, is a decrease of \$.7 million in the Town's Governmental Funds due to the purchase of the Warehouse Point Fire Truck. The primary reasons for the General Fund's decrease mirror the governmental activities highlighted in Exhibit IV.

The Capital and Nonrecurring Fund decreased by \$7.7 thousand. Major activity in the funds included the purchase of replacement Police Department vehicles and an HVAC upgrade for the Town Hall Annex and Public Works Department.

**General Fund Budgetary Highlights**

Charges for services showed some variances more than budgeted by the Building Department, \$40,619 and more than budgeted was realized by the Planning and Zoning, \$7,379.

Intergovernmental revenues showed a favorable variance in the LOCIP monies received. The large variance in the intergovernmental revenues is due to the educational equalization monies being part of an American Recovery and Reinvestment Act Grant.

General Government showed positive expenditure variances were due a spending freeze by the departments, but primarily in the Board of Education function due to the reporting of American Recovery and Reinvestment Act funds.

An increase in the cost of unemployment benefits due to extension of benefits of \$3,591.50, advertising and associated costs for increased Town Meetings \$2,500, additional referendum monies of \$7,043 necessitated an added appropriations from contingency.

Appropriations of \$10,841.78 from contingency were needed in the implementation of other post employment benefits and \$89,131.60 for public safety contractual obligations.

The Town has utilized only \$218,250 of the appropriated \$1,250,000 from fund balance to the 2009-2010 budget.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2010, the Town had \$48.8 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 \$.6 million or 1.36%, over last year.

**TABLE 4  
CAPITAL ASSETS (Net of Depreciation)**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Land	\$ 5,328,962	\$ 5,328,962
Buildings and improvements	12,685,673	12,640,124
Machinery and equipment	2,705,657	2,019,655
Construction in progress	1,122,398	1,841,484
Infrastructure	<u>27,012,207</u>	<u>27,698,544</u>
Total	<u>\$ 48,854,897</u>	<u>\$ 49,528,769</u>

The Town’s fiscal-year 2009-2010 capital budget calls for it to spend another \$406,790 for capital projects, principally for: replacement of two police cruisers, HVAC upgrades and BOE parking lots refurbishing, Fire Department SCBA replacement units 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, 2010, the Town had **\$8.9** million in bonds and notes outstanding versus **\$10.3** million last year - a decrease of **14.3%** - as shown in Table 5.

**TABLE 5  
OUTSTANDING DEBT**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
General Obligation Bonds and Notes (Backed by the Town)	<u>\$ 8,863,334</u>	<u>\$ 10,347,793</u>

There were no bonds authorized or issued in 2009.

The Town's general obligation bond rating increased to Aa2, a rating that has been assigned by national rating agencies to the Town's debt in 2010. 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 2010 budget tax rates. One of those factors is the economy. In July, unemployment in the Town was at 9.7%. This compares with the Hartford region of 9.1% and the State's unemployment rate of 8.9%.

These indicators were taken into account when adopting the General Fund budget for 2010-2011. Amounts available for appropriation in the General Fund budget are \$32,501,741, an increase of 2.0% over the final 2010 budget of \$31,864,452.

### **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, 11 Rye Street, Broad Brook, Connecticut 06016.

## TOWN OF EAST WINDSOR, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 7,773,442
Receivables, net	3,726,540
Deferred charges	6,959
Inventory	2,734
Capital assets:	
Assets not being depreciated	6,451,360
Assets being depreciated, net	42,403,537
Total assets	<u>60,364,572</u>
Liabilities:	
Accounts and other payables	1,273,225
Due to other governments	35,314
Due to fiduciary funds	17,766
Bond anticipation notes	700,000
Unearned revenue	754,119
Noncurrent liabilities:	
Due within one year	1,649,948
Due in more than one year	10,063,375
Total liabilities	<u>14,493,747</u>
Net Assets:	
Invested in capital assets, net of related debt	39,339,813
Restricted for:	
Trust purposes:	
Expendable	11,947
Unrestricted	<u>6,519,065</u>
Total Net Assets	<u>\$ 45,870,825</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
General government	\$ 3,332,224	\$ 486,344	\$ 707,516	\$	\$ (2,138,364)
Public safety	5,548,029	78,715	97,871		(5,371,443)
Conservation and health	416,222	2,916			(413,306)
Highways	2,203,257	1,000	131,415	105,979	(1,964,863)
Sanitation and waste removal	2,115,376	1,284,109			(831,267)
Culture and recreation	472,896	27,159			(445,737)
Education	21,951,693	280,753	8,671,051		(12,999,889)
Miscellaneous	156,077	5,954			(150,123)
Interest on long-term debt	309,134		30,159		(278,975)
Total governmental activities	\$ 36,504,908	\$ 2,166,950	\$ 9,638,012	\$ 105,979	(24,593,967)
General revenues:					
Property taxes					23,740,203
Grants and contributions not restricted to specific programs					536,305
Unrestricted investment earnings					39,122
Miscellaneous					99,756
Total general revenues					24,415,386
Change in Net Assets					(178,581)
Net Assets at Beginning of Year					46,049,406
Net Assets at End of Year					\$ 45,870,825

The accompanying notes are an integral part of the financial statements

## TOWN OF EAST WINDSOR, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,416,413	\$ 1,368,904	\$ 358,402	\$ 1,629,723	\$ 7,773,442
Receivables, net	2,772,437			954,103	3,726,540
Due from other funds	284,246	23,306		1,241,029	1,548,581
Inventories				2,734	2,734
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>7,473,096</u>	\$ <u>1,392,210</u>	\$ <u>358,402</u>	\$ <u>3,827,589</u>	\$ <u>13,051,297</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 777,756	\$	\$	\$ 442,617	\$ 1,220,373
Due to other funds	1,277,101		208,754	80,492	1,566,347
Bond anticipation notes			700,000		700,000
Due to other governments	35,314				35,314
Deferred revenue	2,496,563			1,360,733	3,857,296
Total liabilities	<u>4,586,734</u>	<u>-</u>	<u>908,754</u>	<u>1,883,842</u>	<u>7,379,330</u>
Fund balances:					
Reserved				2,734	2,734
Unreserved, reported in:					
General Fund	2,886,362				2,886,362
Special Revenue Funds		1,392,210		1,941,013	3,333,223
Capital Project Funds			(550,352)		(550,352)
Total fund balances	<u>2,886,362</u>	<u>1,392,210</u>	<u>(550,352)</u>	<u>1,943,747</u>	<u>5,671,967</u>
Total Liabilities and Fund Balances	\$ <u>7,473,096</u>	\$ <u>1,392,210</u>	\$ <u>358,402</u>	\$ <u>3,827,589</u>	\$ <u>13,051,297</u>

(Continued on next page)

## TOWN OF EAST WINDSOR, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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	\$ 5,671,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 76,385,328
Less accumulated depreciation	<u>(27,530,431)</u>
Net capital assets	48,854,897
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	1,070,716
Interest receivable on property taxes	550,407
Assessments receivable	452,236
Interest receivable on assessments	12,839
Sewer use receivables	53,531
Sewer use interest	6,120
Bond issuance costs	6,959
Receivable from the state for school construction projects	875,440
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	(1,686,446)
Net OPEB obligation	(503,050)
Bonds and notes payable	(8,863,334)
Interest payable on bonds and notes	(52,852)
Compensated absences	(666,668)
Bond premium	(42,075)
Deferred charges on refunding	<u>48,250</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 45,870,825</u>

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, 2010

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 23,540,079	\$	\$	\$	\$ 23,540,079
Assessments including interest and liens				390,957	390,957
Intergovernmental revenues	7,305,528			2,936,151	10,241,679
Licenses, permits and fees	611,299	15,314		1,631,356	2,257,969
Revenues from use of money	27,024	3,853	1,572	6,673	39,122
Other revenues			2,073	219,626	221,699
Total revenues	<u>31,483,930</u>	<u>19,167</u>	<u>3,645</u>	<u>5,184,763</u>	<u>36,691,505</u>
Expenditures:					
Current:					
General government	2,498,192			748,750	3,246,942
Public safety	4,832,390			162,011	4,994,401
Conservation and health	418,641				418,641
Highways	1,213,739			83,034	1,296,773
Sanitation and waste removal	722,658			1,201,574	1,924,232
Insurance and surety bonds	254,888				254,888
Culture and recreation	442,542				442,542
Education	19,351,289			2,451,922	21,803,211
Miscellaneous	156,077				156,077
Capital outlay	224,291	153,200	700,721		1,078,212
Debt service	1,789,548		2,073		1,791,621
Total expenditures	<u>31,904,255</u>	<u>153,200</u>	<u>702,794</u>	<u>4,647,291</u>	<u>37,407,540</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(420,325)</u>	<u>(134,033)</u>	<u>(699,149)</u>	<u>537,472</u>	<u>(716,035)</u>
Other Financing Sources (Uses):					
Transfers in	518,677	304,984		26,718	850,379
Transfers out	(316,702)	(178,665)		(355,012)	(850,379)
Total other financing sources (uses)	<u>201,975</u>	<u>126,319</u>	<u>-</u>	<u>(328,294)</u>	<u>-</u>
Net Change in Fund Balances	(218,350)	(7,714)	(699,149)	209,178	(716,035)
Fund Balances at Beginning of Year	<u>3,104,712</u>	<u>1,399,924</u>	<u>148,797</u>	<u>1,734,569</u>	<u>6,388,002</u>
Fund Balances at End of Year	<u>\$ 2,886,362</u>	<u>\$ 1,392,210</u>	<u>\$ (550,352)</u>	<u>\$ 1,943,747</u>	<u>\$ 5,671,967</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, 2010

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)	\$ (716,035)
---------------------------------------------------------------------	--------------

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	885,652
Depreciation expense	(1,559,524)

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	(172,625)
Property tax receivable - accrual basis change	(168,080)
Property tax interest and lien revenue - accrual basis change	(22,752)
Sewer use and assessment receivable - accrual basis change	1,409
Sewer use and assessment interest receivable - accrual change	1,441

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	1,484,459
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	158,460
Accrued interest	9,199
Amortization of deferred charge on refunding	(17,673)
Amortization of issuance costs	(2,549)
Amortization of premiums	9,049
Net pension expense	180,038
Net other post employment benefit expense	(249,050)

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (178,581)</u>
--------------------------------------------------------------	---------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**

**JUNE 30, 2010**

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$	\$ 120,111
Investments - mutual funds	11,560,084	332,610
Due from other funds		17,766
	<u>                    </u>	<u>                    </u>
Total assets	<u>11,560,084</u>	<u>\$ 470,487</u>
Liabilities:		
Accounts payable	3,758	\$
Due to student groups and others		470,487
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>3,758</u>	<u>\$ 470,487</u>
Net Assets:		
Held in trust for pension benefits	\$	<u><u>11,556,326</u></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, 2010**

	<u><b>Pension Trust Funds</b></u>
Additions:	
Contributions:	
Employer	\$ 1,154,030
Plan members	238,185
Total contributions	<u>1,392,215</u>
Investment income:	
Net appreciation in fair value of investments	<u>1,285,694</u>
Total additions	<u>2,677,909</u>
Deductions:	
Benefit payments	405,969
Administrative expenses	<u>32,304</u>
Total deductions	<u>438,273</u>
Net Increase	2,239,636
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>9,316,690</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 11,556,326</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF EAST WINDSOR, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the

Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

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

The Capital Projects Fund is used to account for appropriations related to major capital purchases.

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.

### **Special Revenue Funds**

Budgets for Special Revenue Funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period 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 do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

**Deposits**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$4,212,315 of the Town’s bank balance of \$5,762,240 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,917,936
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>494,379</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 4,412,315</u></u>

**Cash Equivalents**

At June 30, 2010 the Town’s cash equivalents amounted to \$3,014,101. 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		
Cutwater Management (CLASS)	AA	Aaa	AAA
State Tax Exempt Proceeds Fund (TEPF)*			

\*Not Rated

## Investments

As of June 30, 2010, 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	*	\$ 72,530	\$ -	\$ 72,530	\$ -
Other investments:					
Bonds	N/A	260,080			
Mutual funds	N/A	<u>11,560,084</u>			
Total Investments		\$ <u>11,892,694</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, 2010, 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	\$ 550,407	\$	\$ 550,407
Taxes	1,433,798		1,433,798
Accounts	32,792	430,298	463,090
Sewer use/assessments		465,075	465,075
Intergovernmental	<u>875,440</u>	<u>58,730</u>	<u>934,170</u>
Gross receivables	2,892,437	954,103	3,846,540
Less allowance for uncollectibles	<u>(120,000)</u>		<u>(120,000)</u>
Net Total Receivables	<u>\$ 2,772,437</u>	<u>\$ 954,103</u>	<u>\$ 3,726,540</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	\$ 1,621,123	\$
School building grant	875,440	
Sewer assessments receivable	465,075	
Grant drawdowns prior to meeting all eligibility requirements		663,812
Sewer operating user receivable	59,651	
Loans receivable	81,888	
Advance collections - sewer usage fees		<u>90,307</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,103,177</u>	<u>\$ 754,119</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 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	1,841,484	495,771	(1,214,857)	1,122,398
Total capital assets not being depreciated	<u>7,170,446</u>	<u>495,771</u>	<u>(1,214,857)</u>	<u>6,451,360</u>
Capital assets being depreciated:				
Buildings and improvements	25,152,863	488,485		25,641,348
Machinery and equipment	4,979,052	1,116,253	(37,154)	6,058,151
Infrastructure	38,234,469			38,234,469
Total capital assets being depreciated	<u>68,366,384</u>	<u>1,604,738</u>	<u>(37,154)</u>	<u>69,933,968</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,512,739)	(442,936)		(12,955,675)
Machinery and equipment	(2,959,397)	(430,251)	37,154	(3,352,494)
Infrastructure	(10,535,925)	(686,337)		(11,222,262)
Total accumulated depreciation	<u>(26,008,061)</u>	<u>(1,559,524)</u>	<u>37,154</u>	<u>(27,530,431)</u>
Total capital assets being depreciated, net	<u>42,358,323</u>	<u>45,214</u>	<u>-</u>	<u>42,403,537</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,528,769</u>	<u>\$ 540,985</u>	<u>\$ (1,214,857)</u>	<u>\$ 48,854,897</u>

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

Governmental activities:	
General government	\$ 10,989
Public safety	346,628
Highway	659,037
Sanitation and waste removal	270,204
Culture and recreation	25,015
Education	<u>247,651</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,559,524</u>

### Construction Commitments

The Town has no active construction projects as of June 30, 2010.

**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, 2010 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 75,492
General Fund	Capital Projects	208,754
Capital Nonrecurring Fund	Nonmajor Governmental Funds	5,000
Capital Nonrecurring Fund	General Fund	18,306
Nonmajor Governmental Funds	General Fund	1,241,029
Agency Funds	General Fund	<u>17,766</u>
 Total		 <u>\$ 1,566,347</u>

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

Interfund transfers:

	<u>Transfers in</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Nonrecurring</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$ 294,984	\$ 21,718	\$ 316,702
Capital and Nonrecurring	173,665		5,000	178,665
Nonmajor Governmental	<u>345,012</u>	<u>10,000</u>		<u>355,012</u>
 Total Transfers In	 <u>\$ 518,677</u>	 <u>\$ 304,984</u>	 <u>\$ 26,718</u>	 <u>\$ 850,379</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, 2010 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	\$ 10,347,793	\$	\$ 1,484,459	\$ 8,863,334	\$ 1,391,034
Less deferred amounts on refunding	(65,923)		(17,673)	(48,250)	
Premium on bonds	51,124		9,049	42,075	
Total bonds payable	<u>10,332,994</u>	<u>-</u>	<u>1,475,835</u>	<u>8,857,159</u>	<u>1,391,034</u>
Compensated absences	825,128		158,460	666,668	258,914
Net OPEB obligation	254,000	249,050		503,050	
Net pension obligation	<u>1,866,484</u>		<u>180,038</u>	<u>1,686,446</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,278,606</u>	<u>\$ 249,050</u>	<u>\$ 1,814,333</u>	<u>\$ 11,713,323</u>	<u>\$ 1,649,948</u>

A schedule of bonds outstanding at June 30, 2010 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, 2010</u>
Bonds:					
Trombley Road Sewer State of Connecticut	03/01/84	03/01/12	5	\$ 305,000	\$ 19,000
Clean Water Fund	09/30/96	03/31/16	4.5	10,812,482	3,529,334
Bond refunding	10/01/04	09/15/15	3.00-3.75	3,535,000	1,950,000
Land acquisition	10/01/04	09/15/25	3.0-4.375	3,000,000	2,384,475
Public works improvements	10/01/04	09/15/25	3.0-4.375	600,000	455,525
Rescue/Pumper Fire Truck	06/01/07	06/01/12	4.25	570,750	226,950
High School Heating Plant	06/01/07	06/01/12	4.25	443,500	176,500
Jet Vac Truck	06/01/07	06/01/12	4.25	305,750	<u>121,550</u>
Total					<u>\$ 8,863,334</u>

The following is a schedule of future debt service requirements as of June 30, 2010:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,692,387	369,008	3,061,395
2016-2020	945,000	139,947	1,084,947
2021-2025	185,000	4,047	189,047
Total	<u>\$ 8,863,334</u>	<u>\$ 1,300,189</u>	<u>\$ 10,163,523</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:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 52,790,274	\$ 3,903,500	\$ 48,886,774
Schools	105,580,548	1,251,060	104,329,488
Sewers	87,983,790	3,548,334	84,435,456
Urban renewal	76,252,618		76,252,618
Pension deficit	70,387,032		70,387,032

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$164,236,408. School indebtedness is net of \$875,440 of school building grants receivable. There is authorized unissued debt of \$15,000 at June 30, 2010.

### Bond Anticipation Notes

The Town issued bond anticipation notes on October 8, 2009 maturing October 15, 2010 for \$700,000. The current interest rate on the note is 1.30% and is recorded as a liability in the Capital Projects fund.

### 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 23.09% 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	\$ 1,234,919
Interest on net pension obligation	130,654
Adjustment to annual required contribution	<u>(391,581)</u>
Annual pension cost	973,992
Contributions made	<u>1,154,030</u>
Decrease in net pension obligation	(180,038)
Net pension obligation, beginning of year	<u>1,866,484</u>
Net Pension Obligation, End of Year	<u>\$ 1,686,446</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	6 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.0% per annum
Projected salary increases	4.0% per annum

**E. Trend Information**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$ 1,012,980	\$ 1,091,486	107.75%	\$ 1,865,924
6/30/09	938,517	937,957	99.9%	1,866,484
6/30/10	973,992	1,154,030	118.5%	1,686,446

**F. Pension Plan Required Supplementary Information**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
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**

<b>Fiscal Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
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%
6/30/10	1,234,919	93%

**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 \$8,442,207 or 73.8% of the total Board of Education professional payroll of \$11,425,577.

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, 2010, the Town has recorded, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$1,305,963 as payments made by the State of Connecticut on behalf of the Town.

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

## 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:

	<b>Post- Retirement Medical Program</b>
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)	\$ 448,000
Interest on net OPEB obligation	10,160
Adjustment to annual required contribution	<u>(9,110)</u>
Annual OPEB cost	449,050
Contributions made	<u>200,000</u>
Increase in net OPEB obligation	249,050
Net OPEB obligation, beginning of year	<u>254,000</u>
Net OPEB Obligation, End of Year	<u>\$ 503,050</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last two fiscal years are presented below. The year of transition was fiscal year ended June 30, 2009.

<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
6/30/10	449,050	200,000	44.54%	503,050

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.

#### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (OAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>OAAL as a percentage of Covered Payroll (b-a)/c</u>
7/1/2008	\$ -	\$ 5,068,000	\$ 5,068,000	\$ -	N/A	N/A

### Schedule of Employer Contributions

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 169,000	\$ 423,000	55.38 %
6/30/2010	200,000	448,000	56.83

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, 2010

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
Property taxes:				
Current and prior year levies	\$ 23,434,619	\$ 23,434,619	\$ 23,244,540	\$ (190,079)
Interest and lien fees	200,000	200,000	295,539	95,539
Total property taxes	<u>23,634,619</u>	<u>23,634,619</u>	<u>23,540,079</u>	<u>(94,540)</u>
Intergovernmental revenues:				
State of Connecticut:				
Education equalization	5,074,071	5,074,071	4,682,976	(391,095)
Public school transportation	181,028	181,028	115,728	(65,300)
School building grants	202,298	202,298	202,784	486
Reimbursement in lieu of taxes	88,966	88,966	89,116	150
Pro-rata share of CT fines	4,000	4,000	6,195	2,195
Tax relief - elderly freeze	4,000	4,000	4,000	-
Tax relief - circuit breaker	45,938	45,938	71,994	26,056
Tax relief - veterans	5,023	5,023	5,115	92
Tax exempt property - disability	1,796	1,796	1,846	50
LOCIP	78,224	78,224	105,979	27,755
Telephone access grant	50,000	50,000	32,647	(17,353)
Miscellaneous	1,137	1,137	5,057	3,920
New machinery and equipment	220,424	220,424	202,216	(18,208)
Mashantucket Pequot grant	42,612	42,612	40,892	(1,720)
Commercial trucks	75,000	75,000	70,574	(4,426)
Total intergovernmental	<u>6,074,517</u>	<u>6,074,517</u>	<u>5,637,119</u>	<u>(437,398)</u>
Local revenues:				
Building Department	165,296	165,296	205,915	40,619
Zoning Board of Appeals	700	700	1,148	448
Planning and zoning revenue	15,000	15,000	22,379	7,379
Recycling rebates			3,642	3,642
East Windsor Housing Authority	19,000	19,000	25,641	6,641
Conservation Commission	5,000	5,000	2,916	(2,084)
Police Department	3,700	3,700	6,440	2,740
Assessor's revenue	2,000	2,000	874	(1,126)
Town Clerk's revenue	209,300	209,300	185,616	(23,684)
Mini-Bus donations	4,000	4,000	3,905	(95)
Greater Hartford Transit District	5,000	5,000	6,653	1,653
Miscellaneous	5,500	5,500	103,946	98,446
Parks and recreation	41,500	41,500	33,469	(8,031)
Parking tickets	120	120	170	50
Land and building rental	3,700	3,700	2,631	(1,069)
Perpetual care	340	340	210	(130)
Aircraft miscellaneous	5,160	5,160	5,744	584
Total local revenue	<u>485,316</u>	<u>485,316</u>	<u>611,299</u>	<u>125,983</u>

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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, 2010

	<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	\$ 70,000	\$ 70,000	\$ 27,024	\$ (42,976)
Other Financing Sources:				
WPCA Assessment Fund	350,000	350,000	350,000	-
Capital Nonrecurring			168,677	168,677
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>518,677</u>	<u>168,677</u>
Total	\$ <u>30,614,452</u>	\$ <u>30,614,452</u>	30,334,198	\$ <u>(280,254)</u>
Budgetary revenues are different than GAAP revenues because:				
Excess cost grants are netted for budgetary reporting			362,446	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			<u>1,305,963</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>32,002,607</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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		(Over) Under
General Government:				
Board of Selectmen	\$ 149,822	\$ 153,175	\$ 152,905	\$ 270
Town Counsel and Legal	150,000	165,878	165,847	31
Auditor	50,000	62,734	62,734	-
Treasurer	183,644	188,744	177,083	11,661
Town Clerk	121,036	119,816	98,367	21,449
Assessor	172,410	178,377	177,506	871
Tax Collector	116,915	121,708	113,351	8,357
Board of Tax review	4,630	4,630	2,410	2,220
Elections - Registrar	41,896	48,939	48,921	18
Probate Court	4,229	5,103	5,103	-
Pension Fund	800	800	225	575
Printing and advertising	4,500	7,000	5,952	1,048
Town property	242,099	243,010	231,752	11,258
Building Committee	1,375	1,375	80	1,295
Economic Development Commission	2,437	2,437	1,383	1,054
Zoning Board of Appeals	850	850	750	100
Planning and Zoning Commission	2,950	2,950	2,850	100
Town Planner	185,857	188,552	174,043	14,509
Building Department	127,674	130,096	122,284	7,812
Elderly Commission	650	650	379	271
Ethics Committee	1,000	1,000	125	875
Senior center	236,487	245,224	238,736	6,488
Conservation Commission	1,800	1,800	1,580	220
Board of Finance	2,600	2,900	2,876	24
Miscellaneous	24,018	24,008	23,341	667
Employee benefits	618,131	656,214	654,313	1,901
Total	<u>2,447,810</u>	<u>2,557,970</u>	<u>2,464,896</u>	<u>93,074</u>
Public Safety:				
Police Department	2,416,900	2,600,656	2,545,441	55,215
Police Commission	1,700	1,700	1,298	402
Broad Brook Fire Department	633,919	647,028	626,880	20,148
Fire Protection (Water)	259,337	272,020	272,019	1
Fire Marshal	19,617	19,617	18,555	1,062
Civil Preparedness	7,750	7,750	6,570	1,180
Hearing Officer	60	60		60
Dog damage	10	10		10
Employee benefits	1,406,932	1,390,706	1,344,864	45,842
Total	<u>4,746,225</u>	<u>4,939,547</u>	<u>4,815,627</u>	<u>123,920</u>
Conservation and Health:				
General assistance	15,500	15,500	15,481	19
Human services	133,749	138,344	135,751	2,593
Visiting Nurse Association	7,344	7,344	7,344	-
Miscellaneous health agencies	62,933	62,933	62,921	12
Immunizations and physicals	5,000	1,891	815	1,076
Ambulance Association	112,500	112,500	112,500	-
Employee benefits	107,011	92,541	83,156	9,385
Total	<u>444,037</u>	<u>431,053</u>	<u>417,968</u>	<u>13,085</u>

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## 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, 2010

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
Highways:				
Highways	\$ 578,357	\$ 585,907	\$ 567,070	\$ 18,837
General roads	200,000	87,504	84,979	2,525
Street lighting	150,301	150,301	126,512	23,789
Engineering	96,516	98,100	95,475	2,625
Employee benefits	353,771	337,373	335,731	1,642
Total	<u>1,378,945</u>	<u>1,259,185</u>	<u>1,209,767</u>	<u>49,418</u>
Sanitation and Waste Removal:				
Landfill	726,316	735,068	735,068	-
Insurance and Surety Bonds:				
Insurance and surety bonds	289,800	279,637	239,296	40,341
Unemployment compensation	12,000	15,592	15,592	-
Total	<u>301,800</u>	<u>295,229</u>	<u>254,888</u>	<u>40,341</u>
Culture and Recreation:				
Broad Brook Library	4,850	4,850	4,850	-
Community activities	1,000	1,000	987	13
WHP Library	225,522	225,522	225,522	-
Parks and recreation	206,809	206,809	179,737	27,072
Employee benefits	37,182	37,182	34,147	3,035
Total	<u>475,363</u>	<u>475,363</u>	<u>445,243</u>	<u>30,120</u>
Miscellaneous:				
Cemeteries	18,000	18,000	18,000	-
Contingency Fund	326,477	24,344		24,344
Miscellaneous	1,750	1,750	805	945
Information technology	157,363	157,363	137,274	20,089
Total	<u>503,590</u>	<u>201,457</u>	<u>156,079</u>	<u>45,378</u>
Debt Service	1,969,551	1,969,551	1,789,547	180,004
Capital Improvement Plan	411,790	224,302	224,291	11
Education:				
Salaries:				
Administration	353,310	353,310	317,413	35,897
Building administration	680,100	680,100	661,505	18,595
Certified personnel	7,443,431	7,443,431	6,497,091	946,340
Substitutes	184,762	184,762	390,876	(206,114)
Home Bound	7,500	7,500	17,785	(10,285)
Tutors	407,601	407,601	381,919	25,682
Stipends	169,777	169,777	135,601	34,176
Summer school	6,135	6,135	6,157	(22)
Adult education/enrichment	21,584	21,584	21,584	-
Clerical	636,673	636,673	646,438	(9,765)
Teacher's Aides	639,552	639,552	715,067	(75,515)
Nurses	218,220	218,220	234,476	(16,256)
Custodial	470,920	470,920	487,744	(16,824)
Support services	106,005	106,005	128,904	(22,899)
School facility use	2,000	2,000	1,376	624
Total	<u>11,347,570</u>	<u>11,347,570</u>	<u>10,643,936</u>	<u>703,634</u>

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## 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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		(Over) Under
Employee Benefits:				
Retirement and Social Security	\$ 447,045	\$ 447,045	\$ 633,909	\$ (186,864)
Fringe benefits	2,074,797	2,074,797	2,161,851	(87,054)
Workmen's compensation and travel insurance	190,298	190,298	205,131	(14,833)
Total	<u>2,712,140</u>	<u>2,712,140</u>	<u>3,000,891</u>	<u>(288,751)</u>
Purchased Services:				
Instructional program improvements	24,564	24,564	31,604	(7,040)
Pupil services	43,983	43,983	25,912	18,071
Other professional services	247,053	247,053	267,137	(20,084)
Public utilities	223,560	223,560	265,162	(41,602)
Cleaning/repairing	280,533	280,533	249,776	30,757
Maintenance	53,450	53,450	53,238	212
Pupil transportation	1,363,067	1,363,067	1,281,171	81,896
Property insurance	48,697	48,697	31,863	16,834
Liability insurance	41,707	41,707	39,504	2,203
Communications	17,663	17,663	25,244	(7,581)
Printing/binding	43,253	43,253	24,799	18,454
Tuition	1,216,583	1,216,583	824,491	392,092
Travel, conferences and other transportation	8,725	8,725	5,794	2,931
Total	<u>3,612,838</u>	<u>3,612,838</u>	<u>3,125,695</u>	<u>487,143</u>
Supplies:				
Instructional	219,731	219,731	201,031	18,700
Custodial/maintenance	77,367	77,367	82,158	(4,791)
Heat and energy	227,398	227,398	144,009	83,389
Food services	1	1		1
Textbooks	61,750	61,750	129,815	(68,065)
Library	28,790	28,790	27,062	1,728
Other supplies	78,991	78,991	90,987	(11,996)
Total	<u>694,028</u>	<u>694,028</u>	<u>675,062</u>	<u>18,966</u>
Capital equipment:				
New equipment	71,200	71,200	195,236	(124,036)
Dues and fees	21,249	21,249	36,096	(14,847)
Total	<u>92,449</u>	<u>92,449</u>	<u>231,332</u>	<u>(138,883)</u>
Total Education	<u>18,459,025</u>	<u>18,459,025</u>	<u>17,676,916</u>	<u>782,109</u>
Total Expenditures	<u>31,864,452</u>	<u>31,547,750</u>	<u>30,190,290</u>	<u>1,357,460</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, 2010

	Budgeted Amounts		Actual	Variance (Over) Under
	Original	Final		
Other financing uses:				
Transfer out:				
Capital Nonrecurring Fund	\$	\$ 299,984	\$ 299,984	\$ -
Dog Fund		16,718	16,718	-
Total other financing uses		316,702	316,702	-
Total	\$ 31,864,452	\$ 31,864,452	30,506,992	\$ 1,357,460

Budgetary expenditures are different than GAAP expenditures because:

Excess cost grants are netted for budgetary reportin

362,446

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for  
Town teachers are not budgeted.

1,305,963

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.

45,556

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

\$ 32,220,957

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

**JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,416,413	\$ 4,437,716
Accounts and other receivables	32,792	83,220
Property taxes receivable, net	1,313,798	1,400,119
Interest receivable	550,407	573,159
Due from other governments	875,440	1,048,066
Due from other funds	<u>284,246</u>	<u>325,051</u>
Total Assets	<u>\$ 7,473,096</u>	<u>\$ 7,867,331</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 777,756	\$ 654,898
Due to other funds	1,277,101	1,207,574
Due to other governments	35,314	31,617
Deferred revenue	<u>2,496,563</u>	<u>2,868,530</u>
Total liabilities	<u>4,586,734</u>	<u>4,762,619</u>
Fund Equity:		
Fund balance:		
Designated for subsequent year's budget and other purposes		1,250,000
Undesignated	<u>2,886,362</u>	<u>1,854,712</u>
Total fund balance	<u>2,886,362</u>	<u>3,104,712</u>
Total Liabilities and Fund Equity	<u>\$ 7,473,096</u>	<u>\$ 7,867,331</u>



TOWN OF EAST WINDSOR, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

	<u>Special Revenue</u>						
	<u>Federal and State Grants</u>	<u>Hot Lunch Program</u>	<u>Dog License</u>	<u>Sewer Operating</u>	<u>Sewer Assessment</u>	<u>Drug Forfeiture</u>	<u>Small Cities</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$ 173,358	\$	\$ 789,172	\$ 588,281	\$ 5,910	\$ 61,028
Accounts and other receivable				59,651			352,217
Assessment receivable					465,075		
Due from other governments	11,810	22,678					
Due from other funds	144,564		26,036				
Inventory		2,734					
<b>Total Assets</b>	<u>\$ 156,374</u>	<u>\$ 198,770</u>	<u>\$ 26,036</u>	<u>\$ 848,823</u>	<u>\$ 1,053,356</u>	<u>\$ 5,910</u>	<u>\$ 413,245</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable and accrued expenses	\$ 39,935	\$ 32,202	\$ 7,536	\$ 36,834	\$	\$	\$ 288,509
Due to other funds				80,094	398		
Deferred revenue	93,155			149,958	465,075		124,736
<b>Total liabilities</b>	<u>133,090</u>	<u>32,202</u>	<u>7,536</u>	<u>266,886</u>	<u>465,473</u>	<u>-</u>	<u>413,245</u>
Fund balances:							
Reserved:							
Inventory		2,734					
Unreserved:							
Designated for specific purposes							
Undesignated	23,284	163,834	18,500	581,937	587,883	5,910	
<b>Total fund balances</b>	<u>23,284</u>	<u>166,568</u>	<u>18,500</u>	<u>581,937</u>	<u>587,883</u>	<u>5,910</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 156,374</u>	<u>\$ 198,770</u>	<u>\$ 26,036</u>	<u>\$ 848,823</u>	<u>\$ 1,053,356</u>	<u>\$ 5,910</u>	<u>\$ 413,245</u>

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**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**

	<u>Special Revenue</u>						<b>Total Nonmajor Governmental Funds</b>
	<b>Town Aid Road</b>	<b>Miscellaneous Grants</b>	<b>Veterans Trust</b>	<b>Cemetery Trust</b>	<b>Police Private Duty</b>	<b>Senior Center</b>	
<b>ASSETS</b>							
Cash and cash equivalents	\$	\$	\$ 7,076	\$ 4,898	\$	\$	\$ 1,629,723
Accounts and other receivable		1,756			16,674		430,298
Assessment receivable							465,075
Due from other governments		24,242					58,730
Due from other funds	417,448	543,154			99,995	9,832	1,241,029
Inventory							2,734
<b>Total Assets</b>	<b>\$ 417,448</b>	<b>\$ 569,152</b>	<b>\$ 7,076</b>	<b>\$ 4,898</b>	<b>\$ 116,669</b>	<b>\$ 9,832</b>	<b>\$ 3,827,589</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$	\$ 37,601	\$	\$	\$	\$	\$ 442,617
Due to other funds							80,492
Deferred revenue		527,809					1,360,733
<b>Total liabilities</b>	<b>-</b>	<b>565,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,883,842</b>
<b>Fund balances:</b>							
<b>Reserved:</b>							
Inventory							2,734
<b>Unreserved:</b>							
Designated for specific purposes			7,076	4,898		9,832	21,806
Undesignated	417,448	3,742			116,669		1,919,207
<b>Total fund balances</b>	<b>417,448</b>	<b>3,742</b>	<b>7,076</b>	<b>4,898</b>	<b>116,669</b>	<b>9,832</b>	<b>1,943,747</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 417,448</b>	<b>\$ 569,152</b>	<b>\$ 7,076</b>	<b>\$ 4,898</b>	<b>\$ 116,669</b>	<b>\$ 9,832</b>	<b>\$ 3,827,589</b>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Special Revenue</b>						
	<b>Federal and State Grants</b>	<b>Hot Lunch Program</b>	<b>Dog License</b>	<b>Sewer Operating</b>	<b>Sewer Assessment</b>	<b>Drug Forfeiture</b>	<b>Small Cities</b>
Revenues:							
Assessment including interest and lien	\$	\$	\$	\$	\$ 390,957	\$	\$
Intergovernmental revenues	1,992,958	205,891				4,488	494,571
Licenses, fees and charges for goods and services		280,753	11,259	1,269,638			
Revenues from use of money		727		3,416	2,479	12	
Other revenues							
Total revenues	<u>1,992,958</u>	<u>487,371</u>	<u>11,259</u>	<u>1,273,054</u>	<u>393,436</u>	<u>4,500</u>	<u>494,571</u>
Expenditures:							
Current:							
General government							494,571
Public safety			26,672				
Highways							
Sanitation and waste removal				1,201,574			
Education	1,969,674	476,080					
Total expenditures	<u>1,969,674</u>	<u>476,080</u>	<u>26,672</u>	<u>1,201,574</u>	<u>-</u>	<u>-</u>	<u>494,571</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23,284</u>	<u>11,291</u>	<u>(15,413)</u>	<u>71,480</u>	<u>393,436</u>	<u>4,500</u>	<u>-</u>
Other Financing Sources (Uses):							
Transfers in			16,718				
Transfers out				(5,000)	(350,000)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>16,718</u>	<u>(5,000)</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,284	11,291	1,305	66,480	43,436	4,500	-
Fund Balances at Beginning of Year	<u>-</u>	<u>155,277</u>	<u>17,195</u>	<u>515,457</u>	<u>544,447</u>	<u>1,410</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 23,284</u>	<u>\$ 166,568</u>	<u>\$ 18,500</u>	<u>\$ 581,937</u>	<u>\$ 587,883</u>	<u>\$ 5,910</u>	<u>\$ -</u>

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**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Special Revenue</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>Town Aid Road</b>	<b>Miscellaneous Grants</b>	<b>Veterans Trust</b>	<b>Cemetery Trust</b>	<b>Police Private Duty</b>	<b>Senior Center</b>	
Revenues:							
Assessment including interest and lien	\$	\$	\$	\$	\$	\$	\$ 390,957
Intergovernmental revenues	131,415	106,828					2,936,151
Licenses, fees and charges for goods and services					60,846	8,860	1,631,356
Revenues from use of money			27	12			6,673
Other revenues		219,626					219,626
Total revenues	<u>131,415</u>	<u>326,454</u>	<u>27</u>	<u>12</u>	<u>60,846</u>	<u>8,860</u>	<u>5,184,763</u>
Expenditures:							
Current:							
General government		238,140	10,000			6,039	748,750
Public safety		88,537			46,802		162,011
Highways	82,735	299					83,034
Sanitation and waste removal							1,201,574
Education		6,168					2,451,922
Total expenditures	<u>82,735</u>	<u>333,144</u>	<u>10,000</u>	<u>-</u>	<u>46,802</u>	<u>6,039</u>	<u>4,647,291</u>
Excess (Deficiency) of Revenues over Expenditures	<u>48,680</u>	<u>(6,690)</u>	<u>(9,973)</u>	<u>12</u>	<u>14,044</u>	<u>2,821</u>	<u>537,472</u>
Other Financing Sources (Uses):							
Transfers in		10,000					26,718
Transfers out				(12)			(355,012)
Total other financing sources (uses)	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>(328,294)</u>
Net Change in Fund Balances	48,680	3,310	(9,973)	-	14,044	2,821	209,178
Fund Balances at Beginning of Year	<u>368,768</u>	<u>432</u>	<u>17,049</u>	<u>4,898</u>	<u>102,625</u>	<u>7,011</u>	<u>1,734,569</u>
Fund Balances at End of Year	<u>\$ 417,448</u>	<u>\$ 3,742</u>	<u>\$ 7,076</u>	<u>\$ 4,898</u>	<u>\$ 116,669</u>	<u>\$ 9,832</u>	<u>\$ 1,943,747</u>

## TOWN OF EAST WINDSOR, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	<u>Student Awards</u>	<u>Student Activity</u>	<u>Contractor's Bond</u>	<u>Totals 2010</u>
Assets:				
Cash and cash equivalents	\$ 25,542	\$ 68,856	\$ 25,713	\$ 120,111
Investments	332,610			332,610
Due from other funds			17,766	17,766
	<u>358,152</u>	<u>68,856</u>	<u>43,479</u>	<u>470,487</u>
Total Assets	\$ <u>358,152</u>	\$ <u>68,856</u>	\$ <u>43,479</u>	\$ <u>470,487</u>
Liabilities:				
Due to student groups and others	\$ <u>358,152</u>	\$ <u>68,856</u>	\$ <u>43,479</u>	\$ <u>470,487</u>

## TOWN OF EAST WINDSOR, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Student Awards Fund</b>				
Assets:				
Cash and cash equivalents	\$ 11,905	\$ 287,975	\$ 274,338	\$ 25,542
Investments	<u>71,759</u>	<u>270,854</u>	<u>10,003</u>	<u>332,610</u>
Total Assets	<u>\$ 83,664</u>	<u>\$ 558,829</u>	<u>\$ 284,341</u>	<u>\$ 358,152</u>
Liabilities:				
Due to student groups	<u>\$ 83,664</u>	<u>\$ 558,829</u>	<u>\$ 284,341</u>	<u>\$ 358,152</u>
<b>Student Activity Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 101,861</u>	<u>\$ 279,564</u>	<u>\$ 312,569</u>	<u>\$ 68,856</u>
Liabilities:				
Due to students groups	<u>\$ 101,861</u>	<u>\$ 279,564</u>	<u>\$ 312,569</u>	<u>\$ 68,856</u>
<b>Contractors' Bond Fund</b>				
Assets:				
Cash and cash equivalents	\$ 25,652	\$ 61	\$	\$ 25,713
Due from other funds	<u>17,766</u>	<u></u>	<u></u>	<u>17,766</u>
Total Assets	<u>\$ 43,418</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 43,479</u>
Liabilities:				
Due to contractors	<u>\$ 43,418</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 43,479</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 139,418	\$ 567,600	\$ 586,907	\$ 120,111
Investments	71,759	270,854	10,003	332,610
Due from other funds	<u>17,766</u>	<u></u>	<u></u>	<u>17,766</u>
Total Assets	<u>\$ 228,943</u>	<u>\$ 838,454</u>	<u>\$ 596,910</u>	<u>\$ 470,487</u>
Liabilities:				
Due to student groups and others	<u>\$ 228,943</u>	<u>\$ 838,454</u>	<u>\$ 596,910</u>	<u>\$ 470,487</u>

## TOWN OF EAST WINDSOR, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

JUNE 30, 2010

Total tax collections (including interest and lien fees) received by Treasurer for year ended June 30, 2010						\$ 23,458,344
Reimbursement for revenue loss on:						
Tax relief for elderly - freeze						<u>4,000</u>
Base						<u>\$ 23,462,344</u>
	<b>General</b>			<b>Urban</b>	<b>Pension</b>	
	<b>Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Renewal</b>	<b>Deficit</b>	
Debt limitation:						
2-1/4 times base	\$ 52,790,274	\$	\$	\$	\$	
4-1/2 times base		105,580,548				
3-3/4 times base			87,983,790			
3-1/4 times base				76,252,618		
3 times base						<u>70,387,032</u>
Total debt limitation	<u>52,790,274</u>	<u>105,580,548</u>	<u>87,983,790</u>	<u>76,252,618</u>		<u>70,387,032</u>
Indebtedness:						
Bonds and serial notes payable	3,188,500	2,126,500	3,548,334			
Bond anticipation notes	700,000					
Authorized/unissued debt	15,000					
School building grants		(875,440)				
Total indebtedness	<u>3,903,500</u>	<u>1,251,060</u>	<u>3,548,334</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of						
Outstanding and Authorized Debt	<u>\$ 48,886,774</u>	<u>\$ 104,329,488</u>	<u>\$ 84,435,456</u>	<u>\$ 76,252,618</u>		<u>\$ 70,387,032</u>

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation (\$164,236,408).