

TOWN OF WETHERSFIELD, CONNECTICUT

JUNE 30, 2009

TOWN OF WETHERSFIELD, CONNECTICUT

TABLE OF CONTENTS

Page

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-12

Exhibit

Basic Financial Statements:

Government-Wide Financial Statements:

I	Statement of Net Assets	13
II	Statement of Activities	14

Fund Financial Statements:

Governmental Funds:

III	Balance Sheet	15-16
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	17-18

Proprietary Fund:

V	Statement of Net Assets	19
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	20
VII	Statement of Cash Flows	21

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets	22
IX	Statement of Changes in Plan Net Assets - Pension Trust Fund	23
	Notes to Financial Statements	24-43

Required Supplementary Information:

General Fund:

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	44-45
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	46-47

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	48
A-2	Report of Tax Collector	49

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	50-52
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	53-55

Internal Service Funds:

C-1	Combining Statement of Net Assets	56
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	57
C-3	Combining Statement of Cash Flows	58

Agency Funds:

D	Combining Statement of Changes in Assets and Liabilities	59-60
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Long-Term Debt:

E	Statement of Debt Limitation	61
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Independent Auditors' Report

To the Members of the Town Council
Town of Wethersfield
Wethersfield, 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 Wethersfield, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Wethersfield, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 12 and budgetary comparison information on pages 44 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Blum, Shapiro & Company, P.C.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 17, 2009

TOWN OF WETHERSFIELD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

This discussion and analysis of the Town of Wethersfield, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's total net assets at the close of the fiscal year were \$67.5 million, an increase of \$4.3 million or 6.8% over the previous fiscal year. Of the Town's total net assets at June 30, 2009, \$11.2 million or 16.7% is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$9.4 million, an increase of \$493 thousand from the prior fiscal year. Of the total General Fund balance as of June 30, 2009, \$7.9 million represents unreserved fund balance. Unreserved General Fund balance represents approximately 9.2% of total General Fund expenditures (\$85.5 million). The Town of Wethersfield's governmental funds reported combined ending fund balances of \$17.3 million, an increase of \$7.9 million from the prior fiscal year. The combined governmental funds include the General Fund, Capital Projects fund and other nonmajor funds.
- The Town maintains a General Fund undesignated fund balance at a level that meets the guidelines established by rating agencies and as prescribed within the Town's written financial policies. Rating agencies evaluate municipalities to determine the financial condition of the community and assign a bond rating that influences the rate of interest paid on debt issues. Accordingly, a strong fund balance demonstrates a town's commitment to fiscal responsibility, reduces bonding costs, and indicates the ability to meet unforeseen emergencies.
- The Town of Wethersfield's total bonded debt had a net increase of \$4.1 million (approximately 13.3%) as of the end of the fiscal year.
- Total cost of all of the Town's programs was \$87 million with no new programs added this year.
- Expenditures were kept within spending limits in accordance with a spending freeze in order to compensate for the shortfall in revenues.

Overview of the Financial Statements

This annual report consists of four parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) an additional section that presents combining statements for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status (Exhibits I and II, respectively).
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements (Exhibits III to IX).
 - The governmental funds statements tell how general government services such as police, fire and parks were financed in the short-term as well as what remains for future spending.
 - Proprietary funds statements offer short and long-term financial information about the activities the government operates like business, such as the Town's Medical and Heart and Hypertension Fund.
 - Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

Major Features of the Basic Financial Statements - Figure A-1

<u>Type of Statements</u>	<u>Government-wide Financial Statements</u>	<u>Fund Financial Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<i>Scope</i>	Entire Town government (except fiduciary activities)	The activities of the Town that are not proprietary or fiduciary, such as police, fire and parks.	Activities the Town operates similar to businesses.	Instances in which the Town administers resources on behalf of someone else such as student activity funds.
<i>Required financial statements</i>	<ul style="list-style-type: none"> ➤ Statement of net assets ➤ Statement of activities 	<ul style="list-style-type: none"> ➤ Balance sheet ➤ Statement of revenues, expenditures and changes in fund balances. 	<ul style="list-style-type: none"> ➤ Statement of net assets. ➤ Statement of revenues, expenses and changes in fund net assets. ➤ Statement of cash flows. 	<ul style="list-style-type: none"> ➤ Statement of fiduciary net assets. ➤ Statement of changes in fiduciary net assets.
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both financial and capital, and short-term and long-term.
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash are received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during year, regardless of when cash is received or paid.	All additions and deductions during the year regardless of when cash is received or paid.

Figure A-1 summarizes the major features of the Town’s financial statements, including the portion of the Town government they cover and the types of information that they contain. The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Government-wide financial statements (Exhibits I and II). The government-wide financial statements are designed to provide readers with a broad overview of the Town of Wethersfield’s finances. The statement of net assets and the statement of activities present financial information on all of the Town’s assets, liabilities, costs and revenues regardless of actual collections or disbursements. The statements provide both long-term and short-term information about the Town’s overall financial status.

The two government-wide statements report the Town’s net assets and how they have changed. Net assets are the difference between the Town’s assets and liabilities.

- Over time, increases or decreases in the Town’s net assets can be an indicator of whether its financial health is improving or deteriorating, respectively.
- Other non-financial indicators need to be considered such as changes in the Town’s property tax base, growth in school enrollment and the condition of the Town’s infrastructure, i.e., roads, etc.

The statement of net assets presents information on all of Wethersfield's assets and liabilities with the difference reported as net assets. The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal year, such as uncollected receivables for tax revenue and earned but unpaid expenses.

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

- *Governmental Activities* represent most of the Town's basic services such as fire and police protection, public works, social and human services, parks and recreation, education and general administration. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net assets and statement of activities) can be found in Exhibits I and II of this report.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the Town's funds, focusing on its most significant or "major" funds and not the Town as a whole. Funds are a method of providing an accounting mechanism in order to provide accountability over resources that have been segregated for specific activities or objectives. The Town of Wethersfield uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Wethersfield has three types of funds:

- *Governmental Funds* (Exhibits III and IV) include most of the Town's basic services which focus on how much cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. These statements provide a detailed short-term view that helps you determine whether there are more or fewer resources that can be spent in the near future to finance the Town's programs. The government-wide statement of activities provides a broader view of the governmental activities than the governmental fund focus. The statement of net activities can be compared with the fund financial statements to better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- *Proprietary Funds* (Exhibits V, VI and VII) are generally used for reporting charges for services for which the Town charges a fee. They are reported in the same way as the government-wide statements. The Town has one type of proprietary fund which is the internal service fund.

The *Internal Service Fund* is used to report activities that provide self-insured medical services and Heart and Hypertension payments which are funded by other Town programs or activities.

- *Fiduciary Funds* (Exhibits VIII and IX) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on immediately following Exhibit IX of this report.

Net assets of the Town's governmental activities increased approximately 6.6% (\$67.4 million compared to \$63.2 million). The amount of \$56.2 million of net assets at June 30, 2009 is restricted as to the trust purposes they can be used for (\$647 thousand) or are invested in capital assets (\$55.6 million - buildings, roads, bridges, and so on). The remaining balance of \$11.2 million is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors. The unrestricted net assets increased from \$9 million at June 30, 2008 to \$11.2 million at June 30, 2009, for a total increase of \$2.2 million. This change in unrestricted governmental net assets resulted primarily because of further investments in capital assets.

The most significant portion of the Town of Wethersfield's assets (77.5%) reflects its investment in capital assets (i.e., land, buildings, vehicles, machinery and equipment and infrastructure). The Town uses these capital assets to provide services to citizens. Although the Town of Wethersfield's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves may not be used to liquidate these liabilities.

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
(In Thousands)

	Governmental Activities	
	2009	2008
Current and other assets	\$ 25,494	\$ 22,639
Capital assets, net of accumulated depreciation	87,668	84,979
Total assets	<u>113,162</u>	<u>107,618</u>
Current liabilities	3,785	9,946
Long-term liabilities outstanding	41,916	34,522
Total liabilities	<u>45,701</u>	<u>44,468</u>
Net Assets:		
Invested in capital assets, net of related debt	51,029	53,471
Restricted	647	630
Unrestricted	<u>15,785</u>	<u>9,049</u>
Total Net Assets	<u>\$ 67,461</u>	<u>\$ 63,150</u>

TABLE 2
CHANGE IN NET ASSETS
(In Thousands)

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 2,671	\$ 2,637
Operating grants and contributions	14,937	28,209
Capital grants and contributions	1,520	63
General revenues:		
Property taxes	70,212	66,021
Unrestricted grants	1,096	1,165
Unrestricted investment earnings	535	1,142
Miscellaneous	204	919
Total revenues	<u>91,175</u>	<u>100,156</u>
Expenses:		
Public safety	9,040	8,794
Public works	8,636	7,934
Recreation and parks	1,908	1,825
Social services	1,173	1,042
Library	1,734	1,608
General government	6,426	7,636
Education	57,328	65,149
Interest on long-term debt	618	1,410
Total expenses	<u>86,863</u>	<u>95,398</u>
Change in net assets	\$ <u>4,312</u>	\$ <u>4,758</u>

The Town’s total revenue was \$91.2 million. The total cost of all programs and services was \$87 million. Our analysis below separately considers the operations of governmental activities.

Governmental Activities

Approximately 77% of the revenues were derived from property taxes, followed by 18% generated from operating and capital grants, then 1.2% from other unrestricted grants, and the remaining 3.8% of revenues were generated from program and other miscellaneous revenues. Major revenue factors include:

- An increase in the property taxes and associated interest and lien fees by \$4.2 million during the year.
- The Town’s current levy collected tax rate remained unchanged from the previous year at 99.2%.
- The Town continued with their aggressive grant application strategy to pursue operating grants for governmental activities. The Town has also had continued support from our Legislators for grant entitlements for the functional area of Education.
- Although there is a decrease in operating grants, a majority of that decrease is attributed to a reduction of the amount of the payments from the State of Connecticut for the Education on behalf payments for Wethersfield teachers. The amount that was included in last year’s was \$16.7 million versus \$3.6 million which was contributed as of June 30, 2009. Education expenses decreased significantly due to the decrease in the on-behalf payments as well.

- Unrestricted investment earnings continued to decrease due to anticipated lower interest earnings rates in the market. The budget estimate that was developed for fiscal year 2008-2009 anticipated a reduction in these earnings.

For governmental activities 7.7% of the Town’s expenditures relate to general government, 62.4% relate to education, 10% relate to public safety, 9.7% relate to public works, 2% relate to recreation and parks, 4.8% relate to payments on long-term debt and the remaining .3.4% relate to other expenditures.

Major expenditure factors include a Town initiative to address infrastructure improvements while trying to find other revenue sources such as grants to help fund them. The taxpayer burden is taken very seriously. When the Town expenditure budget is being developed, much consideration is given to the viability of the services being offered as well as looking at new ways of providing those services with a savings. One way that this is being accomplished is through shared services with other Towns. The Town Council and staff have also been analyzing core services provided by the Town. The goal is to maintain core services in the most efficient manner and to move towards funding as many non-core programs 100% with program revenues. Table 3 below presents the cost of each of the Town’s five largest programs - public safety, public works, recreation and parks, general government and education - 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
(In Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Public safety	\$ 9,040	\$ 8,794	\$ 8,771	\$ 8,381
Public works	8,636	7,934	7,555	7,045
Recreation and parks	1,908	1,825	1,012	1,525
General government	6,426	7,636	4,661	6,121
Education	57,328	65,149	42,326	38,010
All other	<u>3,525</u>	<u>4,060</u>	<u>3,410</u>	<u>3,407</u>
Total	<u>\$ 86,863</u>	<u>\$ 95,398</u>	<u>\$ 67,735</u>	<u>\$ 64,489</u>

Financial Analysis of the Town’s Fund Financial Statements

Governmental funds. The focus of the Town of Wethersfield’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the Town’s financial requirements. The unreserved fund balance can serve as a useful measure of the Town’s net resources available for spending at the end of the fiscal year.

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported combined fund balances of \$17.3 million, an increase of \$7.9 million from June 30, 2008. This increase is mainly due to proceeds received from a bond sale for open space that was not expended by June 30, 2009.

The General Fund is the chief operating fund for the Town. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7.9 million while total fund balance reached \$9.3 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 9.6% of the total General Fund expenditures.

- At June 30, 2009, the Town's General Fund increased by \$493 thousand over the previous year. The key factors contributing to this increase mirror the governmental activities analysis highlighted in Exhibit IV.

Proprietary funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Internal Service Fund at the end of the year amounted to \$1.1 million. The Internal Service Fund, which is part of the Governmental activities, increased due to Town and Board of Education increased contributions into the self-insurance programs and a reclassification of reserved funds for post retirement benefits to unreserved during the fiscal year.

General Fund Budgetary Highlights

There were no significant differences between the original budget and the final amended budget. During the year, however, revenues were less than budgetary estimates by \$1.4 million mainly due to the \$1.3 million use of fund balance budget included in the budgetary column and this financing source not being recorded as other financing source in the revenue section. Expenditures were less than budgetary estimates by \$892 thousand. Overall revenues were less than expenditures on the budgetary basis by \$645 thousand. This amount was the actual use of fund balance versus the original \$1.3 million that had been budgeted. In the current year, revenues increased by 3.4% over the prior year as expenditures increased by 4.8%.

The major factors are as follows:

- The Town's property tax revenue increased approximately 5.5%.
- Board of Education expenditures increased by approximately \$3.3 million or 7.3%.
- Investment earnings decreased by approximately \$475 thousand or 49%.

The Town's General Fund balance of \$9.3 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$8.1 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance includes \$1.3 million of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets. The Town of Wethersfield's investment in capital assets for its governmental type activities, as of June 30, 2009, amount to \$88 million (net of accumulated depreciation). The investment in capital assets includes land, buildings, other improvements, rolling equipment, furniture and fixtures and infrastructure - Table 4. The total increase in the Town's investment in capital assets for the current fiscal year was \$2.7 million or approximately 3.2%.

Major capital asset events during the current fiscal year included the following:

- There are a variety of projects that span over a number of years with construction in progress as of the close of the fiscal year. The total construction in progress for governmental activities at June 30, 2009 was \$17.1 million. This amount includes:

➤ Town Hall Renovations Phase 1	\$ 3,483,738
➤ Webb/Stillman/Physical Services Renovations	7,096,544
➤ Town Hall Renovations Phase II	4,589,457
➤ Library Telephone System	30,000
➤ Highcrest School Roof Replacement	99,556
➤ Roof Repairs	109,851
➤ Keeney Center Boilers	20,380
➤ Cove Park Improvements	39,870
➤ Millwoods Masterplan	888,663
➤ Biketrails	57,198
➤ Voter Registration Boxes	10,000
➤ Furnace Replacement	4,599
➤ Basketball Tennis Court Improvements	37,029
➤ Fire Pump/Hard Hat Marine Unit	2,275
➤ Computers	44,994
➤ Police Equipment	22,601
➤ Ventilation Power Saw	20,516
➤ Defibulator Community Center	1,499
➤ Willard Swimming Pool	9,539
➤ 20 ft Steel container	2,600
➤ K9 Transport System	1,644
➤ WHS/Hammer Renovations	62,481
➤ Town Hall HVAC	9,704
➤ Pedestrian Ramps	20,550
➤ Roof Maintenance	46,240
➤ Physical Services Garage	25,586
➤ Emerson Williams Boiler	21,765
➤ Nott Street Retention Wall	3,185
➤ Middletown Ave	2,137
➤ Goff Road	5,200
➤ Dredge Cloverdale Pond	5,200
➤ Misc. Drainage Repairs	15,710
➤ Test Seal Joints	1,249
➤ Cottone Field Drainage	180
➤ Roads & Sidewalks	6,828
➤ Open Space	8,000
➤ Property Revaluation	214,867
➤ Fixed Assets Valuation	28,684
➤ Energy Savings	14,411
➤ MUNIS Town/BOE	15,258
➤ Town Assets	7,400
➤ Fire Pagers 29 units	14,640
	<hr/>
Total	\$ <u><u>17,101,828</u></u>

TABLE 4
CAPITAL ASSETS (Net of Depreciation)
(In Thousands)

	Governmental Activities	
	2009	2008
Land	\$ 4,399	\$ 2,761
Buildings	41,962	41,909
Improvements other than buildings	7,601	8,657
Rolling equipment	4,867	3,873
Furniture and fixtures	787	1,277
Infrastructure	10,950	10,424
Construction in progress	17,102	16,078
Total	\$ 87,668	\$ 84,979

This year's major additions to assets being depreciated included:

Capital Improvements and Other Equipment	\$ 176,589
Community Center	1,149,666
Fire Truck	1,108,448
Physical Services Vehicles	396,266
Roads and Sidewalks	867,167
Capital Nonrecurring (Public Safety vehicles, Equipment)	171,787
Total	\$ 3,869,923

Town's fiscal-year 2009-10 capital budget calls for it to spend another \$2.1 million for capital projects, principally for pavement mill and overlay, various drainage repairs, park improvements, building improvements, architectural studies and other infrastructure improvements.

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 year-end the Town had \$35.2 million in bonds and notes outstanding versus \$31.1 million last year - an increase of 13.3% as shown in Table 5.

TABLE 5
OUTSTANDING DEBT
(In Thousands)

	Governmental Activities	
	2009	2008
General Obligation Bonds	\$ 35,230	\$ 31,105

The Town's general obligation bond rating continues to carry the Aa3 rating from Moody's and AA from Standard and Poors for general obligation debt. 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 overall debt limit for the Town of Wethersfield is equal to seven times annual receipts from taxation or \$486.5 million. The Town's outstanding general obligation debt is significantly below 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 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Local and State Governments throughout the country, including Wethersfield, are battling with the federal monetary crisis. As the economy worsens, citizens have been losing their jobs or absorbing wage reductions and are trying to pay their bills with lesser amounts of household income. The Town Council and staff have continued to address these issues while still trying to provide first rate services. They continue to focus on core service provision, identifying the appropriate user fees, to self-fund 100% of the noncore programs, methods to grow the Town's tax base and increase economic development.

The Town of Wethersfield's unemployment rate of 8% as of the October 2009 was less than the Hartford Labor Market Area of 8.4% and the Connecticut State overall rate of 8.3% for the same time period.

The consumer price index for the United States City Average at June 2009 was at a level of 213.14. The Northeast Region of the United States was at a level of 227.57 at the same time.

These indicators for the earlier periods and several other factors were taken into account when adopting the General Fund budget for 2009-10. Amounts available for appropriation in the General Fund budget are \$82.5 million, a decrease of approximately 1% over the final 2009 budget of \$83.1 million. Reductions in spending determined by the Town Council's beginning stages of the evaluation of core services and the anticipated loss in revenues from State assistance, investment earnings and other user fees associated with the economic conditions are attributed to the overall decrease.

The Town will use these increases in revenues to finance programs currently offered and to off-set the effect that we expect inflation to have on program costs. The Town has not added any major new programs or initiatives to the 2009 budget. There will be increased focus on the core services for the Town in future budget plans in order to ease the stress of limited resources of taxpayers and current economic conditions.

During the fiscal year, unreserved fund balance in the General Fund decreased to \$8.1 million from \$8.5 million. The Town has appropriated \$700 thousand of fund balance in the fiscal year 2009-2010 budget to assist with the budgetary needs for the Town and Board of Education.

Requests for Information

This financial report is designed to provide a general overview of the Town of Wethersfield's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed in writing to the Office of the Finance Director, Town of Wethersfield, 505 Silas Deane Highway, Wethersfield, Connecticut 06109.

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 21,762,370
Investments	24,985
Receivables, net	3,537,824
Prepaid items	168,945
Capital assets not being depreciated	21,500,984
Capital assets being depreciated, net	66,166,792
Total assets	<u>113,161,900</u>
Liabilities:	
Accounts payable and accrued items	3,193,820
Unearned revenue	590,900
Noncurrent liabilities:	
Due within one year	5,037,787
Due in more than one year	36,877,900
Total liabilities	<u>45,700,407</u>
Net Assets:	
Invested in capital assets, net of related debt	51,029,327
Restricted for trust purposes:	
Expendable trusts	603,199
Nonexpendable trusts	43,695
Unrestricted	<u>15,785,272</u>
Total Net Assets	<u>\$ 67,461,493</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Public safety	\$ 9,040,278	\$ 247,178	\$ 22,545	\$	\$ (8,770,555)
Public works	8,636,306	21,012	240,115	819,762	(7,555,417)
Recreation and parks	1,907,800	196,235		700,000	(1,011,565)
Social services	1,172,956	40,137	51,969		(1,080,850)
Library	1,733,798	11,993	9,153		(1,712,652)
General government	6,425,748	1,516,683	248,047		(4,661,018)
Education	57,327,612	638,484	14,362,771		(42,326,357)
Interest on long-term debt	618,584		2,158		(616,426)
Total	<u>\$ 86,863,082</u>	<u>\$ 2,671,722</u>	<u>\$ 14,936,758</u>	<u>\$ 1,519,762</u>	<u>(67,734,840)</u>
General revenues:					
Property taxes					70,212,454
Unrestricted grants					1,095,483
Unrestricted investment earnings					534,991
Miscellaneous					203,701
Total general revenues					<u>72,046,629</u>
Change in Net Assets					4,311,789
Net Assets at Beginning of Year					<u>63,149,704</u>
Net Assets at End of Year					<u>\$ 67,461,493</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 11,578,065	\$ 3,858,959	\$ 4,108,834	\$ 19,545,858
Investments			24,985	24,985
Receivables, net:				
Property taxes receivable, net	1,098,476			1,098,476
Intergovernmental	586,983		111,440	698,423
Other receivables	316,998	11,809	760,805	1,089,612
Due from other funds			83,783	83,783
Other assets	<u>64,372</u>		<u>7,902</u>	<u>72,274</u>
Total Assets	<u>\$ 13,644,894</u>	<u>\$ 3,870,768</u>	<u>\$ 5,097,749</u>	<u>\$ 22,613,411</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 2,758,377	\$ 77,132	\$ 124,215	\$ 2,959,724
Due to other funds	83,783			83,783
Due to other governments	896			896
Deferred revenue	1,456,114	11,500	834,321	2,301,935
Total liabilities	<u>4,299,170</u>	<u>88,632</u>	<u>958,536</u>	<u>5,346,338</u>
Fund balances:				
Reserved:				
Encumbrances	1,434,292			1,434,292
Retirement benefits			113,000	113,000
Unreserved, reported in:				
General Fund	7,911,432			7,911,432
Special Revenue Funds			3,982,518	3,982,518
Capital Project Funds		3,782,136		3,782,136
Permanent Fund			43,695	43,695
Total fund balances	<u>9,345,724</u>	<u>3,782,136</u>	<u>4,139,213</u>	<u>17,267,073</u>
Total Liabilities and Fund Balances	<u>\$ 13,644,894</u>	<u>\$ 3,870,768</u>	<u>\$ 5,097,749</u>	<u>\$ 22,613,411</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

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

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

Fund balances - total governmental funds	\$ 17,267,073
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 144,967,444
Less accumulated depreciation	<u>(57,299,668)</u>
Net capital assets	87,667,776
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	96,671
Property tax receivables greater than 60 days	1,098,476
Interest receivable on property taxes	549,316
Receivable from the state for school construction projects	612,559
Deferred charges	111,537
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net assets.	1,072,721
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(35,230,000)
Interest payable on bonds and notes	(227,565)
Compensated absences	(1,749,085)
OPEB obligation	(2,288,000)
Capital lease	<u>(1,519,986)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 67,461,493</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 69,563,000	\$	\$	\$ 69,563,000
Intergovernmental revenues	14,000,914	1,721,003	1,827,928	17,549,845
Other local revenues	2,465,628	52,307	1,026,993	3,544,928
Total revenues	<u>86,029,542</u>	<u>1,773,310</u>	<u>2,854,921</u>	<u>90,657,773</u>
Expenditures:				
Current:				
Public safety	8,223,044		53,627	8,276,671
Public works	8,008,600			8,008,600
Recreation and parks	1,679,063		878	1,679,941
Social services	1,172,956			1,172,956
Library	1,670,957		65,779	1,736,736
General government	6,319,344	35,406	1,003,309	7,358,059
Education	51,564,577		2,326,491	53,891,068
Capital outlay		2,688,311	2,142,157	4,830,468
Debt service	3,952,959			3,952,959
Total expenditures	<u>82,591,500</u>	<u>2,723,717</u>	<u>5,592,241</u>	<u>90,907,458</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,438,042</u>	<u>(950,407)</u>	<u>(2,737,320)</u>	<u>(249,685)</u>
Other Financing Sources (Uses):				
Issuance of bonds and notes		6,855,000		6,855,000
Lease proceeds			1,383,903	1,383,903
Transfers in		3,621,031	1,081,631	4,702,662
Transfers out	(2,944,918)	(1,723,364)	(144,380)	(4,812,662)
Total other financing sources (uses)	<u>(2,944,918)</u>	<u>8,752,667</u>	<u>2,321,154</u>	<u>8,128,903</u>
Net Change in Fund Balances	493,124	7,802,260	(416,166)	7,879,218
Fund Balances at Beginning of Year	<u>8,852,600</u>	<u>(4,020,124)</u>	<u>4,555,379</u>	<u>9,387,855</u>
Fund Balances at End of Year	<u>\$ 9,345,724</u>	<u>\$ 3,782,136</u>	<u>\$ 4,139,213</u>	<u>\$ 17,267,073</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances - 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) \$ 7,879,218

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	6,530,823
Depreciation expense	(2,972,549)

In the statement of activities, only the gain on the sale of capital assets is reported. However,
in the governmental funds, the proceeds from the sale increase financial resources.
Thus the change in net assets differs from the change in fund balance by the cost of the assets sold. (869,894)

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	(146,876)
Property tax receivable - accrual basis change	487,303
Property tax interest and lien revenue - accrual basis change	162,151
Assessment receivable - accrual basis change	(3,200)
Net pension asset	540

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:

Issuance of bonds	(6,855,000)
Bond principal payments	2,730,000
Capital leases	(1,383,903)
Capital lease payments	401,032

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	(21,603)
Interest on bonds	137,020
Deferred charges	(111,537)
OPEB obligation	(2,288,000)
Amortization of bond premiums	93,219

Internal service funds are used by management to charge costs to individual funds. The net
revenue of certain activities of internal services funds is reported with governmental activities. 543,045

Change in Net Assets of Governmental Activities (Exhibit II) \$ 4,311,789

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUND

JUNE 30, 2009

	Governmental Activities <hr/> Internal Service Funds <hr/>
Assets:	
Cash and cash equivalents	\$ 2,216,512
Accounts receivable	<u>96,636</u>
Total assets	<u>2,313,148</u>
Liabilities:	
Current:	
Accounts payable	274
Claims incurred but not reported	868,785
Noncurrent:	
Claims incurred but not reported	<u>371,368</u>
Total liabilities	<u>1,240,427</u>
Net Assets:	
Unrestricted	\$ <u><u>1,072,721</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2009

		Governmental Activities
		Internal Service Fund
Operating Revenues:		
Contributions	\$	9,853,458
Operating Expenses:		
Salaries, wages and employee benefits		8,442,894
Other expenses		1,026,562
Total operating expenses		9,469,456
Operating Income		384,002
Nonoperating Revenue:		
Income on investments		17,719
Miscellaneous revenue		31,324
Total nonoperating revenue		49,043
Income Before Transfers		433,045
Transfers In		110,000
Change in Net Assets		543,045
Net Assets at Beginning of Year		529,676
Net Assets at End of Year	\$	1,072,721

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 7,814,549
Payment to suppliers	(6,949,254)
Payment to employees	(1,591,211)
Net cash used in operating activities	<u>(725,916)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers in	110,000
Cash Flows from Investing Activities:	
Interest on investments	<u>17,719</u>
Net Decrease in Cash and Cash Equivalents	(598,197)
Cash and Cash Equivalents at Beginning of Year	<u>2,814,709</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,216,512</u>
Reconciliation of Operating Income to Net Cash Used in	
Operating Activities:	
Operating income	\$ 384,002
Adjustments to reconcile operating income to net cash used in	
operating activities:	
Decrease in accounts receivable	1,176,414
Decrease in loans to other funds	(2,230,857)
Decrease in accounts payable and accrued expenses	<u>(55,475)</u>
Net Cash Used in Operating Activities	<u>\$ (725,916)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 671	\$ 4,359,427
Investments - mutual funds	53,122,195	
Contribution and other receivables	<u>5,361</u>	<u> </u>
 Total assets	 <u>53,128,227</u>	 <u>\$ 4,359,427</u>
Liabilities:		
Accounts payable		\$ 5,975
Due to student groups and others	<u> </u>	<u>4,353,452</u>
 Total liabilities	 <u>-</u>	 <u>\$ 4,359,427</u>
Net Assets:		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 53,128,227</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2009

Additions:	
Contributions:	
Employer	\$ 1,193,687
Plan members	983,486
Total	<u>2,177,173</u>
Investment income (loss):	
Net depreciation in fair value of investments	(13,471,312)
Interest and dividends	1,875,541
Net investment loss	<u>(11,595,771)</u>
Net reductions	<u>(9,418,598)</u>
Deductions:	
Benefits	3,704,442
Administration expense	221,098
Total deductions	<u>3,925,540</u>
Net Decrease	(13,344,138)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>66,472,365</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 53,128,227</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WETHERSFIELD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Wethersfield, Connecticut (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 1822. It operates under a charter as revised on November 8, 1994. The Town operates under a Town Council-Town Manager form of government. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in *Statement of Governmental Accounting Standards No. 14* issued by the Governmental Accounting Standards Board.

The Wethersfield Housing Authority (the WHA), although governed by a commission which is appointed by the Town Council, is considered to be a separate governmental body because the Town has no budgetary authority over the WHA and has no authority over the funds of the WHA. Financial data for the WHA are not included in the financial statements of the Town. However, the Town has received several state and federal grants for the renovation of Westfield Heights, a housing development maintained by the WHA. The receipt and expenditure of these grants are being accounted for as Special Revenue Funds of the Town.

The Central Connecticut Health District (the CCHD), a tri-town health district, was created pursuant to State statute. CCHD is overseen by a seven-member board of which three members are appointed by the Town. Funding for CCHD is partially obtained through an assessment levied on the participating towns. The Town has no governing or budgeting authority over CCHD. CCHD is considered a separate governmental body and is, therefore, not included in the Town's financial statements.

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 normally are supported by taxes and intergovernmental revenues.

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

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

Governmental Funds

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

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund.

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

Capital Project Funds account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

Permanent Funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Heart and Hypertension and Hospital Medical Insurance Fund are the Town's internal service funds.

Fiduciary Funds

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

Pension Trust Fund accounts for the Employee Retirement System.

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The School Escrow, Town Escrow and Retiree Health Funds are the Town's agency funds.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension trust 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 Projects Fund accounts for construction and acquisition of major capital assets.

Additionally, the Town reports the following fund types:

The Internal Service Fund is used to account for the Town's heart and hypertension and self-insurance program for accident and health insurance coverage of the Town and Board of Education employees.

The Pension Trust Fund is used to account for the activities of the Town's defined benefit plan which accumulates resources for pension benefit payments to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide 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's 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for internal service funds include the benefits and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

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. Allowances for uncollectibles are computed based on historical data.

The Town’s property tax is levied on July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Real and personal property tax bills in excess of \$200 are due and payable in two installments, on July 1 following the date of the Grand List and on January 1 of the subsequent year. Motor vehicle taxes and real and personal property taxes less than \$200 are payable in one installment on July 1.

Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

Property assessments are made at 70% of appraised market value, based on the assessed value of the property at the prior October 1.

It is the policy of the Town to record deferred revenue for property taxes receivable at June 30 that have not been collected prior to September 1. Property taxes collected prior to June 30 that are applicable to the subsequent years’ assessment are reflected as advance tax collections (deferred revenue).

The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements.

F. Inventories and Prepaid Items

All materials and supplies are recorded as expenditures in the year purchased, except for food and supplies inventory of the Cafeteria Special Revenue Fund. Purchased inventories of the Cafeteria Fund are stated at cost on a first-in, first-out basis. Inventories of donated commodities are stated at fair market value.

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 or business-type 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 \$10,000 and an estimated useful life in excess of five

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.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	25-50
Infrastructure and public domain improvements	20-70
Office and school equipment	10-20
Kitchen appliances	15
Machinery, tools and equipment	10-15
Motor vehicles	7
Computer equipments and accessories	5

H. Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness. The entire liability is recognized in the government-wide financial statements.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net assets. 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

Budgets for the General Fund, Capital Nonrecurring Expenditures Fund and Animal Control Fund are authorized annually by the Town Council. Annual budgets are not adopted for any major Special Revenue Funds and, accordingly, are not included in the basic financial statements as permitted by accounting principles generally accepted in the United States of America.

In accordance with the Town Charter, Section 708, the Town uses the following procedures in establishing the budgetary data included in the basic financial statements:

Prior to the second Monday in April, the Town Manager submits to the Town Council a proposed operating budget for the General Fund for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. On the fourth Monday in April, a public hearing is conducted to obtain taxpayers' comments. Prior to the 15th of May, the budget is legally adopted through passage of an ordinance.

No department or board may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated. However, upon approval of the Director of Finance and the Town Manager, transfers from one budgetary line item to another may be made within a department or major division. The Board of Education has a similar budgetary control system with approval of such transfers by the Board of Education Business Manager. In addition, under Section 709 of the Town Charter, the Town Council may, by resolution, transfer monies from the contingency account to other line items at any time during the fiscal year and may transfer from any account during the last three months of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the activity level. All unencumbered appropriation balances lapse at the end of the fiscal year for which they were made, except that an appropriation made for a capital outlay does not lapse until the project for which the appropriation was made has been accomplished or no expenditure from or encumbrance of the appropriation has been made for three consecutive fiscal years.

Special Revenue Funds are administered in the same manner as the General Fund, except that the level of control for these funds is extended to encompass budget variations for expenditures insofar as projected revenues fluctuate within a fiscal period.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis fund balance is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as reservations of fund balance.

Additional appropriations of \$125,000 were made during the 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*, \$21,185,840 of the Town’s bank balance of \$24,370,481 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,941,144
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,244,696</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 21,185,840</u>

Cash Equivalents

At June 30, 2009 the Town’s cash equivalents amounted to \$2,263,581. 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>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA

Investments

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

<u>Investment Type</u>	<u>Fair Value</u>
Mutual funds	\$ <u>53,147,180</u>

Interest Rate Risk - The Town has, for the Pension Trust Funds, an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Pension Commission's Investment Policy requires its fixed income portion to be high quality bonds managed consistent with Bank of America's forecast of interest rates, inflation and valuation levels, and the benchmark is the Lehman Brothers Aggregate Index for high quality and the J.P. Morgan Developed B/B Index for high yield. This is a means to manage the Town's exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Investment Policy (described in the preceding paragraph) further limits its investment choices. The Town's interest-bearing investments consist of U.S. Government guaranteed obligations that are not subject to rating.

The Pension Commission's investment benchmark for large capitalization companies is the S&P 500 Index and Russell 1000 Value, and for small capitalization companies the benchmark is the Russell 2000. The benchmark for international equities is the Morgan Stanley EAFE Index and for fixed income is the Barclay's Capital Index.

Concentration of Credit Risk - The Investment Policy sets forth the following asset allocation targets: Domestic Equities 30% - 70%; International Equities 20%; and Fixed Income 20%.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2009, the Town had no 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, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 1,569,476	\$	\$	\$ 1,569,476
Accounts and other*	273,885	11,809	862,802	1,148,496
Special assessments	17,537			17,537
Intergovernmental	612,559		111,440	723,999
Gross receivables	<u>2,473,457</u>	<u>11,809</u>	<u>974,242</u>	<u>3,459,508</u>
Less: allowance for uncollectibles	<u>(471,000)</u>			<u>(471,000)</u>
Net Total Receivables	<u>\$ 2,002,457</u>	<u>\$ 11,809</u>	<u>\$ 974,242</u>	<u>\$ 2,988,508</u>

*Does not include accrued interest on property taxes of \$549,316.

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>
General Fund:		
Delinquent property taxes receivable principal	\$ 1,098,476	\$
Property taxes and other fees collected in advance		440,169
School building grants	612,559	
Capital Projects:		
Other		11,500
Nonmajor Governmental Funds:		
Unearned grants and other		<u>139,231</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,711,035</u>	<u>\$ 590,900</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,761,358	\$ 1,637,798	\$	\$ 4,399,156
Construction in progress	16,078,726	4,893,025	(3,869,923)	17,101,828
Total capital assets not being depreciated	<u>18,840,084</u>	<u>6,530,823</u>	<u>(3,869,923)</u>	<u>21,500,984</u>
Capital assets being depreciated:				
Buildings	62,957,429	1,332,308		64,289,737
Improvements other than buildings	11,603,409	10,000	(1,752,913)	9,860,496
Rolling equipment	8,461,108	1,629,909	(411,864)	9,679,153
Furniture and fixtures	10,238,646	30,519	(6,189)	10,262,976
Infrastructure	28,506,911	867,187		29,374,098
Total capital assets being depreciated	<u>121,767,503</u>	<u>3,869,923</u>	<u>(2,170,966)</u>	<u>123,466,460</u>
Less accumulated depreciation for:				
Buildings	(21,048,899)	(1,279,219)		(22,328,118)
Improvements other than buildings	(2,945,920)	(331,339)	1,017,939	(2,259,320)
Rolling equipment	(4,587,798)	(501,471)	276,944	(4,812,325)
Furniture and fixtures	(8,962,116)	(520,404)	6,189	(9,476,331)
Infrastructure	(18,083,458)	(340,116)		(18,423,574)
Total accumulated depreciation	<u>(55,628,191)</u>	<u>(2,972,549)</u>	<u>1,301,072</u>	<u>(57,299,668)</u>
Total capital assets being depreciated, net	<u>66,139,312</u>	<u>897,374</u>	<u>(869,894)</u>	<u>66,166,792</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,979,396</u>	<u>\$ 7,428,197</u>	<u>\$ (4,739,817)</u>	<u>\$ 87,667,776</u>

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

Governmental activities:	
Public safety	\$ 783,898
Public works	594,210
Recreation and parks	221,328
General government	38,510
Education	<u>1,334,603</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,972,549</u>

Construction Commitments

The Town has active construction projects as of June 30, 2009. At year end, the Town’s commitments are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Police Facility/Communications System/Town Hall		
Phase 1 renovations	\$ 13,967,274	\$ 53,429
Silas Deane Middle School renovations	13,217,559	7,441
Webb/Stillman School renovations	10,163,175	29,076
Town Hall Phase 2 renovations	5,129,774	70,225
Community Center	1,188,055	4,944
Millwood Master Plan Phase 1	934,721	8,078
Road and Sidewalk Improvements	<u>2,578,675</u>	<u>105,122</u>
 Total	 <u>\$ 47,179,233</u>	 <u>\$ 278,315</u>

The commitments are being financed with general obligation bonds and state and federal grants.

6. INTERFUND RECEIVABLE AND PAYABLE BALANCES

The composition of interfund balances, which represent temporary activity and budgetary policies, as of June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	<u>\$ 83,783</u>

Interfund transfers:

	<u>Transfers In</u>			<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$ 1,813,823	\$ 110,000	\$ 1,021,095	\$ 2,944,918
Capital Projects	1,662,828		60,536	1,723,364
Nonmajor Governmental	<u>144,380</u>			<u>144,380</u>
 Total Transfers Out	 <u>\$ 3,621,031</u>	 <u>\$ 110,000</u>	 <u>\$ 1,081,631</u>	 <u>\$ 4,812,662</u>

7. LEASES

Capital Leases

The Town has entered into a lease agreement as lessee for financing the acquisition of rolling equipment, fire apparatus and police communications equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 490,045
2011	359,513
2012	262,451
2013	193,121
2014	193,121
2015	<u>193,122</u>
Total minimum lease payments	1,691,373
Less amount representing interest	<u>(171,387)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,519,986</u>

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 31,105,000	\$ 6,855,000	\$ 2,730,000	\$ 35,230,000	\$ 2,870,000
Less deferred amounts	(133,843)		(22,306)	(111,537)	
Total bonds payable	<u>30,971,157</u>	<u>6,855,000</u>	<u>2,707,694</u>	<u>35,118,463</u>	<u>2,870,000</u>
Capital leases	537,115	1,383,903	401,032	1,519,986	433,833
Net OPEB obligation		2,288,000		2,288,000	
Compensated absences	1,727,482	21,603		1,749,085	865,169
Risk management liability	<u>1,286,127</u>		<u>45,974</u>	<u>1,240,153</u>	<u>868,785</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 34,521,881</u>	<u>\$ 10,548,506</u>	<u>\$ 3,154,700</u>	<u>\$ 41,915,687</u>	<u>\$ 5,037,787</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$612,559 will be used to repay respective debt; however, the Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate (%)</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Balance Outstanding June 30, 2009</u>
General obligation bonds	09/15/91	\$ 5,000,000	5.75-7.75	09/15/11	\$ 250,000 125,000 -	\$ 750,000
General obligation bonds	09/01/96	1,920,000	4.35-5.9	09/01/12	130,000	500,000
General obligation bonds	10/15/01	7,000,000	3.25-5.25	10/15/21	350,000	4,550,000
General obligation bonds	08/01/02	7,000,000	4.0-4.625	01/15/22	375,000 180,000 -	4,875,000
General obligation bonds	03/15/03	8,970,000	2.5-3.4	08/15/22	720,000 785,000 -	5,070,000
General obligation bonds	06/15/05	15,000,000	3.0-5.0	08/15/25	790,000 275,000 -	12,630,000
General obligation bonds	06/15/09	6,855,000	2.5-4.5	08/15/28	405,000	<u>6,855,000</u>
Total Outstanding						<u>\$ 35,230,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,870,000	\$ 1,316,678	\$ 4,186,678
2011	2,860,000	1,215,854	4,075,854
2012	2,875,000	1,117,464	3,992,464
2013	2,615,000	1,022,874	3,637,874
2014	2,240,000	939,825	3,179,825
2015-2019	10,535,000	3,504,294	14,039,294
2020-2024	8,845,000	1,401,203	10,246,203
2025-2028	<u>2,390,000</u>	<u>166,894</u>	<u>2,556,894</u>
Total	<u>\$ 35,230,000</u>	<u>\$ 10,685,086</u>	<u>\$ 45,915,086</u>

Authorized But Unissued

The total of authorized but unissued bonds at June 30, 2009 is \$4.3 million. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 156,726	\$ 21,079	\$ 135,647
Schools	313,452	17,876	295,576
Sewers	261,210	11,134	250,076
Urban renewal	226,382		226,382
Pension deficit	208,968		208,968

Sewer indebtedness includes overlapping debt of the Metropolitan District. As a member of the Metropolitan District (a quasi-municipal corporation that provides water supply and sewerage collection and disposal facilities for members), the Town is contingently liable for \$11.1 million or 8.05% of the District debt.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$486.5 million).

9. 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; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except as disclosed below. Settled claims from these risks did not exceed commercial insurance coverage during the years ended June 30, 2009, 2008 or 2007.

Heart and Hypertension

The Town is exposed to risk of loss for claims from police officers, hired before 1995, who incur hypertension or heart problems as a result of work conditions. The Town accounts for this activity through use of an internal service fund, which is funded by transfers from the general fund. An analysis of the claims liability is as follows:

	<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims Paid and Changes in Estimates</u>	<u>Accrued Liability End of Fiscal Year</u>
2007-08	\$ 470,212	\$ (38,469)	\$ 431,743
2008-09	431,743	(31,324)	400,419

Medical Self-Insurance

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. The program also covers retired employees. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims in excess of 125% of expected claim payments in the aggregate and over \$100,000 per individual, per year. During 2009, total claims expense of \$8,369,954 was incurred, which did not exceed 125% of expected claim payments. This expense represents claims processed and an estimate for claims incurred but not reported as of June 30, 2009.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2009 of \$839,734.

Premium payments are reported as quasi-external interfund transactions for the General Fund and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the years ended June 30, 2009 and 2008, is presented below:

		Accrued Liability Beginning of Fiscal Year		Current Year Claims Paid and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2007-08	\$	788,030	\$	7,942,577	\$	(7,876,223)	\$	854,384
2008-09		854,384		8,369,954		(8,384,604)		839,734

Interlocal Risk Pool

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town participates in CIRMA's Workers' Compensation Pool, a risk-sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period 2008-09 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2008-2009 was \$261,736. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured.

10. CONTINGENT LIABILITIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by Town management and counsel to result in a judgment or judgments which would have a material adverse effect on the Town's financial position.

11. OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The Town and Board of Education provide postretirement benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The Town does not issue stand-alone financial statements for this program.

At July 1, 2007, plan membership consisted of the following:

	<u>Town Plan</u>	<u>Board of Education Plan</u>
Active plan members	159	428
Retired members	153	335
Total Participants	<u>312</u>	<u>763</u>

B. Funding Policy

The Town’s funding and payment of postemployment benefits for the year ended June 30, 2009 are accounted for in the Internal Service Fund and Retiree Health Fund on a pay-as-you-go basis. As of June 30, 2009, the Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with the post employment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

C. Annual OPEB Cost and Net OPEB Obligations

The Town’s annual other postemployment 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 thirty 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>Town and BOE Retiree Benefit Plan</u>
Annual required contribution (ARC)	\$ 5,757,000
Interest on net OPEB obligation	
Adjustment to annual required contribution	
Annual OPEB cost	<u>5,757,000</u>
Contributions made	<u>3,469,000</u>
Increase in net OPEB obligation	2,288,000
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB Obligation - End of Year	<u>\$ 2,288,000</u>

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

<u>Year Ended</u>	<u>OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation</u>
6/30/2009	\$ 5,757,000	\$ 3,469,000	60.26%	\$ 2,288,000

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 (UAAL) (a-b)</u>	<u>Percentage Funded (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/07	\$ -	\$ 66,076,000	\$ (66,076,000)	0.0%	N/A	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The annual required contribution (ARC) reflects a 30-year, decreasing amortization of the unfunded actuarial accrued liability (AAL). The actuarial accrued liability for benefits was approximately \$66,076,000 and the fair market value of the assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$66,076,000. The actuarial assumptions include a 6.5% interest rate and annual payroll growth rate of 4.0%. The annual OPEB cost trend rate is 9% initially decreasing 1% per year to an ultimate rate of 5%.

12. EMPLOYEE RETIREMENT PLANS

A. Plan Description

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits to substantially all full-time employees, except certified personnel of the Board of Education who are covered under the State Teachers' Retirement System. Employee and employer obligations to contribute to the Plan are established and may be amended by the Town. The PERS is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. A stand-alone financial report is not prepared for the PERS.

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

Retirees, disabled individuals, and beneficiaries currently receiving benefits	202
Terminated employees entitled to benefits, but not yet receiving them	33
Current employees	<u>341</u>
Total	<u>576</u>

B. Summary of Significant Accounting Policies

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.

Method Used to Value Investments - Investments are reported at fair value. Investment income is recognized as earned.

C. Contributions

Police employees are required to contribute 7.5% of monthly earnings, employees of AFSCME Local 1303-40 and Local 1303-408 are required to contribute 5%, employees of the Town Administrative Group are required to contribute 5%, employees of the CILU Local 222 814081 Library Supervisors and 814082 Library Non-Supervisors are required to contribute 6% and AFSCME Local 818 hired prior to July 1, 2008 are required to contribute 5% and after July 1, 2008 are required to contribute 3% of their monthly earnings, other employees not mentioned above are required to contribute 2.25% for the first \$6,600 and 5% thereafter.

The Town is required to contribute the amount necessary to finance the benefits for its employees. For fiscal year ended June 30, 2009, the Town's required contribution was \$1,193,687, which represents 7.5% of covered payroll of \$15,914,306.

Administrative costs of the Plan are financed through investment earnings.

D. Annual Pension Cost and Net Pension Obligations

The Town’s annual pension cost and net pension asset for the year ended June 30, 2009 are as follows:

Annual required contribution	\$ 1,193,687
Interest on net pension obligation	(7,691)
Adjustment to annual required contribution	7,151
Annual pension cost	<u>1,193,147</u>
Contributions made	<u>1,193,687</u>
Increase (decrease) in net pension obligation	(540)
Net pension obligation (asset) - beginning of year	<u>(96,131)</u>
 Net Pension Obligation (Asset) - End of Year	 <u><u>\$ (96,671)</u></u>

The annual required contribution for the current year was determined as part of the July 1, 2008 actuarial valuation using the entry age normal cost method for the Plan. The actuarial assumptions included (a) an 8% investment rate of return and (b) 4.5% projected salary increases. The cost of living adjustment (for police only) was 2.5%, compounded annually. The unfunded actuarial accrued liability is being amortized on a 20-year closed period for the Town and a 10-year closed period for the police beginning July 1, 2000 for all plans.

E. Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/07	\$ 981,236	\$ 982,985	100%	\$ (95,352)
6/30/08	1,145,624	1,146,403	100	(96,131)
6/30/09	1,193,147	1,193,687	100	(96,671)

F. Pension Plan Required Supplementary Information

Schedule of Funding Progress
(thousands)

Plan Year	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Overfunded (Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (a-b)/c)
7/01/2003	\$ 53,118	\$ 47,731	\$ (5,387)	111.3 %	\$ N/A	N/A %
7/01/2004	53,114	50,754	(2,360)	104.6	11,973	(19.7)
7/01/2005	53,637	54,860	1,223	97.8	13,007	9.4
7/01/2006	55,733	59,097	3,364	94.3	13,776	24.4
7/01/2007	58,502	63,522	5,020	92.1	14,770	34.0
7/01/2008	62,734	67,395	4,661	93.1	15,914	29.3

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/04	\$ 454,299	100 %
6/30/05	595,859	100
6/30/06	782,508	95
6/30/07	982,985	100
6/30/08	1,146,403	100
6/30/09	1,193,687	100

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

State of Connecticut Teachers' Retirement System

Certified teachers employed by the Wethersfield Board of Education are eligible to participate in the State of Connecticut Teachers' Retirement System. This system is a cost-sharing multi-employer defined benefit PERS with the State acting as a non-employer contributor, which is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). The State of Connecticut Teachers' 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.

Full-time certified staff who are employed for an average of at least one-half of a school day are required to participate. A member who completes 10 years of service in Connecticut public schools is eligible for a vested benefit commencing at age 60. Members are required to contribute 7.25% of their annual salary while the contributions by the State are determined on an actuarial reserve basis described in CGS Sections 10-1831 and 10-183z.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of the actuarially computed unfunded liability. The Town does not contribute to the Connecticut Teachers' Retirement System nor has any legal obligation for benefits. The State paid \$3.6 million on behalf of Wethersfield teachers for the fiscal year ended June 30, 2009. This amount is lower than prior year because the State of Connecticut decreased the contributions significantly.

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Property taxes, interest and lien fees	\$ 69,660,028	\$ 69,660,028	\$ 69,563,000	\$ (97,028)
Intergovernmental revenues:				
State of Connecticut - General Government	1,140,087	1,140,087	1,147,452	7,365
State of Connecticut - Board of Education	8,421,252	8,421,252	8,341,767	(79,485)
Total intergovernmental revenues	<u>9,561,339</u>	<u>9,561,339</u>	<u>9,489,219</u>	<u>(72,120)</u>
Licenses, fees and permits:				
Engineering	10,350	10,350	9,950	(400)
Town Clerk	3,800	3,800	8,917	5,117
Transfer station	25,000	25,000	24,212	(788)
Police	3,200	3,200	5,099	1,899
Building inspections	250,000	250,000	254,048	4,048
Total licenses, fees and permits	<u>292,350</u>	<u>292,350</u>	<u>302,226</u>	<u>9,876</u>
Charges for services:				
Town Clerk	400,000	400,000	342,163	(57,837)
Police	319,500	319,500	172,772	(146,728)
Recreation and parks	173,304	173,304	175,763	2,459
Rents	9,000	9,000	12,024	3,024
Library	5,000	5,000	11,993	6,993
Community Center	40,000	40,000	40,137	137
Refuse disposal	51,000	51,000	54,726	3,726
Youth Service Counseling	4,000	4,000	1,819	(2,181)
White goods pickup	7,500	7,500	5,884	(1,616)
False alarms	35,000	35,000	44,175	9,175
Dial-A-Ride membership	19,500	19,500	17,556	(1,944)
Nature Center	63,647	63,647	65,347	1,700
Computer services	1,500	1,500	1,575	75.00
Cell tower rental fees	152,870	152,870	164,366	11,496
Returned check fee	2,300	2,300	2,015	(285)
Tree services	32,000	32,000	26,943	(5,057)
Other	50,000	50,000	115,130	65,130
Total charges for services	<u>1,366,121</u>	<u>1,366,121</u>	<u>1,254,388</u>	<u>(111,733)</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Fines and penalties	\$ <u>41,500</u>	\$ <u>41,500</u>	\$ <u>52,906</u>	\$ <u>11,406</u>
Interest on investments	<u>515,000</u>	<u>515,000</u>	<u>500,354</u>	<u>(14,646)</u>
Other revenues	<u>1,492,776</u>	<u>1,492,776</u>	<u>370,944</u>	<u>(1,121,832)</u>
Total	\$ <u>82,929,114</u>	\$ <u>82,929,114</u>	81,533,037	\$ <u>(1,396,077)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			3,597,744	
Cancellation of prior year encumbrances are recognized as budgetary revenue			(15,190)	
State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes			<u>913,951</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ <u>86,029,542</u>	

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Town Council	\$ 109,644	\$ 143,744	\$ 139,158	\$ 4,586
Town Manager	358,132	397,619	394,127	3,492
Personnel	30,316	36,816	34,282	2,534
Town Attorney	150,000	143,500	126,985	16,515
Town Clerk	236,120	245,508	233,941	11,567
Registrar of Voters	132,592	148,108	105,997	42,111
Town Treasurer	3,135	3,135	3,115	20
Finance/Accounting	439,453	447,897	433,681	14,216
Information processing	367,793	374,035	371,175	2,860
Tax collection	194,962	200,756	199,920	836
Assessment	290,408	292,729	288,058	4,671
Central office services	257,158	257,158	224,623	32,535
Town-wide radio system	216,618	216,618	208,277	8,341
Probate court	33,000	33,000	27,040	5,960
Economic Development	289,189	292,794	259,962	32,832
Building Inspection	359,041	360,175	353,144	7,031
Total general government	<u>3,467,561</u>	<u>3,593,592</u>	<u>3,403,485</u>	<u>190,107</u>
Public Safety:				
Police	7,235,361	7,240,861	6,990,108	250,753
Fire suppression	670,612	670,612	653,257	17,355
Fire Marshal	108,101	108,101	104,963	3,138
Fire facilities and maintenance	79,626	79,626	76,036	3,590
Emergency Medical Services	35,569	35,569	34,597	972
Total public safety	<u>8,129,269</u>	<u>8,134,769</u>	<u>7,858,961</u>	<u>275,808</u>
Public Works:				
Engineering	609,564	624,071	618,912	5,159
Facility utilities and maintenance	802,303	802,303	782,142	20,161
Physical services	3,196,104	3,260,144	3,215,193	44,951
Refuse and recycling services	2,059,467	2,059,467	1,958,526	100,941
Vehicle maintenance	1,105,396	1,112,533	1,065,446	47,087
Total public works	<u>7,772,834</u>	<u>7,858,518</u>	<u>7,640,219</u>	<u>218,299</u>
Social Services:				
Tri-Town Health District	105,800	105,800	105,791	9
Social and youth services	1,014,265	1,030,284	1,012,906	17,378
Total social services	<u>1,120,065</u>	<u>1,136,084</u>	<u>1,118,697</u>	<u>17,387</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Library	\$ 1,704,585	\$ 1,704,585	\$ 1,631,387	\$ 73,198
Recreation and Parks	1,617,460	1,641,299	1,610,676	30,623
Contingency	340,000	16,640		16,640
Insurance	625,000	625,000	611,710	13,290
Other expenditures	311,775	501,229	501,227	2
Disaster Recovery		205,000	189,453	15,547
Metropolitan District Commission	2,686,685	2,686,685	2,645,430	41,255
Debt service:				
Principal retirement	2,730,000	2,730,000	2,730,000	-
Interest	1,167,313	1,167,313	1,167,310	3
Bond issuance cost	50,000	55,652	55,649	3
Total debt service	3,947,313	3,952,965	3,952,959	6
Board of Education	48,217,633	48,217,633	48,053,587	164,046
Total expenditures	79,940,180	80,273,999	79,217,791	1,056,208
Other Financing Uses:				
Board of Education transfers out		164,000	164,000	-
Transfers out	2,989,734	2,696,369	2,780,918	(84,549)
Total	\$ 82,929,914	\$ 83,134,368	82,162,709	\$ 971,659

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted

3,597,744

State of Connecticut grants for Special Education Excess Costs are netted for budgetary purposes

913,951

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes

(1,137,986)

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

\$ 85,536,418

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 11,578,065	\$ 13,747,674
Property taxes receivable, net	1,098,476	752,865
Other receivables	903,981	1,182,367
Prepaid expenses	64,372	-
Due from other funds	-	5,105,506
	<u>-</u>	<u>5,105,506</u>
Total Assets	\$ <u>13,644,894</u>	\$ <u>20,788,412</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued items	\$ 2,758,377	\$ 2,199,281
Due to other funds	83,783	8,085,333
Due to other governments	896	83,113
Deferred revenues	1,456,114	1,568,085
Total liabilities	<u>4,299,170</u>	<u>11,935,812</u>
Fund balance:		
Reserved for encumbrances	1,434,292	311,496
Unreserved:		
Designated for subsequent year's budget	700,000	1,281,000
Undesignated	7,211,432	7,260,104
Total fund balance	<u>9,345,724</u>	<u>8,852,600</u>
Total Liabilities and Fund Balance	\$ <u>13,644,894</u>	\$ <u>20,788,412</u>

TOWN OF WETHERSFIELD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2009

Grand List	Uncollected Taxes June 30, 2008 and Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Tax Levy	Collections					Uncollected Taxes June 30, 2009
		Additions	Deletions			Taxes	Interest	Liens	Refunds	Total	
2007	\$ 70,148,413	\$ 105,863	\$ 674,487	\$	\$ 69,579,789	\$ 68,994,295	\$ 168,271	\$ 940	\$ 95,089	\$ 69,068,417	\$ 680,583
2006	653,227	30,491	15,286		668,432	383,915	78,917	1,728	17,800	446,760	302,317
2005	217,844	34,460	1,070		251,234	99,846	33,030	456	2,305	131,027	153,693
2004	77,785	7,509	8,278		77,016	13,599	7,916	72	7,544	14,043	70,961
2003	32,576	84	446		32,214	5,063	3,572	24	1,181	7,478	28,332
2002	33,502	305	471		33,336	5,156	7,347	24	11,551	976	39,731
2001	43,791				43,791	3,845	1,323	24	10,092	(4,900)	50,038
2000	(29)				(29)				5,253	(5,253)	5,224
1999	(3,171)				(3,171)				8,165	(8,165)	4,994
1998	5,158		46		5,112					-	5,112
1997	6,093		144		5,949					-	5,949
1996	12,208		94		12,114					-	12,114
1995	4,947	101			5,048					-	5,048
1994	4,805				4,805					-	4,805
1993	973				973					-	973
	<u>\$ 71,238,122</u>	<u>\$ 178,813</u>	<u>\$ 700,322</u>	<u>\$ -</u>	<u>\$ 70,716,613</u>	<u>\$ 69,505,719</u>	<u>\$ 300,376</u>	<u>\$ 3,268</u>	<u>\$ 158,980</u>	<u>\$ 69,650,383</u>	<u>\$ 1,369,874</u>

TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

Special Revenue Funds

	Capital and Nonrecurring Expenditures	Animal Control	School Cafeteria	State and Federal Grants			Cove Preservation	Land Acquisition
				Municipal	Education	Police		
ASSETS								
Cash and cash equivalents	\$ 593,791	\$ 46,296	\$ 265,233	\$ 73,634	\$	\$ 92,286	\$ 146,276	\$ 307,585
Investments								
Accounts receivables, net		1,991	1,160	206	1,944	20		
Due from other governments			61,440	50,000				
Due from other funds					77,833			
Inventory			7,902					
Total Assets	\$ 593,791	\$ 48,287	\$ 335,735	\$ 123,840	\$ 79,777	\$ 92,306	\$ 146,276	\$ 307,585
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued items	\$ 7,837	\$ 102	\$ 81,323	\$ 9,250	\$ 719	\$ 952	\$	\$
Deferred revenue					79,058			
Total liabilities	7,837	102	81,323	9,250	79,777	952	-	-
Fund Balances:								
Reserved for retirement benefits								
Unreserved:								
Unreserved and undesignated	585,954	48,185	254,412	114,590		91,354	146,276	307,585
Total fund balance	585,954	48,185	254,412	114,590	-	91,354	146,276	307,585
Total Liabilities and Fund Balances	\$ 593,791	\$ 48,287	\$ 335,735	\$ 123,840	\$ 79,777	\$ 92,306	\$ 146,276	\$ 307,585

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

Special Revenue

	<u>Edic Loan Repayment</u>	<u>Senior Net Lab</u>	<u>Small Cities Housing Rehabilitation</u>	<u>Katherine E. Smith</u>	<u>Frank Weston</u>	<u>Mayor's Volunteer Recognition</u>	<u>Agricultural Land Preservation</u>	<u>Terlicki Trust</u>
ASSETS								
Cash and cash equivalents	\$ 32,756	\$	\$ 33,943	\$ 19,411	\$ 172,005	\$ 2,778	\$ 384,827	\$ 15,846
Investments								
Accounts receivables, net	6,042		749,221					
Due from other governments								
Due from other funds		5,950						
Inventory								
Total Assets	<u>\$ 38,798</u>	<u>\$ 5,950</u>	<u>\$ 783,164</u>	<u>\$ 19,411</u>	<u>\$ 172,005</u>	<u>\$ 2,778</u>	<u>\$ 384,827</u>	<u>\$ 15,846</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued items	\$	\$	\$	\$	\$ 183	\$	\$	\$
Deferred revenue	6,042		749,221					
Total liabilities	<u>6,042</u>	<u>-</u>	<u>749,221</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for retirement benefits								
Unreserved:								
Unreserved and undesignated	32,756	5,950	33,943	19,411	171,822	2,778	384,827	15,846
Total fund balance	<u>32,756</u>	<u>5,950</u>	<u>33,943</u>	<u>19,411</u>	<u>171,822</u>	<u>2,778</u>	<u>384,827</u>	<u>15,846</u>
Total Liabilities and Fund Balances	<u>\$ 38,798</u>	<u>\$ 5,950</u>	<u>\$ 783,164</u>	<u>\$ 19,411</u>	<u>\$ 172,005</u>	<u>\$ 2,778</u>	<u>\$ 384,827</u>	<u>\$ 15,846</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>Special Revenue Funds</u>					<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Moeller Home Renovations</u>	<u>Cottone Field Donations</u>	<u>Capital Reserve</u>	<u>Postemployment Benefits</u>	<u>Total</u>	<u>Public Library</u>	
ASSETS							
Cash and cash equivalents	\$	\$ 8,512	\$ 163,128	\$ 1,721,828	\$ 4,080,135	\$ 28,699	\$ 4,108,834
Investments					-	24,985	24,985
Accounts receivables, net					760,584	221	760,805
Due from other governments					111,440		111,440
Due from other funds					83,783		83,783
Inventory					7,902		7,902
Total Assets	\$ -	\$ 8,512	\$ 163,128	\$ 1,721,828	\$ 5,043,844	\$ 53,905	\$ 5,097,749
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued items	\$	\$	\$	\$ 13,639	\$ 114,005	\$ 10,210	\$ 124,215
Deferred revenue					834,321		834,321
Total liabilities	-	-	-	13,639	948,326	10,210	958,536
Fund Balances:							
Reserved for retirement benefits				113,000	113,000		113,000
Unreserved:							
Unreserved and undesignated		8,512	163,128	1,595,189	3,982,518	43,695	4,026,213
Total fund balance	-	8,512	163,128	1,708,189	4,095,518	43,695	4,139,213
Total Liabilities and Fund Balances	\$ -	\$ 8,512	\$ 163,128	\$ 1,721,828	\$ 5,043,844	\$ 53,905	\$ 5,097,749

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

	Special Revenue Funds							
	Capital and Nonrecurring Expenditures	Animal Control	School Cafeteria	State and Federal Grants			Cove Preservation	Land Acquisition
				Municipal	Education	Police		
Revenues:								
Intergovernmental revenues	\$	\$	\$ 360,583	\$ 234,469	\$ 1,148,726	\$ 22,545	\$	\$
Licenses, fees and permits		15,028						
Charges for services			787,518					
Interest and dividends			1,932			562	1,460	2,597
Other revenue	24,566			8,892		59,377	20,472	301
Total revenues	<u>24,566</u>	<u>15,028</u>	<u>1,150,033</u>	<u>243,361</u>	<u>1,148,726</u>	<u>82,484</u>	<u>21,932</u>	<u>2,898</u>
Expenditures:								
Current:								
Public safety		10,721				42,906		
Recreation and parks							878	
Library								
General government	426,944			193,380				
Education			1,177,765		1,148,726			
Capital outlay	1,920,108	148				2,549		
Total expenditures	<u>2,347,052</u>	<u>10,869</u>	<u>1,177,765</u>	<u>193,380</u>	<u>1,148,726</u>	<u>45,455</u>	<u>878</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,322,486)</u>	<u>4,159</u>	<u>(27,732)</u>	<u>49,981</u>	<u>-</u>	<u>37,029</u>	<u>21,054</u>	<u>2,898</u>
Other Financing Sources (Uses)								
Lease proceeds	1,383,903							
Transfers in	607,502					19,740		
Transfers out	(143,105)							
Total other financing sources (uses)	<u>1,848,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,740</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(474,186)	4,159	(27,732)	49,981	-	56,769	21,054	2,898
Fund Balances at Beginning of Year	<u>1,060,140</u>	<u>44,026</u>	<u>282,144</u>	<u>64,609</u>	<u>-</u>	<u>34,585</u>	<u>125,222</u>	<u>304,687</u>
Fund Balances at End of Year	<u>\$ 585,954</u>	<u>\$ 48,185</u>	<u>\$ 254,412</u>	<u>\$ 114,590</u>	<u>\$ -</u>	<u>\$ 91,354</u>	<u>\$ 146,276</u>	<u>\$ 307,585</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue							
	Edic Loan Repayment	Senior Net Lab	Small Cities Housing Rehabilitation	Katherine E. Smith	Frank Weston	Mayor's Volunteer Recognition	Agricultural Land Preservation	Terlicki Trust
Revenues:								
Intergovernmental revenues	\$	\$	\$ 46,806	\$	\$	\$	\$	\$
Licenses, fees and permits								
Charges for services								
Interest and dividends			1,859	193	11,318	27	4,010	152
Other revenue	2,500			100				
Total revenues	<u>2,500</u>	<u>-</u>	<u>48,665</u>	<u>293</u>	<u>11,318</u>	<u>27</u>	<u>4,010</u>	<u>152</u>
Expenditures:								
Current:								
Public safety								
Recreation and parks								
Library								
General government	9,395		43,301	400	1,404			
Education								
Capital outlay			200,300					
Total expenditures	<u>9,395</u>	<u>-</u>	<u>243,601</u>	<u>400</u>	<u>1,404</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,895)</u>	<u>-</u>	<u>(194,936)</u>	<u>(107)</u>	<u>9,914</u>	<u>27</u>	<u>4,010</u>	<u>152</u>
Other Financing Sources (Uses)								
Lease proceeds								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(6,895)	-	(194,936)	(107)	9,914	27	4,010	152
Fund Balances at Beginning of Year	<u>39,651</u>	<u>5,950</u>	<u>228,879</u>	<u>19,518</u>	<u>161,908</u>	<u>2,751</u>	<u>380,817</u>	<u>15,694</u>
Fund Balances at End of Year	<u>\$ 32,756</u>	<u>\$ 5,950</u>	<u>\$ 33,943</u>	<u>\$ 19,411</u>	<u>\$ 171,822</u>	<u>\$ 2,778</u>	<u>\$ 384,827</u>	<u>\$ 15,846</u>

(Continued on next page)

TOWN OF WETHERSFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds				Total	Permanent Fund	Total Nonmajor Governmental Funds
	Moeller Home Renovation	Cottone Field Donations	Capital Reserve	Postemployment Benefits		Public Library	
Revenues:							
Intergovernmental revenues	\$	\$	\$ 5,646	\$	\$ 1,818,775	\$ 9,153	\$ 1,827,928
Licenses, fees and permits					15,028		15,028
Charges for services					787,518		787,518
Interest and dividends		142		1,081	25,333	(8,465)	16,868
Other revenue			31,379		147,587	59,992	207,579
Total revenues	-	142	37,025	1,081	2,794,241	60,680	2,854,921
Expenditures:							
Current:							
Public safety					53,627		53,627
Recreation and parks					878		878
Library					-	65,779	65,779
General government				328,485	1,003,309		1,003,309
Education					2,326,491		2,326,491
Capital outlay		14,480			2,137,585	4,572	2,142,157
Total expenditures	-	14,480	-	328,485	5,521,890	70,351	5,592,241
Excess (Deficiency) of Revenues over Expenditures	-	(14,338)	37,025	(327,404)	(2,727,649)	(9,671)	(2,737,320)
Other Financing Sources (Uses)							
Lease proceeds					1,383,903		1,383,903
Transfers in			97,639	356,750	1,081,631		1,081,631
Transfers out	(1,275)				(144,380)		(144,380)
Total other financing sources (uses)	(1,275)	-	97,639.00	356,750	2,321,154	-	2,321,154
Net Change in Fund Balances	(1,275)	(14,338)	134,664	29,346	(406,495)	(9,671)	(416,166)
Fund Balances at Beginning of Year	1,275	22,850	28,464	1,678,843	4,502,013	53,366	4,555,379
Fund Balances at End of Year	-	8,512	163,128	1,708,189	4,095,518	43,695	4,139,213

TOWN OF WETHERSFIELD, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2009

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 688,437	\$ 1,528,075	\$ 2,216,512
Accounts receivable		96,636	96,636
Total assets	<u>688,437</u>	<u>1,624,711</u>	<u>2,313,148</u>
Liabilities:			
Current:			
Accounts payable	176	98	274
Risk management claims	29,051	839,734	868,785
Total current liabilities	<u>29,227</u>	<u>839,832</u>	<u>869,059</u>
Noncurrent:			
Claims incurred but not reported	371,368		371,368
Total liabilities	<u>400,595</u>	<u>839,832</u>	<u>1,240,427</u>
Net Assets	<u>\$ 287,842</u>	<u>\$ 784,879</u>	<u>\$ 1,072,721</u>

TOWN OF WETHERSFIELD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Operating Revenues:			
Contributions	\$	\$ 9,853,458	\$ 9,853,458
Operating Expenses:			
Salaries, wages and employee benefits	72,940	8,369,954	8,442,894
Other expenses		1,026,562	1,026,562
Total operating expenses	<u>72,940</u>	<u>9,396,516</u>	<u>9,469,456</u>
Operating Income (Loss)	<u>(72,940)</u>	<u>456,942</u>	<u>384,002</u>
Nonoperating Revenue:			
Income on investments	5,307	12,412	17,719
Miscellaneous revenue	31,324		31,324
Total nonoperating revenue	<u>36,631</u>	<u>12,412</u>	<u>49,043</u>
Income (Loss) Before Transfers	(36,309)	469,354	433,045
Transfers In	<u>110,000</u>		<u>110,000</u>
Change in Net Assets	73,691	469,354	543,045
Net Assets at Beginning of Year	<u>214,151</u>	<u>315,525</u>	<u>529,676</u>
Net Assets at End of Year	<u>\$ 287,842</u>	<u>\$ 784,879</u>	<u>\$ 1,072,721</u>

TOWN OF WETHERSFIELD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Heart and Hypertension</u>	<u>Hospital Medical Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 141,992	\$ 7,672,557	\$ 7,814,549
Payments to suppliers		(6,949,254)	(6,949,254)
Payments to employees	<u>(72,764)</u>	<u>(1,518,447)</u>	<u>(1,591,211)</u>
Net cash provided by (used in) operating activities	69,228	(795,144)	(725,916)
Cash Flows from Noncapital Financing Activities:			
Transfers in	110,000		110,000
Cash Flows from Investing Activities:			
Income on investments	<u>5,307</u>	<u>12,412</u>	<u>17,719</u>
Net Increase (Decrease) in Cash and Cash Equivalents	184,535	(782,732)	(598,197)
Cash and Cash Equivalents at Beginning of Year	<u>503,902</u>	<u>2,310,807</u>	<u>2,814,709</u>
Cash and Cash Equivalents at End of Year	<u>\$ 688,437</u>	<u>\$ 1,528,075</u>	<u>\$ 2,216,512</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used in) Operating Activities:			
Operating income (loss)	\$ <u>(72,940)</u>	\$ <u>456,942</u>	\$ <u>384,002</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
(Increase) decrease in receivable	183,091	993,323	1,176,414
Increase (decrease) in loans to other funds		(2,230,857)	(2,230,857)
Increase (decrease) in accounts payable and accrued expenses	<u>(40,923)</u>	<u>(14,552)</u>	<u>(55,475)</u>
Total adjustments	<u>142,168</u>	<u>(1,252,086)</u>	<u>(1,109,918)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 69,228</u>	<u>\$ (795,144)</u>	<u>\$ (725,916)</u>

TOWN OF WETHERSFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
School Escrow				
Assets:				
Cash and cash equivalents	\$ 488,159	\$ 841,763	\$ 830,138	\$ 499,784
Liabilities:				
Fiduciary deposits	\$ 488,159	\$ 841,763	\$ 830,138	\$ 499,784
Town Escrow				
Assets:				
Cash and cash equivalents	\$ 1,222,258	\$ 1,697,549	\$ 710,913	\$ 2,208,894
Due from other funds	920,200		920,200	-
Total Assets	\$ 2,142,458	\$ 1,697,549	\$ 1,631,113	\$ 2,208,894
Liabilities:				
Accounts payable	\$ 8,857		\$ 2,882	\$ 5,975
Fiduciary deposits	2,133,601	1,697,549	1,628,231	2,202,919
Total Liabilities	\$ 2,142,458	\$ 1,697,549	\$ 1,631,113	\$ 2,208,894
Retiree Health				
Assets:				
Cash and cash equivalents	\$	\$ 1,650,749	\$	\$ 1,650,749
Due from other funds	80,085		80,085	-
Total Assets	\$ 80,085	\$ 1,650,749	\$ 80,085	\$ 1,650,749
Liabilities:				
Fiduciary deposits	\$ 80,085	\$ 1,570,664	\$ -	\$ 1,650,749

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TOWN OF WETHERSFIELD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 1,710,417	\$ 4,190,061	\$ 1,541,051	\$ 4,359,427
Due from other funds	<u>1,000,285</u>	<u> </u>	<u>1,000,285</u>	<u>-</u>
Total Assets	<u>\$ 2,710,702</u>	<u>\$ 4,190,061</u>	<u>\$ 2,541,336</u>	<u>\$ 4,359,427</u>
Liabilities:				
Accounts payable	\$ 8,857	\$	\$ 2,882	\$ 5,975
Fiduciary deposits	<u>2,701,845</u>	<u>4,109,976</u>	<u>2,458,369</u>	<u>4,353,452</u>
Total Liabilities	<u>\$ 2,710,702</u>	<u>\$ 4,109,976</u>	<u>\$ 2,461,251</u>	<u>\$ 4,359,427</u>

**TOWN OF WETHERSFIELD, CONNECTICUT
STATEMENT OF DEBT LIMITATION**

COMPARATIVE SCHEDULE BY SOURCE

JUNE 30, 2009

(In Thousands)

Total tax collections, including interest and lien fees, received by Treasurer for year ended June 30, 2009					\$ 69,650
Reimbursement for loss on: Tax relief for elderly - elderly freeze					<u>6</u>
BASE					<u>\$ 69,656</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 156,726	\$	\$	\$	\$
4-1/2 times base		313,452			
3-3/4 times base			261,210		
3-1/4 times base				226,382	
3 times base					208,968
Total debt limitation	<u>156,726</u>	<u>313,452</u>	<u>261,210</u>	<u>226,382</u>	<u>208,968</u>
Indebtedness:					
Bonds payable	20,124	15,106			
Bonds authorized - unissued	955	3,383			
Town share of Metropolitan District debt			11,134		
Less school and other grants		(613)			
Total indebtedness	<u>21,079</u>	<u>17,876</u>	<u>11,134</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 135,647</u>	<u>\$ 295,576</u>	<u>\$ 250,076</u>	<u>\$ 226,382</u>	<u>\$ 208,968</u>

Note: In no event shall total debt exceed seven times annual receipts from taxation (\$486.5 million).