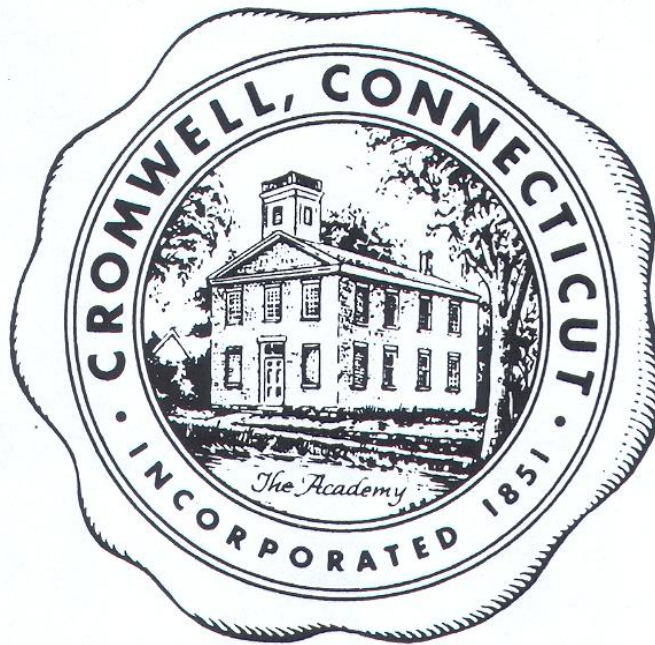


Town of Cromwell, Connecticut



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**TOWN OF CROMWELL,
CONNECTICUT**

Fiscal Year Ended June 30, 2011

Prepared by:

**Finance Department
Marianne Sylvester
Finance Director**

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Town of Cromwell

NATHANIEL WHITE BUILDING
41 WEST STREET
CROMWELL, CONNECTICUT 06416

December 9, 2011

The Honorable Mertie Terry
First Selectman
Town of Cromwell, Connecticut

The Comprehensive Annual Financial Report (CAFR) of the Town of Cromwell for the fiscal year ended June 30, 2011 is hereby submitted. The purpose of this report is to provide citizens, board members, investors, grantor agencies and other interested parties with reliable information about the Town of Cromwell. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The intent is to provide reasonable assurance that the financial statements are free of any material misstatements.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-Profit Organizations. The Town is also required to undergo a Single Audit under Public Act 91-401 of the State of Connecticut. Information related to these single audits will be issued separately.

McGladrey & Pullen, LLP, have issued an unqualified ("clean") opinion on the Town of Cromwell's financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follow the independent auditor's report and provides a narrative overview of the basic financial statements. The MD&A is intended to complement this transmittal letter and should be read in conjunction with it.

This report includes all of the funds and accounts of the Town. It includes all activities controlled or dependent on the Town, which are identified as general, special revenue, capital project, trust and agency fund, and general capital asset and general long-term debt account. The Cromwell Board of Education (grades K through 12) and the Cromwell Water Pollution Control Authority are considered departments of the Town and therefore, these activities are included in this report. The Cromwell Fire/Water District and the Mattabassett District are governmental entities having operations within the Town, but are separate legal entities. Their operations have therefore not been included in the Town's financial statements.

The Town provides a full range of municipal services including public safety (police, animal control and civil preparedness), public works (roads, building and grounds, solid waste management, engineering, motor pool and building inspections), health, sanitation, zoning compliance, senior citizen services, youth services, social services, recreation, library, education and schools and general government administrative service. As a separate legal entity, the Cromwell Fire District provides fire, ambulance and water services.

Economic Condition and Outlook

The Town comprises 13.5 square miles in the approximate geographical center of the State. It is 14 miles south of Hartford and 28 miles northeast of New Haven. The Connecticut River forms the eastern boundary of the Town. A major north/south highway, Interstate 91, with two Cromwell exits, runs through the Town. Also, Connecticut Routes 99, 372 and 3 bisect the Town. The Central Connecticut Expressway (Route 9) also enhances the Town's location as it connects I-95 in Old Saybrook, I-91 in Cromwell and I-84, the State's major east/west highway, in New Britain. Given the Town's location and accessibility to major roadways, the Town contributes a great deal of its residents to the area's labor force. On June 30, 2011, 92.7% of the Town's available labor force was employed. This compares favorably to the area rate of 90.8% and the State rate of 90.9%. The Town's per capita income was \$44,206 and its median household income was \$73,665, as reported by in the State of Connecticut Fiscal Indicators report.

The Town's position as a residential community is illustrated by the fact that approximately 70.2% of the October 2009 grand list was residential. The percentage of the 2008 grand list was 70.9%. Permits for twenty-seven new residential units were issued this year compared to thirty in 2010. In the last ten years, the average number of new units per year is forty-four. The Town has several subdivisions in various stages of completion. Nine out of fourteen residential subdivisions are 50% or more complete. Bruno Baroni's subdivision, on North Road, has their last unit 90% complete and Sydney Lane has one lot remaining. Both the Eager Lane and Cromwell Chase subdivisions have their final units started. Northbrook Estates has thirty-four of thirty-six units complete, with the thirty-fifth unit 85% complete. Congress Drive (21 total units available) and Newbury Estates (20 total units available) are 80% complete. Mountain View Estates has made progress, moving from four units completed to ten units completed and four more under construction. For the future, there are several projects that are in the beginning stages of the approval and construction process. These include Bender Homes, with ten out of twenty-six total units complete, Northwoods Estates with two units permitted out of a total of forty-eight, Woodside Estates with three units under construction out of eight, and Fairway View Estates with one out of four completed. Also, a large active adult subdivision continues development on Willowbrook Road (fifty-two units), with twenty-two units completed and one more under construction.

As a percentage of the grand list, industrial and commercial property values are at 18.0% compared to 17.4% the previous year. Progress on the Coles Brook Industrial Park continues with five units out of seven completed, including two units along County Line Drive (northern boundary). A permit has been issued for a 14,000 square foot facility along County Line Drive. The current (active) project covers 13 acres out of 70 acres planned as a commercial park. With the environmental study required by the State completed, the real estate behind the existing development should become available for further commercial development. The Town has received two Small Town Economic Assistance Program (STEAP) grants from the State of Connecticut over the past five years to provide the environmental study, supplement the infrastructure in this area, and facilitate commercial development for the Town. Preliminary engineering to extend sewer service to this northern tier area is being finalized and design work to complete this infrastructure project will be underway shortly. Cobblestone Plaza on Route 372 has a new CVS store and a new Liberty Bank completed and open for business, and the third site has been cleared for development. Another commercial property at 181 Shunpike Road is being developed, with two buildings approved for this site. One building has opened as an early learning/daycare center. Approval has been given to develop the other site for general office facilities. A few existing commercial facilities have completed expansions during 2010-11, including Liturgical Publications, Ridgeview Health Care, and Billy Tee's. Several commercial properties have proposed interior improvements for the upcoming fiscal year.

With the residential component of the grand list consistently around 70%, regulatory boards and commissions, to the extent possible, are evaluating the impact their decisions have on the grand list. Diversification of the grand list is considered as part of the Town's economic development initiatives. The balance of the grand list amounts to 11.8%, compared to 11.7% last year.

Major Initiatives

For the Year:

Major initiatives tend to be measured by large expenditures and/or project size and are usually thought of in terms of capital projects. However, presented below are the highlights of the Town's special programmatic and service initiatives followed by the explanation of capital initiatives.

Programs and Services:

Finance Department:

Awarded the Town's twenty-first consecutive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

Police:

Continued participation in State grant programs for drug enforcement and education, specialized traffic control and community policing projects.

Health Department:

The Cromwell Health Department participates in Public Health Emergency Preparedness (PHEP) to protect the citizens in the event of a biological emergency. Each year the Mass Dispensing Area, MDA 36, consisting of Cromwell, Middletown, Middlefield, and Durham, participates in drills, exercises and planning to perfect the delivery of vaccine and vaccination to the community. The free radon-testing program provided carbon monoxide test kits on a cost-share/donation basis to town residents. Continued to monitor a mosquito control program.

Library:

The Library saw an increase in circulation of 3,249 volumes. Was an active participant in the statewide computerized library network.

Recreation:

Operated and/or supported fifty-two programs for both children and adults in the Town. Worked with the Public Works Department on improvements to Town fields in support of outdoor Recreation programs.

Economic Development Commission:

Using State of Connecticut Economic Development Grants, continued to pursue the establishment of an industrial/commercial park in the northern part of Town. Design work for infrastructure improvements in this area is being completed. The Town received a \$200,000 Small Town Economic Assistance Program grant for recreational enhancements to the Downtown/Riverfront area, to compliment the revitalization work done through grant funds and a 2008 bond issue.

Human Services:

The Human Services Department continued all services to the seniors and youth of the Town. Support services and referrals to citizens of Cromwell were provided as needed. A State grant was received to support an increased level of transportation services to the Town's senior and handicapped citizens for a fifth year.

Capital Projects:

Public Works:

Construction continued on Town-wide infrastructure improvements. Work is nearing completion on several projects, including Chelsea Estates, Summit Drive and Nooks Hill Road, Diane Drive, and Iron Gates Estates. Design work is being completed on New Lane, with construction to begin in the 2011-12 fiscal year. Stocking Triangle, on Main Street, was completed using funds provided by a Small Town Economic Assistance Program grant. A new fuel management system was installed for town use for more efficient and effective allocation of usage and costs.

Education:

The roof replacement projects, including the photovoltaic systems, on the elementary and middle schools and asbestos removal project at the elementary school are nearing completion. The photovoltaic systems became operational in the spring 2011 and are proving to be quite successful.

Parks & Recreation:

The Parks and Grounds Division is working in cooperation with the Recreation Department to improve the quality of existing Town athletic fields and install irrigation systems.

Financial Information

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from losses, theft, or misuse to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of Federal financial assistance both directly and as passed through the State, the Town is responsible for maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. The same applies to financial assistance provided directly by the State.

As a part of the Town's single audits, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the government has complied with applicable laws and regulations. The single audits for the fiscal year ended June 30, 2011 will be issued as separate reports. They will be filed with the Town Clerk for public inspection and will be filed with appropriate Federal and State agencies.

Budgeting Controls

In addition to internal accounting controls, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget for the General Fund approved at the annual Town Meeting and as may be amended by the Boards of Selectmen and Finance or a Special Town Meeting during the fiscal year. The General Fund level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level. The Town maintains annual budgets for other funds, such as the Sidewalk Fund, Sewer Usage Fund, Sewer Assessment Fund, and the Dog Fund, as approved by Special Town Meetings. The Town also maintains project length budgets for all capital projects approved by Special Town Meetings.

To aid in budgetary control, the Town maintains an encumbrance accounting system to record obligations by line item for all budgets. Verification of funds availability is required prior to the issuance of purchase orders, which are recorded as encumbrances in the budgetary accounting system. Those encumbrances for goods and services that have not been received on June 30 of each year are reported as reservations of fund balance. Valid charges in the next fiscal year are paid from these encumbrances.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

General Fund Balance

Fund balance was restated this year as a result of GASB#54 and the unreserved, undesignated General Fund fund balance now includes an amount that was previously held as reserved for compensated absences. The unreserved, undesignated available fund balance decreased slightly by \$159,440, or 3.5%, during the fiscal year. This amount, \$4,104,568, is equivalent to about 35 days of operating expenditures and is 9.7% of the adopted 2011 budget. There was a favorable result from budgetary operations; however, other financing sources and uses resulted in a net decrease in fund balance. Other financing sources and uses included a \$250,000 reimbursement payment, additional appropriations of \$927,118 for capital projects. Also, \$37,600 was committed by the Board of Finance toward the 2012 budget accounts.

The Town of Cromwell's General Fund fund balance has historically been used to fund large capital projects and prefund reimbursement-type grant opportunities. During fiscal 2011, there were additional appropriations from fund balance, totaling \$927,118. \$200,000 was appropriated to pre-fund another STEAP grant for the downtown area and a total of \$723,518 was transferred to the Capital/Nonrecurring Fund for various capital projects/equipment and to prefund small capital grants. An additional \$3,600 was appropriated to purchase State of Connecticut surplus vehicles. Additionally the fund balance allowed for up to \$226,111 to balance the fiscal 2011 budget. This is in keeping with the Board of Finance's historical practices and philosophy.

Debt Administration

On June 30, 2011, the Town had a number of debt issues outstanding. Bonded indebtedness was \$30,215,000 with a final maturity date of June 2030. All the bonds are general obligations of the Town. However, sewer assessments collectable are dedicated to pay the sewer bonds outstanding which amount to \$150,000. Bonds that are authorized but unissued total \$5,783,816. The Woodside Intermediate School project accounts for 38% of this amount. It is anticipated that this additional authorized amount for the school project will not be needed. The balance of the authorized but unissued amount is a result of the new projects authorized in May 2008 and 2010.

In 2008, Standard & Poor's credit rating agency upgraded the Town of Cromwell's credit rating from AA- to a solid AA. Fitch Investors Service maintained their AA- rating.

According to State Statutes, total Town indebtedness may not exceed seven times the annual receipts from taxation or \$275,077,181 on June 30, 2011. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2011 was 11.0% of statutory capacity.

On June 30, 2011, the ratio of bonded indebtedness to assessed value (grand list) was 2.19%. The amount of bonded indebtedness per capita was \$2,163.

Relevant Policies and Practices

Fund Balance Policy

The Board of Selectmen approved a policy providing guidelines for budgeting decisions and to insure adequate reserves are established and maintained to fund operations by providing sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. This policy further established pertinent classifications of the established reserves and the level of authority necessary for each classification. This policy also discusses the importance of maintaining an appropriate level of fund balance, taking into consideration the Town's operating characteristics, diversity of tax base, reliability on non-tax revenue sources, working capital needs, impact on bond rating, local and economic outlooks, emergency and disaster risk and other contingent issues. In accordance with prudent budgeting practices, the unassigned fund balance will not be used on a routine or on-time basis to lower taxes or offset normal operating expenditures.

Economic Development Incentive Guidelines

The Board of Selectmen approved guidelines to encourage the strategic growth and expansion of business, consistent with the Town of Cromwell's Plan of Conservation and Development (POCD). The objective of these guidelines are to stimulate local economic conditions to strengthen existing businesses and develop growth in strategic industries, provide for high quality, long term growth of the tax base, preserve and create jobs for local residents and accomplish community goals as stated in the current POCD. The Board of Selectmen, upon the recommendation of the First Selectman, must approve all incentives to new and existing businesses.

Debt Management and Capital Planning

The Board of Selectmen approved a Debt Management and Capital Planning policy to be used in assessing and long range planning of the Town's capital needs, the determination of appropriate funding methods, and the management of debt and capital assets at a portfolio level. The policy outlines basic objectives for debt issuance and acceptable uses, as well as decision analysis for capital planning, oversight and monitoring. The Town of Cromwell established a Long Range Capital Planning committee in March 2007, consisting of two members from the Board of Selectmen, two members from the Board of Finance, the First Selectman, and the Finance Director.

This policy is used in conjunction with the existing Capital/Non-Recurring program, which is for capital or non-recurring requests not funded through the operating budget and in excess of \$10,000.

Independent Audit

The Town Charter requires an annual audit of books of account, financial records and transactions of all administrative departments of the Town by independent certified public accountants selected by the Board of Finance. This requirement has been complied with and the auditor's report has been included in this report.

Certificate of Achievement

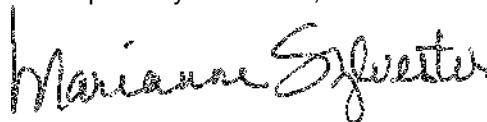
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated service of the entire staff of the Finance Department, to whom I extend my sincere appreciation. I should also thank you, the Board of Selectmen, and the Board of Finance for the interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,

A handwritten signature in dark ink, reading "Marianne Sylvester". The signature is fluid and cursive, with the first name "Marianne" written in a larger, more prominent script than the last name "Sylvester".

Marianne Sylvester
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Cromwell
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



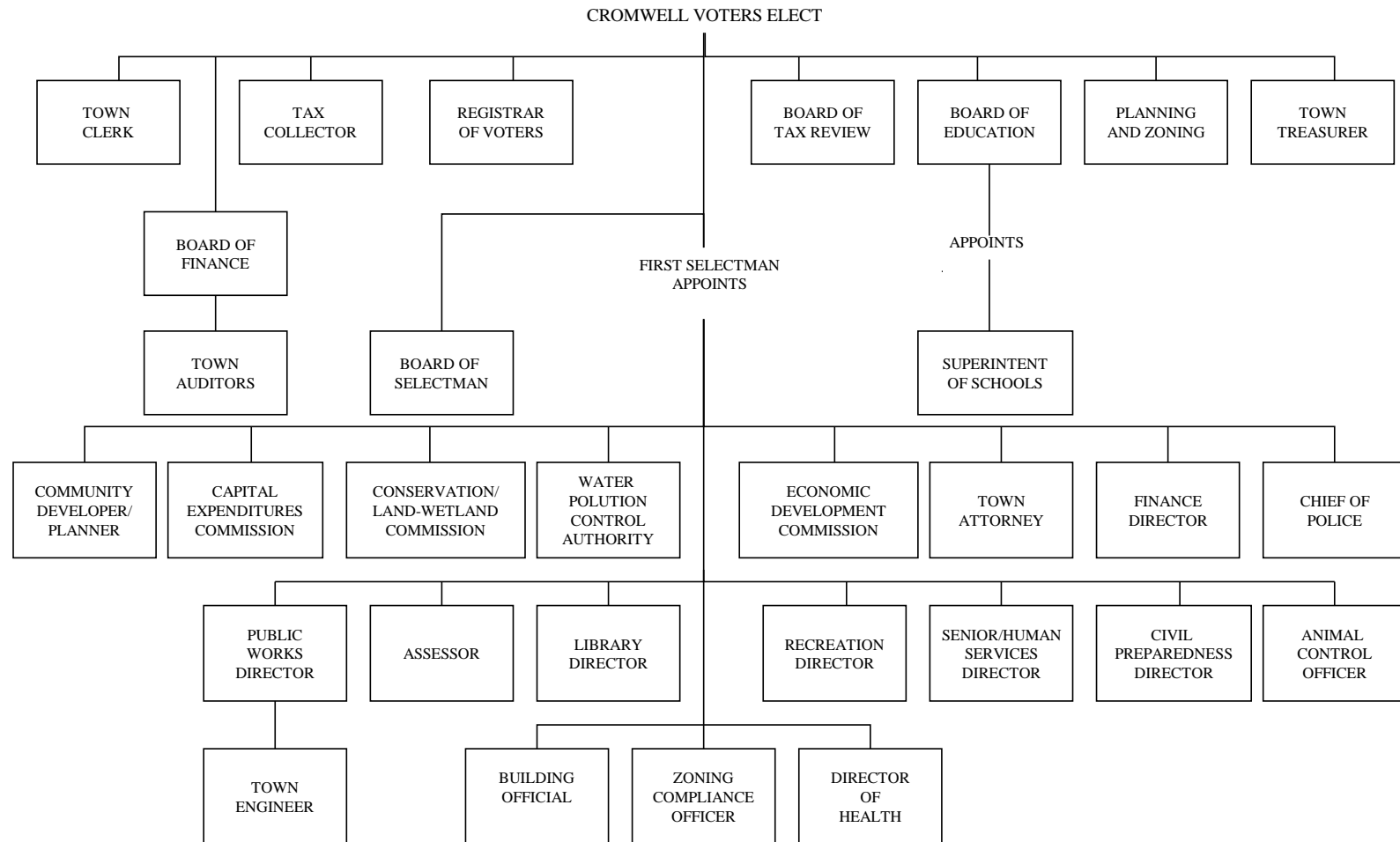
Linda C. Davison

President

Jeffrey R. Enos

Executive Director

ORGANIZATIONAL CHART



PRINCIPAL ELECTED OFFICIALS

As of June 30, 2011

First Selectman
Town Clerk/Treasurer
Tax Collector

John Flanders
Darlene DiProto
Sharon A. Ramsay

BOARD OF SELECTMEN

Anthony A. Varricchio Sr.
Richard R. Newton
Allan D. Spotts

Ann Halibozek
Al Waters
Patrick M. Ahlquist

BOARD OF FINANCE

Edwin Maley Jr., Chairman
Julius Neto
Joseph E. Corlis

John Henehan
Michael Gengler
Lorraine Caruso

BOARD OF EDUCATION

Shirley Banic, Chairman
Paul M. Sousa
Michael J. Camilleri
Christine Trousdale
Lauren Griffin

Julie Fitts Ritter
Frank Emanuele, Jr.
Jay V. Fletcher
Kristen Varricchio

Superintendent of Schools

Dr. Matt A. Bisceglia

ADMINISTRATION

Animal Control Officer
Assessor
Building Official
Chief of Police
Developer/Planner
Director of Finance
Director of Human Services/Senior Ctr.
Director of Public Works
Director of Recreation
Library Director
Town Engineer
Zoning Officer

Cheryl Gagnon
Shawna Baron
David Jolley
Anthony Salvatore
Craig Minor
Marianne Sylvester
Theresa Strong
Eric Hood
Susan Schein
Eileen Branciforte
Joseph Mazurek
Frederic Curtin

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of Cromwell
Cromwell, 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 Cromwell, Connecticut (the "Town"), as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Cromwell, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Cromwell, Connecticut, as of June 30, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 12 to the basic financial statements, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011 on our consideration of the Town of Cromwell, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedules of funding progress for pensions and other post-employment benefits and budgetary comparison information 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 primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cromwell, Connecticut's basic financial statements. The introductory section, the supplementary and combining fund statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary and combining fund 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. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

New Haven, Connecticut
December 9, 2011

**TOWN OF CROMWELL, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

This discussion and analysis of the Town of Cromwell, Connecticut's (the Town) financial performance is provided by management as an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to X.

Financial Highlights

- The General Fund reported a fund balance this year of \$4.3 million, or 10.0% of fiscal year 2012 revenues, with unassigned General Fund fund balance at \$4.2 million or 9.9%.
- Net assets of our governmental activities reflect an increase of \$5.5 million, or 5.8% as compared to the prior year (see Table 1).
- The Town's long-term debt outstanding experienced a net decrease of approximately \$2.1 million during the fiscal year. Existing general obligation debt decreased by \$2.8 million, however the Town's long-term obligations related to other post-employment benefits (OPEB) and compensated absences resulted in an offset of approximately \$670,000.
- The Town's revenues received for the fiscal year exceeded the operating expenses. There are several capital projects underway being funded through the 2010 bond issue and grants. Fund balance was used to install a new energy efficient boiler at the high school and purchase a new backhoe, dump truck, and pick-up truck for the Public Works Department, as well as fund a few smaller capital items.
- Total cost of all of the Town's programs was \$49.3 million with no program changes this year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

In the statement of net assets and the statement of activities, the Town reports governmental activities as the Town's basic services, including education, public safety, public works, culture and recreation, human services and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Board of Finance establishes many other funds to help control and manage financial activities for particular purposes (like the Sewer Usage Fund and the Outside Services Fund) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received for education from the State and Federal governments). The Town's funds are divided into three categories: governmental, proprietary, and fiduciary.

- *Governmental Funds (Exhibits III, IV and V)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are greater or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits VI, VII and VIII)* - The Town's activities related to the internal service fund for employee dental insurance are reported in these exhibits. This fund receives payments from the Town, including the Board of Education, and the Fire District, as well as employee and retiree contributions to pay claims made for dental procedures.
- *Fiduciary Funds (Exhibits IX and X)* - The Town is the trustee, or fiduciary, for its employees' pension plans. The Town also holds funds as the agent for the School Activity Fund and for contractor bonds. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net assets increased from a year ago, from \$94.1 million to \$99.5 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

TABLE 1
NET ASSETS

	Governmental Activities	
	2011	2010
Current and other assets	\$ 18,334,906	\$ 23,439,708
Capital assets, net of accumulated depreciation	119,503,315	111,814,291
Total assets	137,838,221	135,253,999
Long-term debt outstanding	35,107,236	37,232,306
Other liabilities	3,180,062	3,923,783
Total liabilities	38,287,298	41,156,089
Net Assets:		
Invested in capital assets, net of debt	90,389,434	84,057,785
Restricted for:		
Perpetual care:		
Expendable	3,749	3,726
Nonexpendable	6,269	6,269
Unrestricted	9,151,471	10,030,130
Total net assets	\$ 99,550,923	\$ 94,097,910

Total net assets of the Town's governmental activities show an increase of 5.8%. Unrestricted net assets - the part of net assets that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - shows a decrease from \$10.0 million at June 30, 2010 to \$9.2 million at the end of this year. However, net assets invested in capital assets net of debt has increased year-over-year by \$6.3 million reflecting the Town's investment in infrastructure and facility improvements and reducing debt.

Long-term debt outstanding is reflective of a \$2.9 million decrease in existing debt combined with an increase in the liability for other post-employment benefits (OPEB) of \$590,529. The Town is working to establish a trust fund to offset the OPEB liability.

Total assets increased due to the increase in capital assets, net of accumulated depreciation. This is due to the facility and infrastructure projects recently undertaken, as well as other roads accepted by the town as part of new housing developments.

TABLE 2
CHANGE IN NET ASSETS

	Governmental Activities	
	2011	2010
REVENUES		
Program Revenues:		
Charge for services	\$ 3,261,720	\$ 2,968,630
Operating grants and contributions	8,646,431	8,176,723
Capital grants and contributions	2,705,585	1,062,700
General Revenues:		
Property taxes	36,897,559	35,599,902
Grants and contributions not restricted to specific purposes	246,964	269,056
Unrestricted investment earnings	71,930	42,838
Other general revenues	2,922,546	241,942
Total revenues	54,752,735	48,361,791
 PROGRAM EXPENSES		
General government	4,745,753	4,811,384
Public safety	3,266,290	3,279,017
Public works	7,084,009	6,977,469
Culture and recreation	980,589	943,176
Human services	586,961	569,523
Education	31,258,609	31,361,305
Interest on long-term debt	1,377,511	1,360,078
Total program expenses	49,299,722	49,301,952
 Increase/(Decrease) in Net Assets	5,453,013	(940,161)
 NET ASSETS, beginning	94,097,910	95,038,071
 NET ASSETS, ending	\$ 99,550,923	\$ 94,097,910

The Town's total revenue was \$54.8 million. The total cost of all programs and services was \$49.3 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

On the revenue side, capital grants and contributions reflect an increase in State grants received for school construction projects, primarily the school roof project and the school safety/security project. The increase in other general revenues reflects capital contributions in fiscal year 2011 of \$2.4 million. This is the result of the Town's acceptance of roads and land from three new housing developments.

Comparing total General Fund expenditures (actual) to budget resulted in a savings of \$750,127. According to the Town's Charter, all Departments must finish the year within budget and this was accomplished. Some of the savings in comparing expenditures to the original budget were in General Government (\$147,504), including Employee Benefits (\$67 thousand), Public Works (\$81 thousand), Culture and Recreation (\$61 thousand), Education (\$291 thousand) and Debt Service (\$123 thousand).

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Service		Net Cost of Service	
	2011	2010	2011	2010
Education	\$ 31,258,609	\$ 31,361,305	\$ 20,210,809	\$ 22,771,275
General government	4,745,753	4,811,384	4,038,991	4,428,407
Public works	7,084,009	6,977,469	4,947,795	4,508,145
Public safety	3,266,290	3,279,017	2,834,239	2,676,508
Culture and recreation	980,589	943,176	791,984	857,365
All other	1,964,472	1,929,601	1,862,168	1,852,199
Total	\$ 49,299,722	\$ 49,301,952	\$ 34,685,986	\$ 37,093,899

Town Funds Financial Analysis

Governmental Funds

The Board of Finance presented the fiscal 2011 budget to the Annual Town Meeting in three parts. The Town budget was \$13,318,510 or 3.4% more than the Town Meeting approved budget for 2010. Bonded Debt budget of \$4,135,977 represented an increase of \$437,720 or 11.8%. The Education budget was \$24,834,587, an increase of 1.8%. In total, the total proposed budget, \$42,289,074, was 3.2% more than the previous year. The increase in the overall budget was due to increased debt service for bonds issued in the spring 2010 and contractual obligations. The reduction in the State's Education Cost Sharing grant (\$615,413) was again funded directly from the Federal government, as opposed to revenue offset through the General Fund. The Annual Town Meeting was adjourned to referendum, at which time all three components of budget were approved. The Board of Finance then set the mill rate at 26.84, an increase of 0.68 mills. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles were \$44,479,757. Expenditures and encumbrances on the same basis were \$44,680,257. The difference of \$200,500 decreased fund balance at fiscal year end to \$4.29 million.

The Town's General Fund Balance of \$4.29 million reported on Exhibit III consists of \$4.2 million as Unassigned Fund Balance and \$37,600 that the Board of Finance committed to support the 2011-12 budget for small capital items included in the budget. The Capital Projects Fund Balance, shown in Exhibit III, is \$4.9 million less than the previous year as capital projects are in various stages of completion. The Sewer Usage Fund and Other Governmental Funds fund balances remained stable.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the Town had \$119.5 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines (see Table 4). This amount represents an increase (including additions and deductions) of \$7.7 million, or 6.9%, over last year, primarily due to the various new projects on school facilities and town infrastructure.

TABLE 4
CAPITAL ASSETS (Net of Depreciation)

	Governmental Activities (in millions)	
	2011	2010
Land	\$ 8.2	\$ 7.9
Buildings	51.1	51.5
Furniture, equipment and improvements	2.4	2.1
Infrastructure	45.1	44.0
Construction in progress	12.7	6.3
Total	<u>\$ 119.5</u>	<u>\$ 111.8</u>

For the year, the major changes include:

Buildings - Improvements to Cromwell Middle School and Edna C. Stevens Elementary School, offset by depreciation of existing facilities.

Furniture, equipment, and improvements - Depreciation accounts for the decrease in this area.
Infrastructure - Various infrastructure improvements funded through the 2008 and 2010 bond issues.

Construction in progress - Several projects are on-going relating to infrastructure improvements and school facility renovations.

The Town's fiscal year 2011-12 capital/non-recurring requests include major items such as replacement payloaders, 40,000# dump truck, police vehicles and town hall improvements. The revaluation process is also scheduled to begin in the upcoming fiscal year with an estimated cost of \$240,000.

More detailed information about the Town's capital assets is presented in Note 1 and Note 3 to the financial statements.

Long-Term Debt

At June 30, 2011 the Town had \$30.5 million in bonds and notes outstanding versus \$33.2 million last year - a decrease of 8.25% or \$2.7 million (see Table 5).

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2011	2010
General Obligation Bonds	\$ 30.5	\$ 33.2

The Town did not issue new debt during fiscal year 2010-2011.

- The Town maintained its AA general obligation bond rating from Standard & Poor's rating agency. Fitch rating agency maintains a AA- rating.
- The State limits the amount of general obligation debt that towns can issue based on a formula determined under State Statutes based on type of debt and tax base. When the Town's outstanding general obligation debt is calculated in accordance with this formula it is significantly below this \$275 million State imposed limit.

Other long-term obligations include other post-employment benefits (OPEB), a capital lease, and compensated absences (accrued vacation pay and sick leave). More detailed information about the Town's long term liabilities is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Town's Board of Finance considered many factors when setting the fiscal year 2012 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2011 stands at 7.3% versus 8.1% one year ago. This compares favorably with the Hartford Labor Market area's unemployment rate of 9.2% and the State rate of 9.1%.

According to the Connecticut Economic Resource Center (CERC), Per Capita Income in Cromwell for 2010 was \$44,206 compared to the county rate of \$39,589 and the State rate of \$38,131. Median Household Income was \$73,665 for Cromwell versus \$74,627 for the county and \$65,575 for the State. The percent of families below poverty level was 3.6% for the Town. The county percentage was 6.8 and the State's was 10.1.

A General Fund budget of \$42,946,395 was approved by referendum. This budget was \$657,321, or 1.55% higher than the 2011 adopted budget. Debt service increased by \$284,903, or 6.9% and the General Government budget increased by \$326,811 or 2.4%. The Education portion remained the same. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75% and a 1.17% increase in the grand list. They also used \$37,600 of available fund balance to offset small capital items. The Board of Finance set the mill rate at 26.80 mills. This reflects a decrease of 0.04 mills, or 0.15%. There were no new programs added for fiscal year 2011-12 and all existing programs were funded.

Contacting the Town's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Cromwell, 41 West Street, Cromwell, Connecticut 06416 or visit www.cromwellct.com.

Basic Financial Statements

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,912,258
Receivables, net of allowances for collection losses:	
Property taxes	738,453
Assessments/user charges	632,214
Intergovernmental	628,277
Other	380,077
Inventories	39,195
Net pension assets	4,432
Capital assets not being depreciated	20,890,597
Capital assets being depreciated, net	98,612,718
Total assets	137,838,221
Liabilities	
Accounts payable and other payables	1,835,553
Accrued interest payable	103,320
Advance tax collection	13,701
Unearned revenue	1,227,488
Noncurrent liabilities:	
Due within one year	3,163,527
Due in more than one year	31,943,709
Total liabilities	38,287,298
Net Assets	
Investment in capital assets, net of related debt	90,389,434
Restricted for:	
Perpetual care:	
Expendable	3,749
Nonexpendable	6,269
Unrestricted	9,151,471
Total net assets	\$ 99,550,923

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Assets
					Governmental
					Activities
Governmental activities:					
General government	\$ (4,745,753)	\$ 449,200	\$ -	\$ 257,562	\$ (4,038,991)
Public safety	(3,266,290)	370,556	41,687	19,808	(2,834,239)
Public works	(7,084,009)	1,750,064	137,796	248,354	(4,947,795)
Culture and recreation	(980,589)	122,853	53,241	12,511	(791,984)
Human services	(586,961)	5,779	96,525	-	(484,657)
Education	(31,258,609)	563,268	8,317,182	2,167,350	(20,210,809)
Interest on long-term debt	(1,377,511)	-	-	-	(1,377,511)
Total governmental activities	(49,299,722)	3,261,720	8,646,431	2,705,585	(34,685,986)
General revenues:					
Property taxes					36,897,559
Grants and contributions not restricted to					
specific programs					246,964
Unrestricted investment earnings					71,930
Miscellaneous					563,005
Loss on disposal					(20,859)
Capital contributions					2,380,400
Total general revenues					<u>40,138,999</u>
Change in net assets					5,453,013
Net assets - beginning					<u>94,097,910</u>
Net assets - ending					<u><u>\$ 99,550,923</u></u>

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

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,917,728	\$ 2,569,389	\$ 7,175,862	\$ 1,146,906	\$ 15,809,885
Receivables, net					
Property taxes	738,453	-	-	-	738,453
Assessments/user charges	-	260,301	371,913	-	632,214
Intergovernmental	-	-	506,142	122,135	628,277
Other	305,241	50	74,786	-	380,077
Inventories	-	-	-	39,195	39,195
Total assets	\$ 5,961,422	\$ 2,829,740	\$ 8,128,703	\$ 1,308,236	\$ 18,228,101
LIABILITIES					
Accounts and other payables	\$ 1,019,527	\$ 59,498	\$ 583,455	\$ 158,908	\$ 1,821,388
Advance tax collection	13,701	-	-	-	13,701
Deferred revenue	584,610	169,515	878,055	-	1,632,180
Unearned revenue	53,965	1,001,096	-	172,427	1,227,488
Total liabilities	1,671,803	1,230,109	1,461,510	331,335	4,694,757
FUND BALANCES					
Nonspendable	-	-	-	45,464	45,464
Restricted	-	-	3,996,464	299,191	4,295,655
Committed	37,600	1,453,882	1,220,544	632,246	3,344,272
Assigned	9,830	145,749	1,450,185	-	1,605,764
Unassigned	4,242,189	-	-	-	4,242,189
Total fund balances	4,289,619	1,599,631	6,667,193	976,901	13,533,344
Total liabilities and fund balances	\$ 5,961,422	\$ 2,829,740	\$ 8,128,703	\$ 1,308,236	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation purchased in governmental funds are reported as expenditures, however, the statement of net assets includes those capital assets among the assets of the Town as a whole.	119,503,315
Deferred revenues are not available and therefore not recognized in the funds.	1,632,180
Net pension asset	4,432
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(35,107,236)
Internal Service funds are used by management to charge the costs of risk management to individual funds are included in governmental activities in the statement of net assets	88,208
Accrued interest payable not recorded in the funds.	(103,320)
Net assets of governmental activities	\$ 99,550,923

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 36,823,715	\$ -	\$ -	\$ -	\$ 36,823,715
Intergovernmental	6,066,793	-	2,199,443	2,651,772	10,918,008
Charges for services	976,981	1,366,302	183,508	657,707	3,184,498
Income on investments	45,309	4,330	20,746	1,545	71,930
Miscellaneous	165,163	-	563,005	89,011	817,179
Total revenues	44,077,961	1,370,632	2,966,702	3,400,035	51,815,330
Expenditures:					
Current:					
General government	4,911,277	-	-	18	4,911,295
Public safety	2,968,100	-	-	83,928	3,052,028
Public works	3,917,423	1,175,345	15,582	3,000	5,111,350
Culture and recreation	854,300	-	-	43,212	897,512
Human services	500,369	-	-	46,038	546,407
Education	26,568,344	-	-	3,048,291	29,616,635
Debt service	4,012,726	-	176,052	-	4,188,778
Capital outlay	-	-	8,475,627	12,587	8,488,214
Total expenditures	43,732,539	1,175,345	8,667,261	3,237,074	56,812,219
Revenues over (under) expenditures	345,422	195,287	(5,700,559)	162,961	(4,996,889)
Other Financing Sources (Uses)					
Transfers in	401,796	-	1,096,018	24,200	1,522,014
Transfers out	(947,718)	(172,500)	(250,000)	(151,796)	(1,522,014)
Total other financing sources (uses)	(545,922)	(172,500)	846,018	(127,596)	-
Change in fund balances	(200,500)	22,787	(4,854,541)	35,365	(4,996,889)
Fund Balances, beginning of year, as restated (Note 12)	4,490,119	1,576,844	11,521,734	941,536	18,530,233
Fund Balances, end of year	\$ 4,289,619	\$ 1,599,631	\$ 6,667,193	\$ 976,901	\$ 13,533,344

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	<u>\$ (4,996,889)</u>
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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. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	8,850,632
Depreciation expense	(3,521,149)
Capital contributions	2,380,400
Loss on disposal	(20,859)
Total	<u>7,689,024</u>

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:

Property tax receivable	73,846
Intergovernmental receivable	506,142
Sewer assessment and usage receivable	(47,522)
Net pension asset	(354)
Total	<u>532,112</u>

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:

Capital lease payments	53,961
Principal repayments:	
Bond principal payments	2,765,000
Amortization of bond premiums	27,694
Amortization of deferred charge on refunding	(49,876)
	<u>2,796,779</u>

Net income of certain activities of internal service funds is reported with governmental activities	<u>88,208</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Other post-employment benefits	(590,529)
Compensated absences	(81,180)
Accrued interest	15,488
	<u>(656,221)</u>

Change in Net Assets of Governmental Activities	<u><u>\$ 5,453,013</u></u>
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The notes to the financial statements are an integral part of this statement

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

	Governmental Activities
	Internal Service Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 102,373
	<hr/>
LIABILITIES	
Claims payable	14,165
	<hr/>
NET ASSETS	
Unrestricted	\$ 88,208
	<hr/> <hr/>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS**

For the Year Ended June 30, 2011

	Governmental Activities Internal Service Fund
Operating Revenues	
Contributions	\$ 411,384
Total operating revenues	<u>411,384</u>
Operating Expenses	
Benefits provided	323,176
Total operating expenses	<u>323,176</u>
Net income	88,208
NET ASSETS , beginning	<u>-</u>
NET ASSETS , ending	<u><u>\$ 88,208</u></u>

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Governmental Activities Internal Service Fund
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 411,384
Payments to suppliers	(309,011)
Net cash provided by operating activities	<u>102,373</u>
Increase in cash and cash equivalents	102,373
Cash and Cash Equivalents, beginning	<u>-</u>
Cash and Cash Equivalents, ending	<u><u>\$ 102,373</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 88,208
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	<u>14,165</u>
Net cash provided by operating activities	<u><u>\$ 102,373</u></u>

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

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FIDUCIARY FUNDS

June 30, 2011

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 948,943	\$ 877,502
Investments:		
Asset and mortgage backed securities	97,467	-
Corporate bonds	1,173,855	-
Government bonds	2,797,341	-
Foreign bonds	61,839	-
Common stock	10,077,082	-
Total investments	14,207,584	-
Total assets	15,156,527	877,502
LIABILITIES		
Amount held as agent	-	877,502
Net Assets held in trust for pension benefits and other purposes	\$ 15,156,527	\$ -

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND**

For the Year Ended June 30, 2011

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 684,425
Plan members	205,940
Total contributions	<u>890,365</u>
Investment Income	
Net appreciation in fair value of investments	2,069,867
Interest and dividends	306,807
	<u>2,376,674</u>
Less investment expense	<u>(84,322)</u>
Net investment income	<u>2,292,352</u>
	<u>3,182,717</u>
Deductions	
Benefits	477,573
Administrative expenses	1,510
Total deductions	<u>479,083</u>
Change in net assets	2,703,634
Net Assets Held in Trust for Pension Benefits , beginning of year	<u>12,452,893</u>
Net Assets Held in Trust for Pension Benefits , end of year	<u><u>\$ 15,156,527</u></u>

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

The financial statements of the Town of Cromwell, 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.

Reporting Entity

The Town of Cromwell adopted a Town Charter which became effective in 1975. The form of government includes a Board of Selectmen consisting of a First Selectman and six other Selectmen, and a Board of Finance. The First Selectman is the Chief Administrative Officer in the Town. The legislative power of the Town is vested in a combination of Town Meeting and the Board of Selectmen. The Board of Selectmen must approve ordinances after a public hearing. The Board of Finance is responsible for presenting fiscal operating budgets for Town Meeting approval.

The Town has the power to incur indebtedness by issuing bonds or notes as provided by the Connecticut General Statutes.

The Town provides the following services: general government, public safety, public works and highways, parks, recreation, library, health and human services and education.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and there are no agencies or entities which should be presented by the Town.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of elimination. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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 and report all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed for expenditure for specific activities other than debt service or capital projects.

Capital Project Funds account for and report all financial resources that are restricted, committed or assigned to expenditure for capital outlay.

Permanent Funds are used to account for and 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.

Fiduciary Funds

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

Pension Trust Fund accounts for the Town of Cromwell Retirement System.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

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.

Agency funds use the accrual basis of accounting, but have no measurement focus since they report only assets and liabilities.

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 *Sewer Usage Fund* accounts for and reports the revenues restricted and committed to expenditures for the operations and maintenance of the Town's sewer system.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed or assigned to be used for the acquisition or construction of major capital facilities and or infrastructure. Legal authorization for expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements.

Additionally, the Town reports the following fund types:

Internal Service Funds are used to account for the dental self-insured activities of the Town, and Cromwell Fire and Water District employees.

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

The *Agency Funds* account for resources held by the Town in a purely custodial capacity. The Town maintains two agency funds, the School Activity Fund and the Contractor Bond Fund.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued **June 30, 2011**

Cash and Cash Equivalents

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.

Investments

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 using quoted market prices.

The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

Property Taxes

Property taxes are assessed as of October 1 and are levied the following July 1. Property tax bills are payable in two installments, July 1 and January 1, except for motor vehicles, which are due and payable July 1. Assessments for real and personal property, including motor vehicles, are computed at 70% of the market value.

Property taxes receivable not expected to be collected during the available period are reflected as a deferred revenue in the fund financial statements. Interest on delinquent taxes accrues at a rate of 1.5% per month.

Liens are placed upon delinquent real estate accounts on June 30th in accordance with the provisions of the Connecticut General Statutes.

At the time the annual budget is adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Allowance for Doubtful Accounts

Accounts receivable for the primary government are reported net of allowance for doubtful accounts. The allowance for doubtful accounts represents those accounts which are deemed uncollectible based on past collection history and on analysis of creditor's ability to pay. An amount of \$565,000 has been established as an allowance for uncollectible taxes.

Inventories and Prepaid Items

All inventories are stated at the lower of cost or market, determined on the first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2011

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Public domain infrastructure	10-65
Vehicles and equipment	3-20

Capital outlay (assets) are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated Absences

Employees are paid by prescribed formula for absence due to vacation or sickness. Employees are generally not paid for vacation leave not taken, and vacation leave must be taken not later than the end of the next calendar year. Sick leave may be accumulated up to 120 days.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net assets. The vesting method using current pay rates was used to calculate the liability.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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. Bond principal payments are recorded as expenditures. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as an assigned fund balance as they do not constitute either expenditures or liabilities.

All other General Fund appropriations lapse at year-end.

Pension Accounting

Pension Trust Fund

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Standalone statements are not issued.

Governmental Funds

Expenditures are recognized when they are paid or are expected to be paid with current available resources.

Funding Policy

The Town funds the contributions to its defined benefit pension plan based on an actuarial valuation, which amount is included in the budget.

Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets - This category represents the net assets of the Town, which are restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets - This category represents the net assets of the Town, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund Balance

In the fund financial statements, the Town reported the following governmental fund balances:

- **Nonspendable Fund Balance** – These amounts cannot be spent either because they are not in spendable form, or because they are legally or contractually required to be maintained intact.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

- **Restricted Fund Balance** – These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- **Committed Fund Balance** – This represents amounts constrained, prior to year-end, for a specific purpose by a government using its highest level of decision-making authority (Board of Selectmen).
- **Assigned Fund Balance** – Amounts constrained for the intent to be used for a specific purpose by the Finance Director that has been delegated authority to assign amounts by the Board of Selectmen.
- **Unassigned Fund Balance** – The residual amount not allocated to any other fund balance category in the General Fund and any residual deficit balance of any other governmental funds.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Related Organizations

The Cromwell Fire District and its Water Division is a self-sustaining, non-profit, quasi-municipal water utility operating under legislative sanction from the State. As such, it issues bonds in its own name to finance its expansion programs and must retire these bonds, as well as pay all operating and maintenance costs, from the revenues obtained from the sale of water and from its tax assessing powers. The Fire District also provides fire fighting service to the Town of Cromwell.

Cromwell, along with the Town of Berlin and the City of New Britain, is a member of The Mattabassett District, which was organized under a special act of the 1961 session of the Connecticut General Assembly with separate and distinct powers. The sole function of the District is to provide sewer treatment services. A twelve person Board of Directors is appointed by the member towns with New Britain appointing the majority of members (7); Berlin appoints three members (3) and Cromwell appoints two members (2). The Board of Directors is responsible for hiring, firing, purchasing, administration, budget adoption and fiscal operations. The District may issue bonds in its own name. The District levies its annual assessment, which the Town is obligated to pay. The Town is responsible for pro-rata share of the debt, should the District default on its bonds and notes, although the moral obligation to pay these debts will remain with the District. The possibility of the District defaulting on its debt liabilities is remote. The Town has no direct interest in assets or liabilities of the District.

Note 2. Cash, Cash Equivalents and Investments

Deposits: The Town's deposit policy and custodial credit risk policy follows State Statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Investments: The Town's policy for investments and related credit risk for debt securities is to follow State Statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund.

The investments in the Pension Fund are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

Interest rate risk: The Town has a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town structures the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentrations: The Town does have a policy that limits the amounts investment in any one issuer. The Town maintains a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, approximately \$14,324,000 of the Town's bank balance of approximately \$17,444,000 was uninsured and uncollateralized.

Investments: This is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash and investments of the Town consist of the following at June 30, 2011:

Cash and Cash Equivalents

Deposits with financial institutions	\$ 16,705,180
State of Connecticut Short-Term Investment Fund	1,033,523
Total cash and cash equivalents	17,738,703

Investments

Pension Trust Funds:	
Asset and mortgage backed securities	97,467
Corporate bonds	1,173,855
Government bonds	2,797,341
Foreign Bonds	61,839
Common stock	10,077,082
Total pension investments	14,207,584
Total cash, cash equivalents and investments	\$ 31,946,287

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

Statement of Net Assets

Cash and cash equivalents	\$ 15,912,258
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Fiduciary Funds

Cash and cash equivalents	1,826,445
Investments	14,207,584
	<u>16,034,029</u>

Total cash, cash equivalents and investments	<u>\$ 31,946,287</u>
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Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the Town's debt type investments to this risk using the segmented time distribution model is as follows:

	Fair Value	Investment Maturities (in Years)			
		Less than 1 year	1-5 Years	5-10 Years	Over 10 Years
Asset and Mortgage Backed	\$ 97,467	\$ -	\$ -	\$ -	\$ 97,467
Corporate Bonds	1,173,855	-	800,598	339,511	33,746
Government Bonds	2,797,341	1,020,876	667,353	507,813	601,299
Foreign Bonds	61,839	-	48,655	13,184	-
Pooled Fixed Income	1,033,523	1,033,523	-	-	-
Totals	\$ 5,164,025	\$ 2,054,399	\$ 1,516,606	\$ 860,508	\$ 732,512

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes. Presented below is the actual credit rating as required for each debt type investment.

	Asset and Mortgage Backed	Corporate Bonds	Government Bonds	Foreign Bonds	Pooled Fixed Income
AAA	\$ 97,467	\$ -	\$ 474,000	\$ -	\$ -
AAAm	-	-	-	-	1,033,523
AA+	-	259,395	-	-	-
AA	-	66,125	-	9,065	-
AA-	-	119,758	-	14,877	-
A+	-	145,331	-	18,191	-
A	-	220,672	-	7,149	-
A-	-	21,433	-	6,067	-
BBB	-	23,736	-	6,490	-
BBB-	-	52,338	-	-	-
B	-	13,794	-	-	-
B+	-	61,892	-	-	-
BB	-	50,388	-	-	-
BB-	-	122,553	-	-	-
BB+	-	16,440	-	-	-
Unrated	-	-	2,323,341	-	-
	<u>\$ 97,467</u>	<u>\$ 1,173,855</u>	<u>\$ 2,797,341</u>	<u>\$ 61,839</u>	<u>\$ 1,033,523</u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,897,649	\$ 291,900	\$ -	\$ 8,189,549
Construction in progress	6,269,441	7,873,554	(1,441,947)	12,701,048
Total capital assets, not being depreciated	14,167,090	8,165,454	(1,441,947)	20,890,597
Capital assets, being depreciated:				
Buildings and improvements	67,134,742	1,024,987	-	68,159,729
Improvements other than buildings	1,485,742	186,757	-	1,672,499
Furniture and equipment	7,410,250	399,796	(100,312)	7,709,734
Infrastructure	86,620,063	2,895,985	-	89,516,048
Total capital assets being depreciated	162,650,797	4,507,525	(100,312)	167,058,010
Less accumulated depreciation for:				
Buildings	15,605,319	1,452,516	-	17,057,835
Improvements other than buildings	717,990	19,166	-	737,156
Furniture and equipment	6,027,184	307,132	(79,453)	6,254,863
Infrastructure	42,653,103	1,742,335	-	44,395,438
Total accumulated depreciation	65,003,596	3,521,149	(79,453)	68,445,292
Total capital assets, being depreciated, net	97,647,201	986,376	(20,859)	98,612,718
Governmental activities capital assets, net	\$ 111,814,291	\$ 9,151,830	\$ (1,462,806)	\$ 119,503,315

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

Governmental Activities:	
General government	\$ 123,839
Public safety	135,966
Public works	1,916,839
Culture and recreation	73,404
Human services	14,407
Education	1,256,694
Total depreciation expense – governmental activities	\$ 3,521,149

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Construction Commitments

The Town has active construction projects as of June 30, 2011. At year end the Town's commitments with contractors are as follows:

Project	Spent-to-Date (Including Encumbrances)	Remaining Balance
ARRA Grant - Geer	\$ 194,025	\$ 109,125
School Roof/Asbestos	6,915,007	251,993
Road Improvement	4,879,906	176,094
Park Improvements	282,694	54,421
STEAP Industrial Park	501,497	443,503
2010 Roads/Infrastructure	1,361,681	1,684,319
STEAP Historical	122,774	165,169
Sewer Line Rehab	215,517	63,199
CNR Design Work Iron Gate	80,575	19,425
Total	\$ 14,553,676	\$ 2,967,248

The commitments are being financed through State grants, general obligation bonds, short-term debt and fund balance.

Note 4. Interfund Transfers

Interfund transfers during the year ended June 30, 2011 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 401,796	\$ 947,718
Sewer Usage	-	172,500
Capital Projects	1,096,018	250,000
Non-Major Governmental Funds	24,200	151,796
Total	\$ 1,522,014	\$ 1,522,014

Transfers to other funds from the General Fund represent monies used to fund projects and programs accounted for in the Capital Projects Fund and Non-Major Governmental Funds in accordance with budget authorizations.

Transfers into the General Fund are primarily revenue received in other Non-Major Funds to cover program and maintenance expenses incurred in the General Fund.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 5. Unearned Revenue/Deferred Revenue

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

	Deferred Revenues	Unearned Revenues
General Fund		
Property taxes	\$ 584,610	\$ -
Other	-	53,965
Sewer Usage		
Sewer usage	169,515	1,001,096
Capital Projects		
Special assessments and collections	371,913	-
Grant drawdowns prior to meeting all eligibility requirements	506,142	-
Nonmajor Governmental Fund		
Grants	-	172,427
Total	\$ 1,632,180	\$ 1,227,488

Note 6. Long-Term Debt

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 32,980,000	\$ -	\$ (2,765,000)	\$ 30,215,000	\$ 2,590,000
Unamortized premium on bonds	506,302	-	(27,694)	478,608	(27,694)
Less deferred amounts on refunding	(261,090)	-	49,876	(211,214)	(49,876)
	<u>33,225,212</u>	<u>-</u>	<u>(2,742,818)</u>	<u>30,482,394</u>	<u>2,512,430</u>
Other long-term liabilities:					
OPEB obligations	1,977,363	590,529	-	2,567,892	-
Capital lease	1,000,204	-	(53,961)	946,243	56,379
Compensated absences	<u>1,029,527</u>	<u>227,041</u>	<u>(145,861)</u>	<u>1,110,707</u>	<u>594,718</u>
Total governmental activities, long-term liabilities	\$ 37,232,306	\$ 817,570	\$ (2,942,640)	\$ 35,107,236	\$ 3,163,527

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

A schedule of long-term debt as of June 30, 2011 is presented as follows:

Description	Principal Amount Payable
Bonds:	
\$19,740,000 of school bonds issued October 1, 2003, maturing June 15, 2023, at an interest rate of 2.0 to 5.0%	\$ 12,745,000
\$7,700,000 of Refunding bonds issued March 15, 2005, maturing June 30, 2021, at an interest rate of 1.5 to 4.05%	5,740,000
\$914,000 of School bonds issued June 1, 2008, maturing June 1, 2023, at an interest rate of 3.5 to 4.13%	726,240
\$5,056,000 of Town Infrastructure bonds issued June 1, 2008, maturing June 1, 2023, at an interest rate of 3.5 to 4.13%	4,047,720
\$710,000 of Athletic Facilities bonds issued June 1, 2008, maturing June 1, 2023, at an interest rate of 3.5 to 4.13%	566,040
\$3,684,000 of School Improvements bonds issued June 8, 2010, maturing June 1, 2030, at interest rate of 0.5% to 5.0%	3,495,330
\$3,046,000 of Town Infrastructure bonds issued June 8, 2010, maturing June 1, 2030, at interest rate of 2.75% to 5.0%	2,894,670
	<u>\$ 30,215,000</u>

Year Ending June 30,	Principal	Interest	Total
2012	\$ 2,590,000	\$ 1,219,633	\$ 3,809,633
2013	2,570,000	1,127,270	3,697,270
2014	2,515,000	1,035,239	3,550,239
2015	2,345,000	942,014	3,287,014
2016	2,330,000	855,051	3,185,051
2017-2021	11,750,000	2,795,084	14,545,084
2022-2030	6,115,000	799,428	6,914,428
	<u>\$ 30,215,000</u>	<u>\$ 8,773,719</u>	<u>\$ 38,988,719</u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Prior Year Defeasance

On March 15, 2005, the Town issued \$7,700,000 in general obligation bonds to advance refund \$7,130,000 of outstanding 1991, 1996, 1999 and 2001 bonds. The net proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the bonds are considered to be defeased. The balance of the defeased bonds outstanding at June 30, 2011 is \$5,560,000.

Debt Service

All debt service expenditures were funded by the General Fund except for \$174,960 which were recorded as expenditures in the Capital Projects Fund.

Overlapping Debt

As explained in Note 1, the Cromwell Fire District (including the Water Division) has been empowered by the State of Connecticut to issue bonds in its own name. The Fire District had overlapping debt in the amount of \$1,210,000 as of June 30, 2011.

Debt Limitation

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 88,417,665	\$ 10,702,704	\$ 77,714,961
Schools	176,835,331	26,356,112	150,479,219
Sewers	147,362,776	150,000	147,212,776
Urban renewal	127,714,406	-	127,714,406
Pension deficit	117,890,220	-	117,890,220
	<u>\$ 658,220,398</u>	<u>\$ 37,208,816</u>	<u>\$ 621,011,582</u>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$275,077,180.

Authorized But Unissued

A summary of bonds authorized but unissued is presented below:

	Amount Authorized	Bonds Issued	Grants Received	Authorized But Unissued
Town Infrastructure and Facility Improvements	\$ 5,311,000	\$ 5,056,000	\$ -	\$ 255,000
Recreation Athletic Facilities	825,000	710,000	-	115,000
New Intermediate School (Gr 3-5)	28,214,000	13,740,000	12,297,494	2,176,506
School Roof Replacement/Asbestos Project	7,167,000	3,684,000	245,690	3,237,310
	<u>\$ 41,517,000</u>	<u>\$ 23,190,000</u>	<u>\$ 12,543,184</u>	<u>\$ 5,783,816</u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Capital Lease

At June 30, 2011, the Town and Board of Education is committed under leases for various equipment. These lease agreements qualify as capital leases for accounting purposes (title transfers at the beginning of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The net book value of the equipment that is capitalized totals \$962,816.

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

2012	\$	98,590
2013		98,590
2014		98,590
2015		98,590
2016		98,590
2017-2025		<u>788,715</u>
Total		1,281,665
Less amount representing interest		<u>(335,422)</u>
	\$	<u><u>946,243</u></u>

Compensated absences

Included in the Long-Term Obligations in the government-wide statement of net assets is the estimated obligation for employee compensated absences in the amount of \$1,110,707 as of June 30, 2011. The general fund has typically been used to liquidate the liability for compensated absences.

Note 7. Risk Management

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

The Town currently is a member in Connecticut Interlocal Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a, et seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

The Town established a self insurance fund this year, Dental Insurance Fund (Internal Service Funds). The Dental Insurance Fund is used to account for dental insurance coverage of Town and Cromwell Fire and Water District employees. Anthem, a fully qualified, third party administrator, is the current administrator of the program and calculates the liability at year-end. As employee claims are processed and certified for payment by the third party administrator, payment is made out of the Dental Insurance

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Fund. The Town examines the coverage on a yearly basis to determine adequate coverage and minimize risk. A schedule of changes in the claims liability for the ended June 30, 2011 is presented below:

Fiscal Year Ended	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
June 30, 2011	\$ -	\$ 296,149	\$ (281,984)	\$ 14,165

Note 8. Employee Retirement Systems and Pension Plans

Plan Description

The Town of Cromwell is the administrator of a single employer defined benefit plan (PERS) that covers the employees of the Town, except full-time policemen (covered by the State of Connecticut Municipal Employees Retirement Fund) and certified teachers (covered by the State of Connecticut Teachers' Retirement System). The PERS is considered to be part of the Town of Cromwell's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan was established by Town Meeting. The PERS does not issue a standalone report. Benefits and refunds of post-employment defined plans are recognized when due and payable in accordance with the terms of the Plan.

Under the Plan, all full-time employees are eligible except for police officers and teachers. Employees are 100 percent vested after ten years of service. The retirement benefit is calculated at 1-1/2% of average annual compensation during the highest three consecutive years of service multiplied by years of credited service. Normal retirement age is sixty-two or five years of service, whichever is later. If an employee leaves covered employment or dies before 10 years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Town Council.

The membership of the plan consisted of the following at July 1, 2010 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	56
Terminated Plan members entitled to benefits but not yet receiving them	9
Terminated Plan members entitled to a refund but have elected to defer receipt	22
Current Plan members	<u>181</u>
Total	<u><u>268</u></u>

Summary of Significant Accounting Policies, Plan Changes and Plan Asset Matters

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due; investment income is recognized when earned. Expenses (benefits, administration and refunds of contributions) are recognized when incurred.

Method Used to Value Investments: All funds are invested in Wells Fargo Securities and are reported at fair value.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Funding Policy

Each participant is required to contribute 2-1/2% of their salary to the CPP. The Town's funding policy provides for periodic employer contributions at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. Contributions and benefits are defined and may be amended by ordinance approved by the Town Meeting. Administrative costs are financed through General Fund appropriations.

Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the Plan for the year ended June 30, 2011 were as follows:

Annual required contribution	\$ 684,425
Adjustment to annual required contribution	737
Interest on net pension asset	<u>(383)</u>
Annual pension cost	684,779
Contributions made	<u>684,425</u>
Decrease in net pension asset	354
Net pension asset, July 1, 2010	<u>(4,786)</u>
Net pension asset, June 30, 2011	<u><u>\$ (4,432)</u></u>

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
6/30/09	\$ 536,207	100.0%	\$ (5,073)
6/30/10	561,344	99.9%	(4,786)
6/30/11	684,779	99.9%	(4,432)

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

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

Valuation Date	7/01/10
Actuarial Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar Amount
Remaining Amortization Period	20 years – Open
Asset Value Method	Expected actuarial value plus/minus 20% of the difference between market value
Actuarial Assumptions:	
Investment Rate of Return	8.0%
Projected Salary Increases	5.0%
Inflation Rate	3.5%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/10	\$ 14,992,627	\$ 15,223,846	\$ 231,219	98.5%	\$ 8,558,671	2.7%

Historical Trend Information – The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing overtime relative to AALs for benefits.

Municipal Employees' Retirement Fund

Full time policemen participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. MERF 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.

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The current rate of contribution for the Town is 9.75% covered payroll. The Town's contribution to MERF for the years ended June 30, 2011, 2010 and 2009 were \$305,968, \$268,845 and \$188,058, respectively, equal to the required contributions for each year.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained age sixty and has accumulated twenty years of credited service in the public schools of Connecticut or has attained any age and has accumulated thirty-five years of credited service, at least twenty-five of which are service in the public schools of Connecticut. The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual city/town basis.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$2,025,000 for the year ended June 30, 2011.

Note 9. Other Post-Employment Benefits

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Post retirement benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the Town recognizes the cost of postemployment healthcare in the year when the employee services are received, disclosed the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan description and funding policy

The Town provides post-retirement benefits for certain employees for current and future health and life insurance benefit expenses through a single-employer defined benefit plan. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made July 1, 2009. The post-retirement plan does not issue stand-alone financial reports.

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town determines the required contribution using the Projected Unit Credit Method.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Membership in the plan consisted of the following at July 1, 2009, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	41
Active plan members	<u>376</u>
Total	<u><u>417</u></u>

The Town's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (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 Town's contributions represent payments made for premiums for insured individuals on a pay-as-you-go method.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Fiscal Year Ending	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 1,157,072	\$ 174,958	15.1%	\$ 1,977,363
6/30/11	842,994	252,465	29.9%	2,567,892

OPEB Obligation

Annual required contribution (ARC)	\$ 870,192
Interest on net pension obligation	88,981
Adjustment to ARC	<u>(116,179)</u>
Annual OPEB cost	842,994
Contributions made	<u>252,465</u>
Increase in net OPEB liability	590,529
Net OPEB obligation, beginning of year	<u>1,977,363</u>
Net OPEB obligation, end of year	<u><u>\$ 2,567,892</u></u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Schedule of Funding Progress - OPEB						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2009	\$ -	\$ 8,478,602	\$ 8,478,602	0.00%	\$ 20,257,000	42%

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 actual results are compared with past expectations and new estimates are made about the future.

Projections of 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 of 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.

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Projected Unit Credit
Asset Valuation Method:	Market Value
Amortization Method:	Level dollar, Open
Remaining Amortization Period	30 Years
Actuarial Assumptions:	
Discount rate	4.5%
Salary increase rate	N/A
Inflation rate	None
Health cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:

Year	Decrease
2011	8%
2012	7%
2013	6%
2014 and beyond	5%

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2011

Note 10. Litigation and Contingencies

The Town of Cromwell, its officers, employees, boards and commissions are defendants in a number of lawsuits. It is the opinion of Town Officials that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town which would materially adversely affect its financial position.

Note 11. Fund Balance

In Fiscal Year 2011, the Town adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for governmental funds. It establishes criteria for classifying fund balances into specifically defined classification and clarifies definitions for governmental fund types. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Below is a table of fund balance categories and classifications at June 30, 2011 for the Town governmental funds:

	General Fund	Sewer Usage	Capital Projects	Nonmajor Governmental Funds
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ 39,195
Permanent Fund Principal	-	-	-	6,269
Total nonspendable	-	-	-	45,464
Restricted:				
Social Services	-	-	-	49,702
Parks and Recreation	-	-	-	55,353
Education	-	-	200,000	80,844
Economic Development	-	-	-	2,233
Public works	-	-	897,263	14,720
Public Health	-	-	2,899,201	4,503
Library	-	-	-	1,589
Public Safety	-	-	-	25,861
Other capital projects	-	-	-	64,304
Other purposes	-	-	-	82
Capital Outlay	-	-	-	-
Total restricted	-	-	3,996,464	299,191
Committed:				
Capital Outlay	37,600	-	25,298	53,781
Public Safety	-	-	22,244	166,970
Social Services	-	-	57,000	-
Education	-	-	190,704	-
Library	-	-	454	-
Parks and Recreation	-	-	14,819	1,648
Planning and Zoning	-	-	-	409,847
Public Works	-	1,453,882	910,025	-
Total committed	37,600	1,453,882	1,220,544	632,246
Assigned:				
Human Service	-	-	6,681	-
General Government	422	-	-	-
Capital Outlay	-	-	156,828	-
Public Safety	8,668	-	101,057	-
Public works	740	145,749	1,185,619	-
Total assigned	9,830	145,749	1,450,185	-
Unassigned:	4,242,189	-	-	-
Total fund balance	\$ 4,289,619	\$ 1,599,631	\$ 6,667,193	\$ 976,901

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

Note 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented as of July 1, 2010. The effect of fund type reclassification is as follows:

	General	Nonmajor Governmental Funds
Fund balance, June 30, 2010, as previously reported	\$ 4,221,184	\$ 1,210,471
Change in fund type classification per implementation of GASB Statement No. 54:		
Special Reserve	268,935	(268,935)
Fund balance, July 1, 2010, as restated	<u>\$ 4,490,119</u>	<u>\$ 941,536</u>

Note 13. Governmental Accounting Standards Board (GASB) Statements

The Town adopted the following statements during the year ended June 30, 2011:

- **GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.** This Statement is intended to improve the usefulness of information provided to financial report users about fund balances by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance information is among the most widely and frequently used information in state and local government financial reports. The GASB developed this standard to address the diversity of practice and the resulting lack of consistency that had evolved in fund balance reporting. To reduce confusion, the new standard establishes a hierarchy of fund balance classification based primarily on the extent to which a government is bound to observe spending constraints. As explained in Notes 11 and 12 to the basic financial statements, the Town reclassified the fund balances for governmental funds and restated the General Fund and the Nonmajor Governmental Funds fund balance by \$268,935 as a result of the implementation of this Statement.
- **GASB Statement No. 59, *Financial Instruments Omnibus*.** This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, Accounting and Financial Reporting for Derivative Instruments, and applying the reporting provisions for interest-earning investment contracts of GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. The Town included additional disclosures for their external investment pools.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

- **GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans***, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit certain OPEB plans to use an alternative measurement method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the Town beginning with its year ending June 30, 2012.
- **GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. Specifically, this Statement improves financial reporting by establishing recognition, measurement, and disclosure requirements SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This Statement also improves the decision usefulness of financial reporting by requiring that specific relevant disclosures be made by transferors and governmental operators about SCAs.
- **GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34***, issued November 2010, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2011

- **GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***, issued January 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.
- **GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***, issued July 2011, will be effective for the Town beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.
- **GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*** (an amendment of GASB Statement No. 53), issued July 2011, will be effective for the Town beginning with its year ending June 30, 2012. This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. Those conditions are: (a) the collectibility of swap payments is considered to be probable, (b) the replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in the Statement, and (c) the counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event. When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied.

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**Required Supplementary
Information**

REQUIRED SUPPLEMENTARY INFORMATION – PENSION AND OPEB TRUST
June 30, 2011
Schedule of Funding Progress - Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/05	\$ 10,574,605	\$ 10,391,205	\$ (183,400)	101.8%	\$ 7,007,529	-2.6%
7/1/06	11,352,505	11,126,537	(225,968)	102.0%	7,253,847	-3.1%
7/1/07	12,573,014	12,232,319	(340,695)	102.8%	7,632,619	-4.5%
7/1/08	13,618,774	13,176,495	(442,279)	103.4%	8,167,574	-5.4%
7/1/09	14,165,480	14,275,253	109,773	99.2%	8,546,104	1.3%
7/1/10	14,992,627	15,223,846	231,219	98.5%	8,558,671	2.7%

Schedule of Employer Contributions-Pension

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/06	\$ 395,213	100%
6/30/07	489,073	100%
6/30/08	508,573	100%
6/30/09	535,942	100%
6/30/10	561,057	100%
6/30/11	684,425	100%

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll (Total)	UAAL as a Percentage of Payroll Covered
7/1/2007	\$ -	\$ 9,692,991	\$ 9,692,991	0.00%	\$ 20,192,000	48%
7/1/2009	-	8,478,602	8,478,602	0.00%	20,257,000	42%

Schedule of Employer Contributions - OPEB

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/09	\$ 1,147,154	13.24%
6/30/10	1,170,761	14.90%
6/30/11	870,192	29.00%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
PROPERTY TAXES				
Current taxes	\$ 36,242,419	\$ 36,242,419	\$ 36,247,795	\$ 5,376
Prior year's levies	250,000	250,000	166,995	(83,005)
Interest and liens	140,000	140,000	153,458	13,458
Motor vehicle supplement - current year	215,000	215,000	254,767	39,767
Miscellaneous	500	500	700	200
Total property taxes	36,847,919	36,847,919	36,823,715	(24,204)
LICENSES AND PERMITS				
Building Department	200,000	200,000	159,015	(40,985)
Food licenses	14,060	14,060	15,745	1,685
Demolition Permits	900	900	-	(900)
Gun permits	600	600	5,040	4,440
Game/peddler permits	300	300	1,860	1,560
Transfer Station	15,000	15,000	34,829	19,829
Health Department	3,600	3,600	3,200	(400)
Total licenses and permits	234,460	234,460	219,689	(14,771)
FINES AND FORFEITURES				
Parking tickets/ACO citations	5,000	5,000	4,788	(212)
CHARGES FOR SERVICES				
Conveyance taxes	180,000	180,000	156,423	(23,577)
Recording fees	80,500	80,500	93,846	13,346
Vital statistics	12,000	12,000	12,112	112
Police outside services - cruiser use	10,000	10,000	14,484	4,484
Copying	13,500	13,500	14,360	860
Police copying and lab fees	1,000	1,000	1,619	619
Library Department	11,000	11,000	12,308	1,308
Alarm registration and fees	7,000	7,000	14,410	7,410
Riverport festival	1,000	1,000	880	(120)
Youth Service Department	1,000	1,000	1,655	655
Senior Services Department	3,900	3,900	2,579	(1,321)
Recreation Department	92,265	92,265	105,715	13,450
Communication Tower Income	45,000	45,000	45,000	-
Planning and Zoning	2,000	2,000	8,160	6,160
Zoning Board of Appeals	1,020	1,020	1,486	466
Inland-Wetlands	1,070	1,070	5,555	4,485
Total charges for services	462,255	462,255	490,592	28,337
Total licenses and permits, fines and forfeitures, and charges for goods and services	701,715	701,715	715,069	13,354

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - BUDGET AND ACTUAL -

GENERAL FUND, Continued

For the Year Ended June 30, 2011

INTERGOVERNMENTAL REVENUES

State of Connecticut:

Elderly tax relief:

Circuit Breaker

Tax relief - disability

Tax relief - veterans

Boat registrations

State owned property - PILOT

College and university - PILOT

Education:

Adult and Vocational Education

Education Cost Sharing

School Transportation

Library grants

New machinery exemption

Mohegan/Pequot Grant

Judicial Department

Senior/Disabled Grant

Miscellaneous

Municipal Video Grant AT&T

Total intergovernmental revenues

75,000	75,000	74,340	(660)
500	500	752	252
5,000	5,000	3,678	(1,322)
1,299	1,299	1,052	(247)
15,821	15,821	15,911	90
55,075	55,075	55,283	208
15,258	15,258	15,347	89
3,698,279	3,698,279	3,714,179	15,900
109,588	109,588	73,250	(36,338)
1,600	1,600	1,708	108
50,000	50,000	27,780	(22,220)
41,170	41,170	41,256	86
5,000	5,000	16,080	11,080
17,394	17,394	17,394	-
-	-	15,662	15,662
-	-	9,181	9,181
4,090,984	4,090,984	4,082,853	(8,131)

USE OF MONEY

Interest on investments

50,000	50,000	44,694	(5,306)
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MISCELLANEOUS REVENUES

Town Clerk

Use of Facilities

Sewer usage

Assessor's Office

Telecommunication - PILOT

Public Works

Police

Other miscellaneous revenue - Town

Board of Education miscellaneous

Fire District Fees

Total miscellaneous revenues

4,200	4,200	5,602	1,402
1,200	1,200	2,935	1,735
17,000	17,000	17,000	-
2,000	2,000	2,165	165
75,000	75,000	41,039	(33,961)
1,303	1,303	3,497	2,194
7,000	7,000	3,741	(3,259)
10,000	10,000	12,307	2,307
6,000	6,000	2,678	(3,322)
42,070	42,070	42,070	-
165,773	165,773	133,034	(32,739)

Total revenues

41,856,391	41,856,391	41,799,365	(57,026)
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(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS - BUDGET AND ACTUAL -
GENERAL FUND, Continued
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
OTHER FINANCING SOURCES				
Transfers in:				
STEAP Fund	-	-	250,000	250,000
Town Aid Road Fund	137,572	137,572	137,796	224
Youth Service Grant Fund	14,000	14,000	14,000	-
Outside Services Fund	55,000	55,000	63,784	8,784
Total other financing sources	206,572	206,572	465,580	259,008
Total budgeted revenues and transfers	\$ 42,062,963	\$ 42,062,963	42,264,945	\$ 201,982
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			2,025,000	
Reclassified to General Fund, as funds were previously reported as Special Revenue				
Fund, and no longer meet the definition in accordance with GASB 54			189,812	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues,				
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 44,479,757</u>	

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
First Selectman:				
Salaries	\$ 224,188	\$ 224,375	\$ 224,375	\$ -
Departmental expense	4,100	4,256	4,255	1
Miscellaneous expense	2,050	2,050	1,955	95
Part-time wages	23,183	23,027	19,376	3,651
Town Guide & annual Reports	2,000	2,000	-	2,000
Total	255,521	255,708	249,961	5,747
Town Clerk:				
Salaries	158,435	158,844	158,844	-
Part-time wages	9,897	9,897	9,754	143
Overtime wages	385	385	-	385
Departmental expenses	1,050	1,050	901	149
Filing land records	35,420	35,420	27,298	8,122
Vital statistics	350	350	318	32
Total	205,537	205,946	197,115	8,831
Registrar of Voters:				
Salaries	38,646	38,646	36,312	2,334
Departmental expenses	1,855	2,455	2,145	310
Election Day expense	7,072	7,072	5,608	1,464
Part-time wages - workers	3,703	4,658	4,658	-
Poll Workers	7,150	5,595	5,485	110
Total	58,426	58,426	54,208	4,218
Planning Commission:				
Part-time wages	1,890	1,690	1,544	146
Departmental expenses	250	450	382	68
Total	2,140	2,140	1,926	214
Economic Development:				
Professional services	7,000	18,250	18,197	53
Economic Development Coordinator	30,000	18,750	18,750	-
Departmental expenses	300	300	300	-
Part-time wages	900	915	912	3
Middlesex Expo	2,000	1,985	278	1,707
Total	40,200	40,200	38,437	1,763

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Board of Finance:				
Part-time wages	1,100	1,100	1,071	29
Departmental expenses	50	50	-	50
Audit	27,450	27,450	27,450	-
Certificate of Achievement	480	480	435	45
Total	29,080	29,080	28,956	124
Finance Department:				
Salaries	293,143	294,628	293,413	1,215
Part-time Wages	11,321	10,821	10,587	234
Contracted Services	11,455	13,805	12,584	1,221
Bank Account Fees	3,000	1,281	1,280	1
Departmental Expenses	4,800	4,669	4,077	592
Total	323,719	325,204	321,941	3,263
Tax Collector:				
Salaries	153,002	153,002	152,821	181
Part-time Wages	2,300	2,900	2,817	83
Departmental Expenses	2,250	2,250	1,869	381
Tax Refunds	8,000	7,250	3,579	3,671
Overtime Wages	400	849	671	178
Contracted Services	11,700	11,401	10,891	510
Total	177,652	177,652	172,648	5,004
Assessor's Office:				
Salaries	160,056	160,056	160,055	1
Part-time wages	1,402	952	942	10
Overtime wages	300	100	-	100
Contracted services	19,450	19,010	19,009	1
Departmental expenses	5,420	6,510	6,447	63
Total	186,628	186,628	186,453	175
Treasurer's Office:				
Salaries	100	101	100	1
Departmental expenses	200	199	65	134
Total	300	300	165	135

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Developer Planner				
Salaries	84,063	85,214	82,749	2,465
Departmental expenses	1,225	1,225	1,064	161
	85,288	86,439	83,813	2,626
Development Compliance:				
Salaries	67,948	67,948	67,428	520
Departmental expenses	1,100	1,100	987	113
Total	69,048	69,048	68,415	633
Charter Revision Committee:				
Part-time wages	546	1,501	1,425	76
Departmental expenses	25	70	69	1
Total	571	1,571	1,494	77
Capital Expenditures Committee:				
Part-time wages	90	90	-	90
Total	90	90	-	90
Board of Assessment Appeals:				
Departmental expenses	200	-	-	-
Part-time wages	1,100	1,312	1,311	1
Total	1,300	1,312	1,311	1
Zoning Board of Appeals:				
Part-time wages	900	900	666	234
Departmental expenses	200	200	135	65
Total	1,100	1,100	801	299
Inland and Wetlands:				
Part-time wages	1,350	1,350	773	577
Departmental expenses	335	335	335	-
Total	1,685	1,685	1,108	577
Commission to Support People with Disabilities:				
Departmental expenses	500	500	195	305
Part-time wages	25	25	-	25
Total	525	525	195	330

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Conservation Commission:				
Departmental expenses	350	350	345	5
Part-time wages	900	900	700	200
Total	1,250	1,250	1,045	205
Central Services:				
Legal notices	14,000	9,315	9,315	-
Office expense	2,800	2,553	2,553	-
Equipment maintenance	500	-	-	-
Duplicating cost	18,400	18,278	18,278	-
Postage	40,500	39,812	39,811	1
Computer system maintenance and support	21,500	28,235	28,235	-
Total	97,700	98,193	98,192	1
Insurance expense:				
Contracted services	9,500	10,000	10,000	-
Package policy	140,000	137,061	134,061	3,000
Worker's Compensation Benefit Payments	87,058	87,058	82,936	4,122
Workmen's Compensation	195,000	195,000	187,795	7,205
Deductible	3,000	4,993	4,670	323
Town Clerk and Tax Collector liability	600	1,046	1,045	1
HR related expenses	1,000	1,000	891	109
Total	436,158	436,158	421,398	14,760
Board of Selectmen:				
Part-time wages	9,384	9,384	8,551	833
Total	9,384	9,384	8,551	833
Legal expense:				
Town Attorney	80,000	110,523	110,522	1
Probate Court	15,086	15,086	14,986	100
Labor relations	60,000	44,405	40,614	3,791
Evictions	1,500	1,500	1,106	394
Special Council	50	10,122	10,122	-
Contracted services	10,000	10,000	4,042	5,958
Total	166,636	191,636	181,392	10,244

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Employee benefits:				
Education enhancement	10,000	10,000	9,650	350
Social Security	536,923	536,923	520,010	16,913
Health insurance	1,407,475	1,328,565	1,321,488	7,077
Pension	689,418	740,586	740,586	-
Wage adjustment	4,000	539	-	539
Unemployment Compensation	22,000	22,000	10,094	11,906
Life insurance	14,400	14,400	11,766	2,634
Dental plan insurance	98,000	98,000	75,560	22,440
Employee physicals	1,850	1,910	1,846	64
Sick leave incentive	20,000	2,857	-	2,857
Drug and alcohol testing	1,870	1,872	1,872	-
Shots, vaccines etc.	200	200	94	106
Employee assistance program	2,830	2,768	2,478	290
Long term disability insurance	10,741	12,471	12,470	1
Post Retirement Medical Expense	13,000	13,000	10,856	2,144
Total	2,832,707	2,786,091	2,718,770	67,321
Other expenses:				
Computer network	41,500	41,007	36,303	4,704
Inventory	4,000	4,000	963	3,037
Middlesex CT Soil & Water	2,072	2,072	2,072	-
Ordinance expense	2,000	2,000	538	1,462
Midstate Regional Planning	8,976	8,976	8,976	-
Cromwell Riverport Festival	5,000	5,000	5,000	-
Chamber of Commerce	571	565	554	11
Community Renewal Team	2,000	2,000	2,000	-
Contingency	5,000	5,000	-	5,000
Lease - Parking Lot	6,000	6,000	6,000	-
Middletown Area Transit	2,500	2,500	-	2,500
Council of Small Towns	925	925	925	-
CRCOG	917	923	922	1
Hazardous Waste Collection	7,700	7,700	4,882	2,818
Rose Garden	450	450	450	-
CT Counsil of Municipalities	8,402	8,402	8,402	-
CT River Assembly	500	500	-	500
Total	98,513	98,020	77,987	20,033
Total general government	5,081,158	5,063,786	4,916,282	147,504

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
PUBLIC SAFETY				
Civil preparedness:				
Part-time wages	6,500	6,500	6,500	-
Equipment repair	50	50	-	50
Materials and equipment	250	234	234	-
Capital Items	500	500	-	500
Departmental expenses	2,400	2,416	2,415	1
Total	9,700	9,700	9,149	551
Police Department:				
Salaries	2,162,293	2,170,180	2,151,442	18,738
Part-time wages	7,000	5,088	4,244	844
Overtime wages	300,000	316,032	316,032	-
Holiday pay	21,476	6,719	6,719	-
Departmental expenses	19,000	20,354	20,353	1
Equipment maintenance and replacement	7,000	7,000	5,712	1,288
Vehicle maintenance	24,000	27,500	26,591	909
Gasoline and fluids	49,200	49,200	47,442	1,758
Uniforms	37,500	37,500	36,969	531
Telephone costs	22,500	22,500	21,463	1,037
Training	21,000	21,000	20,779	221
Communications	45,000	45,283	45,282	1
Services rendered, towing	4,500	2,000	1,861	139
Investigation	1,000	2,500	2,500	-
Total	2,721,469	2,732,856	2,707,389	25,467
Animal Control:				
Salary	57,191	57,191	57,190	1
Part-time wages	7,000	6,237	5,768	469
Miscellaneous	50	50	-	50
Overtime wages	2,000	2,763	2,763	-
Total	66,241	66,241	65,721	520
Total public safety	2,797,410	2,808,797	2,782,259	26,538

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
PUBLIC WORKS				
Public Works administration:				
Salaries	144,271	144,271	141,303	2,968
Departmental expenses	4,000	4,000	2,132	1,868
Uniforms	26,535	26,535	22,063	4,472
Total	174,806	174,806	165,498	9,308
Developmental Services/Engineering				
Salaries	284,513	284,814	276,007	8,807
Departmental expenses	36,285	36,285	34,008	2,277
Capital expenses	9,900	9,900	9,900	-
Contracted services	5,000	5,000	5,000	-
Total	335,698	335,999	324,915	11,084
Building inspection:				
Salaries	145,066	145,759	145,758	1
Departmental expenses	5,000	2,455	2,238	217
Capital items	-	2,000	2,000	-
Contract services	1,000	1,503	1,290	213
Part-time wages	2,000	2,041	2,041	-
Total	153,066	153,758	153,327	431
Public Work General Expense:				
Sewer use and assessments	2,625	2,625	2,450	175
Street lights	173,000	175,782	175,781	1
Telephone costs	46,000	25,047	25,047	-
Electricity and gas	175,000	169,819	158,949	10,870
Water usage	12,500	15,613	15,613	-
Heating oil	8,000	12,389	12,389	-
Contract Services	21,000	20,835	10,646	10,189
Gasoline & Other Fuels	-	52,850	52,849	1
Total	438,125	474,960	453,724	21,236

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Highway Department:				
Salaries	535,772	513,334	508,878	4,456
Part-time wages	4,000	4,000	3,460	540
Overtime wages	72,000	105,660	105,660	-
Equipment maintenance	5,000	5,000	5,000	-
Gasoline and fuel	58,500	58,500	55,253	3,247
Supplies	1,500	1,646	1,467	179
Materials	240,000	234,180	233,368	812
Signs	4,000	4,000	4,000	-
Tree work	35,000	19,577	19,406	171
Departmental expenses	4,000	2,097	1,213	884
Small equipment	6,000	6,000	6,000	-
Contracted services	175,000	189,354	188,043	1,311
Capital Items	8,000	6,646	6,646	-
Total	1,148,772	1,149,994	1,138,394	11,600
Building maintenance:				
Salaries	335,413	326,066	325,411	655
Part-time wages	7,500	2,661	2,661	-
Overtime wages	15,000	24,154	24,153	1
Contract service	68,750	109,613	109,613	-
Supplies	30,000	22,187	22,187	-
Materials	32,000	24,642	24,642	-
Equipment maintenance	5,000	-	-	-
Small equipment replacement	2,000	-	-	-
Capital expenses	9,000	7,840	7,840	-
Total	504,663	517,163	516,507	656
Solid waste removal/Recycling Center:				
Salaries	54,327	54,350	54,349	1
Part-time wages	21,153	21,288	21,288	-
Tipping fees	262,200	220,200	219,512	688
Materials	2,000	2,000	1,782	218
Contract services	162,692	149,722	141,706	8,016
Overtime wages	4,000	7,000	6,697	303
Departmental expenses	1,200	1,200	289	911
Equipment maintenance	1,500	1,500	255	1,245
Gasoline and fuel	2,500	4,812	4,811	1
Reimbursement program	176,288	176,288	175,747	541
Total	687,860	638,360	626,436	11,924

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Parks and grounds:				
Salaries	203,994	193,224	193,223	1
Part-time wages	25,000	32,589	32,589	-
Overtime wages	10,000	11,597	11,597	-
Equipment maintenance	3,000	918	918	-
Gasoline and fuel	9,100	11,961	11,961	-
Materials	14,500	19,304	19,304	-
Contract services	8,000	4,517	4,517	-
Small equipment	4,500	4,149	4,148	1
Total	278,094	278,259	278,257	2
Vehicle Maintenance:				
Salaries	124,497	125,685	125,685	-
Part-time wages	5,200	-	-	-
Overtime wages	8,250	17,256	17,255	1
Contracted services	20,000	28,255	23,202	5,053
Equipment maintenance	75,000	68,000	62,833	5,167
Departmental expense	1,500	1,500	1,409	91
Supplies	2,500	2,500	122	2,378
Gasoline and fuel	17,980	17,980	15,618	2,362
Small equipment	3,500	285	285	-
Capital Items	9,000	10,597	10,597	-
Total	267,427	272,058	257,006	15,052
Total Public Works	3,988,511	3,995,357	3,914,064	81,293
CULTURE AND RECREATION				
Recreation Department:				
Salaries	136,541	137,986	137,976	10
Part-time wages	125,797	125,797	98,383	27,414
Therapeutic Recreation	20,000	20,000	13,973	6,027
Contracted Services	35,300	35,300	24,014	11,286
Program subsidy	8,500	8,500	8,500	-
Equipment and supplies	6,590	6,590	6,279	311
Revenue/expense	20,760	20,760	20,327	433
Capital items	8,000	8,000	7,436	564
Departmental expenses	4,700	4,700	4,250	450
Total	366,188	367,633	321,138	46,495
Riverport Festival	5,000	5,000	5,000	-
Cromwell Historical Society	8,000	8,000	8,000	-
Cromwell Grenadiers	500	500	-	500

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Belden Library:				
Salaries	294,531	295,703	285,204	10,499
Part-time wages	117,724	118,533	117,311	1,222
Department expenses	8,700	8,670	8,227	443
Equipment maintenance	900	125	125	-
Duplicating costs	850	850	795	55
Program subsidies	2,200	2,200	2,200	-
Internet Access	1	-	-	-
Operation and material	67,250	1,597	-	1,597
State Library Grant Program	1,600	1,708	1,708	-
Contracted services	31,552	31,550	31,550	-
Adult Books & Materials	-	5,812	5,812	-
Childrens Books & Materials	-	10,926	10,926	-
Adult Magazines	-	6,399	6,399	-
Young Adult Books & Magazines	-	1,264	1,264	-
Reference Books	-	14,074	14,074	-
Adult Popular Materials	-	27,070	27,070	-
Capital items	1	-	-	-
Total	525,309	526,481	512,665	13,816
Memorial Day	2,500	2,500	2,500	-
Total culture and recreation	907,497	910,114	849,303	60,811
HUMAN SERVICES				
Health Department:				
Part-time wages	15,000	9,624	9,624	-
Mental Health Clinic	2,500	2,500	2,500	-
Departmental expenses	2,900	3,361	3,341	20
Public Health Nursing	10,000	10,000	6,729	3,271
Salaries	77,118	76,533	72,118	4,415
Rushford Center	2,500	2,500	2,500	-
Sexual Assault Crisis	1,200	1,200	1,200	-
Region 2 Board	737	737	737	-
Kuhn Center	2,800	2,800	2,800	-
Substance abuse council	500	500	500	-
Mosquito Control	34,000	39,500	39,280	220
Total	149,255	149,255	141,329	7,926
Human Services Administration:				
Salaries	76,893	76,893	75,678	1,215
Part-time wages	16,082	16,082	15,511	571
ADA Compliance	500	500	-	500
Departmental expenses	1,000	1,000	913	87
Greater Middletown Counseling Center	500	500	500	-
Emergency Basic Needs	500	500	465	35
EDDY Center	500	500	500	-
Total	95,975	95,975	93,567	2,408

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Youth Services:				
Part-time wages	19,794	19,793	15,305	4,488
Departmental expenses	1,700	1,700	1,556	144
Program subsidy	7,000	7,000	6,910	90
Salaries	67,948	67,949	67,948	1
Revenue/expense	1,000	1,000	760	240
General supplies	3,950	3,950	2,805	1,145
Total	101,392	101,392	95,284	6,108
Senior Services:				
Salaries	37,180	37,302	37,302	-
Part-time wages	19,368	15,267	15,267	-
Department expenses	2,300	2,000	1,964	36
Program subsidies	14,900	19,301	19,129	172
Revenue/expense	3,900	3,900	2,678	1,222
Total	77,648	77,770	76,340	1,430
Transportation Services:				
Salaries	30,057	30,057	30,057	-
Part-time wages	45,292	41,816	40,580	1,236
Overtime wages	800	876	876	-
Departmental expenses	1,650	1,654	1,653	1
Contract services	25	25	-	25
Vehicle maintenance	5,500	7,840	7,527	313
Gasoline and fuel	12,040	13,096	13,095	1
Driver physicals	100	100	61	39
Total	95,464	95,464	93,849	1,615
Total Human Services	519,734	519,856	500,369	19,487
EDUCATION				
Board of Education	24,834,587	24,834,587	24,543,344	291,243
BONDED DEBT				
Bonds - principal	2,715,890	2,715,890	2,703,589	12,301
Bonds - interest	1,420,087	1,420,087	1,309,137	110,950
Total Debt Services	4,135,977	4,135,977	4,012,726	123,251
Total expenditures	42,264,874	42,268,474	41,518,347	750,127

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES - BUDGETARY BASIS -

BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
OTHER FINANCING USES				
Operating transfers out:				
Dog Transfer Fund	14,200	14,200	14,200	-
Sidewalk Fund	10,000	10,000	10,000	-
STEAP Fund	-	200,000	200,000	-
Capital Projects Funds	-	723,518	723,518	-
Total other financing uses	24,200	947,718	947,718	-
Total budgeted operations	\$ 42,289,074	\$ 43,216,192	\$ 42,466,065	\$ 750,127

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

2,025,000

Reclassified to General Fund, as funds were previously reported as Special Revenue
Fund, and no longer meet the definition in accordance with GASB 54

189,192

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

\$ 44,680,257

TOWN OF CROMWELL, CONNECTICUT
SEWER USAGE FUND

RSI-4

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - SEWER USAGE FUND

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
User Charges	\$ 1,295,713	\$ 1,295,713	\$ 1,365,790	\$ 70,077
Income on investments	15,000	15,000	4,330	(10,670)
Other	-	-	512	512
Total revenues	1,310,713	1,310,713	1,370,632	59,919
EXPENDITURES				
Regular wages	357,180	358,205	358,205	-
Part-time wages	4,133	6,833	6,526	307
Overtime wages	42,577	57,077	56,840	237
Department expenses	27,950	22,400	16,572	5,828
Outside services	63,175	63,175	57,511	5,664
Vehicle maintenance	7,000	7,000	2,969	4,031
Gasoline and fuel	11,100	11,138	11,138	-
Equipment repair and maintenance	22,000	22,000	17,466	4,534
Liability and property insurance	41,654	29,654	23,064	6,590
Materials and supplies	25,000	25,000	23,307	1,693
Utilities and oil	34,400	34,400	31,038	3,362
Payments for Sewer Treatment	396,000	396,000	390,730	5,270
Meter and pump station repairs	32,000	32,000	19,528	12,472
Prior year obligations	2,500	2,500	2,304	196
Damage claims	100	100	-	100
Employee benefits	249,469	248,757	160,332	88,425
Total expenditures	1,316,238	1,316,239	1,177,530	138,709
OTHER FINANCING SOURCES (USES)				
Transfer out	(172,500)	(172,500)	(172,500)	-
Net change in fund balances	\$ (178,025)	\$ (178,026)	20,602	\$ 198,628
FUND BALANCE, beginning of year			1,579,120	
FUND BALANCE, end of year			\$ 1,599,722	
Reconciliation of GAAP Basis				
	Revenues		Expenditures	Fund Balance
Balance, budgetary basis, June 30, 2011	\$ 1,370,632	\$ 1,177,530	\$ 1,599,722	
Liquidation of prior year encumbrances for the year ended June 30, 2011	-	6,897	(9,173)	
Encumbrances outstanding for the year ended June 30, 2011	-	(9,082)	9,082	
Balance, GAAP Basis, June 30, 2011	\$ 1,370,632	\$ 1,175,345	\$ 1,599,631	

TOWN OF CROMWELL, CONNECTICUT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2011

Note 1. Budgets and Budgetary Accounting

Budgetary Information

An annual budget is legally adopted for the General Fund. The budget is prepared on a budgetary basis.

An annual Town budget is adopted in accordance with Charter requirements. The First Selectman compiles the budget requests from the Town departments and agencies, with the exception of the Board of Education, and presents the budget to the Board of Selectmen. The Board of Selectmen reviews and deliberates on the budget and submits it for consideration to the Board of Finance. The Board of Education submits its budget estimates directly to the Board of Finance. The Finance Board, after its review process, presents a recommended budget for Town Meeting approval. The Town Charter provides the manner and timetable by which the budget process is initiated for approval by Town Meeting.

The legal level of control is on the department level for the General Fund. The Board of Finance by resolution and only upon the recommendation of a majority of the entire Board of Selectman may make supplemental appropriations not to exceed one percent of the total annual appropriation of the fiscal year. Additional appropriations of more than one percent require Town Meeting approval. Additional appropriations for the fiscal year amounted to approximately \$927,000.

The Town also establishes a legal budget on an annual basis for the Sewer Usage Fund which is a major governmental fund, and the Dog Fund and the Sidewalk Fund.

For budgetary purposes, encumbrances are recognized as a valid and proper charge against an appropriation in the year in which the purchase order, contract or other commitment is issued, and accordingly encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.

Unencumbered appropriations for the General Fund and the above Special Revenue Funds lapse at the end of the year.

Budgets for Special Revenue Funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Legal authorization for Capital Projects expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements. Such appropriations do not lapse until the project is complete.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance as they do not constitute either expenditures or liabilities.

**SUPPLEMENTARY AND COMBINING
FUND STATEMENTS AND SCHEDULES**

TOWN OF CROMWELL, CONNECTICUT

**COMPARATIVE BALANCE SHEET
GENERAL FUND**

June 30, 2011 and 2010

	2011	2010*
ASSETS		
Cash and cash equivalents	\$ 4,917,728	\$ 5,268,457
Property taxes receivable, net	738,453	646,104
Accounts receivable	305,241	256,139
Due from other funds	-	129,564
Total assets	\$ 5,961,422	\$ 6,300,264
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,019,527	\$ 1,127,026
Due to other funds	-	114,898
Deferred revenues/unearned revenue	652,276	568,221
Total liabilities	1,671,803	1,810,145
Fund Balance:		
Committed	37,600	226,111
Assigned	9,830	24,160
Unassigned	4,242,189	4,239,848
Total fund balance	4,289,619	4,490,119
Total liabilities and fund balance	\$ 5,961,422	\$ 6,300,264

* Restated for the implementation of GASB 54.

TOWN OF CROMWELL, CONNECTICUT

REPORT OF THE TAX COLLECTOR

GENERAL FUND

For the Year Ended June 30, 2011

Grand List Year	Uncollected Taxes July 1, 2010	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collected	Collections	Uncollected Taxes June 30, 2011
		Additions	Deductions				
2009	\$ 36,981,933	\$ 74,906	\$ 169,550	\$ 17,253	\$ 36,870,036	\$ 36,484,059	\$ 385,977
2008	272,243	47,735	66,641	12,841	240,496	145,367	95,129
2007	117,536	30,142	50,164	18,224	79,290	4,294	74,996
2006	77,711	-	78	12,550	65,083	2,846	62,237
2005	66,454	-	45	3,683	62,726	217	62,509
2004	67,606	632	-	2,647	65,591	179	65,412
2003	59,534	-	-	1,970	57,564	-	57,564
2002	53,013	-	-	809	52,204	-	52,204
2001	18,580	-	-	77	18,503	-	18,503
2000	17,694	-	-		17,694	-	17,694
1999	16,884	-	-		16,884	-	16,884
1998	12,169	-	-		12,169	-	12,169
1997	54,698	-	-		54,698	-	54,698
1996	55,262	-	-		55,262	-	55,262
1995	25,904	-	-		25,904	-	25,904
	\$ 37,897,221	\$ 153,415	\$ 286,478	\$ 70,054	\$ 37,694,104	\$ 36,636,962	\$ 1,057,142

**Nonmajor
Governmental Funds**

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

Fund	Funding Source	Function
Town Aid Road	State grant	General town road maintenance
Youth Services Grant	State grant	Town's Youth Services Department
Town Improvement Program	State grant	Project or improvements as determined by the Board of Selectmen
Sidewalk Program	Town and voluntary contributions of citizens	Repairs and rebuilding of the present system and for the expansion of the system
Public Donations Grant	Donations	Various departments
Dog License	Licenses and fees	Animal control program
School Cafeteria	Sale of food and grants	School Lunch and breakfast programs
Educational Grants	State and Federal	Special education programs
Open Space	Funds from developers	Reserving open space or acquiring additional land for recreational or agricultural purposes
Picnic Facilities Revolving	Receipt of fees	Town's picnic facilities
Drug Awareness and Education	State and local grants	Accounts for various monies
Drug Asset Forfeiture	Federal program	Account for monies received from sale of assets acquired during drug related arrests
Police Heart and Hypertension Reserve	Town appropriation - committed	Expense for a police officer on this type of leave.
River Landing Park	Court judgment	Park improvements
Public Health Emergency Prep	State grant	Emergency assistance
Cemetery Trust	Income from investments	Care and maintenance of cemetery
Police Grant Fund	Grant	Public safety programs
Police Communications Revolving Fund	Receipt of fees	Improvements to the police communication tower
Police Public Safety Grant	Grant	Public safety programs

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes as categorized by the fund title. The Cemetery Trust is the Town's only permanent fund. It accounts for the principal amounts bequeathed to the Town with the stipulation that only the interest thereon may be expended on the care and maintenance of the cemetery.

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TOWN OF CROMWELL, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds		
	Town Aid Road	Youth Services Grant	Town Improvement Program
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 56,682
Intergovernmental receivable	-	-	-
Inventory	-	-	-
Total assets	\$ -	\$ -	\$ 56,682
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
Fund Balances			
Nonspendable	-	-	-
Restricted	-	-	56,682
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balance	-	-	56,682
Total liabilities and fund balances	\$ -	\$ -	\$ 56,682

Special Revenue Funds						
Sidewalk Program	Public Donations Grant	Dog License	School Cafeteria	Educational Grants	Open Space	
\$ 90,431	\$ 125,117	\$ 12,392	\$ 80,844	\$ 157,681	\$ 409,847	
-	897	2,066	-	100,933	-	
-	-	-	39,195	-	-	
\$ 90,431	\$ 126,014	\$ 14,458	\$ 120,039	\$ 258,614	\$ 409,847	
\$ -	\$ 6,495	\$ 10,613	\$ -	\$ 122,837	\$ -	
-	-	-	-	-	-	
36,650	-	-	-	135,777	-	
36,650	6,495	10,613	-	258,614	-	
-	-	-	39,195	-	-	
-	119,519	3,845	80,844	-	-	
53,781	-	-	-	-	409,847	
-	-	-	-	-	-	
-	-	-	-	-	-	
53,781	119,519	3,845	120,039	-	409,847	
\$ 90,431	\$ 126,014	\$ 14,458	\$ 120,039	\$ 258,614	\$ 409,847	

(Continued)

TOWN OF CROMWELL, CONNECTICUT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds			
	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve
ASSETS				
Cash and cash equivalents	\$ 1,648	\$ 3,245	\$ 9,331	\$ 93,295
Accounts receivable	-	-	-	-
Inventory	-	-	-	-
Total assets	\$ 1,648	\$ 3,245	\$ 9,331	\$ 93,295
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	3,245	9,331	-
Committed	1,648	-	-	93,295
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	1,648	3,245	9,331	93,295
Total liabilities and fund balances	\$ 1,648	\$ 3,245	\$ 9,331	\$ 93,295

Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
River Landing Park	Public Health Emergency Prep	Police Grant Fund	Police Communications Revolving Fund	Police Public Safety Grant	Total	Cemetery Trust	
\$ 21,976	\$ -	\$ 724	\$ 72,551	\$ 1,124	\$ 1,136,888	\$ 10,018	\$ 1,146,906
-	18,239	-	-	-	122,135	-	122,135
-	-	-	-	-	39,195	-	39,195
<u>\$ 21,976</u>	<u>\$ 18,239</u>	<u>\$ 724</u>	<u>\$ 72,551</u>	<u>\$ 1,124</u>	<u>\$ 1,298,218</u>	<u>\$ 10,018</u>	<u>\$ 1,308,236</u>
\$ -	\$ 18,239	\$ 724	\$ -	\$ -	158,908	\$ -	\$ 158,908
-	-	-	-	-	-	-	-
-	-	-	-	-	172,427	-	172,427
<u>-</u>	<u>18,239</u>	<u>724</u>	<u>-</u>	<u>-</u>	<u>331,335</u>	<u>-</u>	<u>331,335</u>
-	-	-	-	-	39,195	6,269	45,464
21,976	-	-	-	-	295,442	3,749	299,191
-	-	-	72,551	1,124	632,246	-	632,246
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>21,976</u>	<u>-</u>	<u>-</u>	<u>72,551</u>	<u>1,124</u>	<u>966,883</u>	<u>10,018</u>	<u>976,901</u>
<u>\$ 21,976</u>	<u>\$ 18,239</u>	<u>\$ 724</u>	<u>\$ 72,551</u>	<u>\$ 1,124</u>	<u>\$ 1,298,218</u>	<u>\$ 10,018</u>	<u>\$ 1,308,236</u>

TOWN OF CROMWELL, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Revenue Funds		
	Town Aid Road	Youth Services Grant	Town Improvement Program
REVENUES			
Intergovernmental revenues	\$ 137,796	\$ 14,000	\$ -
Charges for services	-	-	-
Income on investments	-	-	117
Miscellaneous	-	-	-
Total revenues	137,796	14,000	117
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Education	-	-	-
Capital outlay	-	-	12,587
Total expenditures	-	-	12,587
Revenues over (under) expenditures	137,796	14,000	(12,470)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(137,796)	(14,000)	-
Total other financing sources (uses)	(137,796)	(14,000)	-
Net change in fund balances	-	-	(12,470)
FUND BALANCES , beginning of year, as restated (Note 12)	-	-	69,152
FUND BALANCES , end of year	\$ -	\$ -	\$ 56,682

Special Revenue Funds						
Sidewalk Program	Public Donations Grant	Dog License	School Cafeteria	Educational Grants	Open Space	
\$ -	\$ -	\$ -	\$ 158,888	\$ 2,286,120	\$ -	
-	-	6,535	560,950	-	17,236	
198	-	21	-	-	908	
-	85,306	-	-	-	-	
198	85,306	6,556	719,838	2,286,120	18,144	
-	18	-	-	-	-	
-	4,070	21,523	-	-	-	
3,000	-	-	-	-	-	
-	43,212	-	-	-	-	
-	46,038	-	-	-	-	
-	-	-	762,171	2,286,120	-	
-	-	-	-	-	-	
3,000	93,338	21,523	762,171	2,286,120	-	
(2,802)	(8,032)	(14,967)	(42,333)	-	18,144	
10,000	-	14,200	-	-	-	
-	-	-	-	-	-	
10,000	-	14,200	-	-	-	
7,198	(8,032)	(767)	(42,333)	-	18,144	
46,583	127,551	4,612	162,372	-	391,703	
\$ 53,781	\$ 119,519	\$ 3,845	\$ 120,039	\$ -	\$ 409,847	

(Continued)

TOWN OF CROMWELL, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, Continued
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

	Special Revenue Funds				
	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve	River Landing Park
REVENUES					
Intergovernmental revenues	\$ -	\$ 510	\$ -	\$ -	\$ -
Charges for services	435	-	-	-	-
Income on investments	-	-	15	213	50
Miscellaneous	-	-	3,705	-	-
Total revenues	435	510	3,720	213	50
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Revenues over (under) expenditures	435	510	3,720	213	50
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	435	510	3,720	213	50
FUND BALANCES , beginning of year, as restated (Note 12)	1,213	2,735	5,611	93,082	21,926
FUND BALANCES , end of year	\$ 1,648	\$ 3,245	\$ 9,331	\$ 93,295	\$ 21,976

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
Public Health Emergency Prep	Police Grant Fund	Police Communications Revolving Fund	Police Public Safety Grant	Total	Cemetery Trust	
\$ 36,478	\$ 16,856	\$ -	\$ 1,124	\$ 2,651,772	\$ -	\$ 2,651,772
-	-	72,551	-	657,707	-	657,707
-	-	-	-	1,522	23	1,545
-	-	-	-	89,011	-	89,011
36,478	16,856	72,551	1,124	3,400,012	23	3,400,035
-	-	-	-	18	-	18
41,479	16,856	-	-	83,928	-	83,928
-	-	-	-	3,000	-	3,000
-	-	-	-	43,212	-	43,212
-	-	-	-	46,038	-	46,038
-	-	-	-	3,048,291	-	3,048,291
-	-	-	-	12,587	-	12,587
41,479	16,856	-	-	3,237,074	-	3,237,074
(5,001)	-	72,551	1,124	162,938	23	162,961
-	-	-	-	24,200	-	24,200
-	-	-	-	(151,796)	-	(151,796)
-	-	-	-	(127,596)	-	(127,596)
(5,001)	-	72,551	1,124	35,342	23	35,365
5,001	-	-	-	931,541	9,995	941,536
\$ -	\$ -	\$ 72,551	\$ 1,124	\$ 966,883	\$ 10,018	\$ 976,901

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

PUBLIC DONATIONS GRANT FUND

For the Year Ended June 30, 2011

	Balance July 1, 2010	Revenues	Expenditures	Balance June 30, 2011
Library Donations	\$ 7,741	\$ 12,526	\$ 18,678	\$ 1,589
Senior Donations	26,145	24,764	24,313	26,596
Youth Services	12,863	7,634	4,832	15,665
Emergency Fuel	494	445	939	-
Emergency Food	130	-	-	130
Park and Recreation	21,713	6,211	8,766	19,158
Handicapped Donations	1	-	-	1
Human Service Donations	11,631	11,283	15,855	7,059
Drug and Alcohol Program	17	100	-	117
Police Department	9,803	3,706	4,070	9,439
Carbon Monoxide Program	4,486	-	100	4,386
Riverport Festival	18,685	10,440	14,905	14,220
Operational fuel	5	-	-	5
CT Clean Energy	3,645	-	-	3,645
Rose Garden	208	-	-	208
Flag Fund	1,911	825	-	2,736
Charter Revision	100	-	18	82
Inland/Wetlands	4,382	-	-	4,382
Adopt-a-family	246	-	-	246
Town Historic Preservation	1,933	-	-	1,933
Library Building	500	-	-	500
Dog Park	532	7,372	782	7,122
Economic Development	300	-	-	300
First Tee	80	-	80	-
TOTAL	\$ 127,551	\$ 85,306	\$ 93,338	\$ 119,519

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

SIDEWALK FUND

For the Year Ended June 30, 2011

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
General Repairs	\$ 10,000	\$ -	\$ 10,000	\$ 3,000	\$ 7,000

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

DOG LICENSE FUND

For the Year Ended June 30, 2011

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
Office expense	\$ 1,200	\$ -	\$ 1,200	\$ 1,188	\$ 13
Training/workshops	1,000	-	1,000	992	8
Contract services	10,800	565	11,365	11,365	-
Vehicle maintenance	1,500	(565)	935	613	322
Fuel and fluids	2,000	-	2,000	1,827	173
Uniforms	1,200	-	1,200	1,129	71
Veterinarian fees	3,500	-	3,500	3,430	70
Equipment, purchase and repair	1,000	-	1,000	979	21
TOTAL	\$ 22,200	\$ -	\$ 22,200	\$ 21,523	\$ 677

Capital Projects Funds

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. Legal authorization for Capital Projects expenditures is provided by specific appropriations, bond ordinances and/or intergovernmental grant agreements. Such appropriations do not lapse until the project is complete or unused for three years.

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2011

	Appropriations				Expenditures				
	Balance	Current	Adjustments	Balance	Balance	Current	Balance	Encumbrances	Balance
	July 1, 2010	Year		June 30, 2011	July 1, 2010	Year	June 30, 2011		
Capital and Nonrecurring Expenditures	\$ 3,345,312	\$ 863,818	\$ (52,214)	\$ 4,156,916	\$ 2,931,216	\$ 585,902	\$ 3,517,118	\$ 180,116	\$ 459,682
Sewer Assessment	-	212,560	-	212,560	-	177,905	177,905	-	34,655
High School Building Project	21,811,000	-	-	21,811,000	20,923,154	-	20,923,154	-	887,846
LOCIP Projects	1,334,344	230,000	(52,812)	1,511,532	1,267,527	12,639	1,280,166	231,366	-
New 3-5 School Project	28,214,000	-	-	28,214,000	27,768,442	91	27,768,533	266	445,201
Sewer Capital and Nonrecurring Expenditures	768,261	172,500	-	940,761	508,393	348,250	856,643	20,640	63,478
Geer Street Improvements	212,843	-	-	212,843	212,843	-	212,843	-	-
State Bond Grant	250,000	200,000	-	450,000	244,911	5,089	250,000	-	200,000
CMS Asbestos Removal Fund	754,288	-	-	754,288	754,288	-	754,288	-	-
Roads Main Street Improvement Fund	5,056,000	-	-	5,056,000	2,363,913	1,753,733	4,117,646	762,255	176,099
School Security Fund	1,151,000	-	-	1,151,000	1,150,999	-	1,150,999	-	1
Park Improvement Fund	710,000	-	-	710,000	524,430	96,625	621,055	34,524	54,421
Downtown Historical Development	450,000	-	-	450,000	126,399	149,554	275,953	8,878	165,169
CMS Roof Replacement	7,167,000	-	-	7,167,000	2,569,291	4,148,179	6,717,470	197,537	251,993
2010 Roads/Infrastructure	3,046,000	-	-	3,046,000	34,454	1,137,316	1,171,770	189,911	1,684,319
ARRA Grant	303,150	-	-	303,150	-	180,500	180,500	13,525	109,125
Industrial Park Development Fund	945,000	-	-	945,000	395,263	71,478	466,741	34,756	443,503
	<u>\$ 75,518,198</u>	<u>\$ 1,678,878</u>	<u>\$ (105,026)</u>	<u>\$ 77,092,050</u>	<u>\$ 61,775,523</u>	<u>\$ 8,667,261</u>	<u>\$ 70,442,784</u>	<u>\$ 1,673,774</u>	<u>\$ 4,975,492</u>

RECONCILIATION TO PRIOR YEAR ENDING

BALANCE FOR EXPENDITURES

Ending Balance of Expenditures June 30, 2010	\$ 75,427,553
Adjustment for Sewer Assessment ending balance	(212,505)
Adjustment for ARRA grant	303,150
Beginning Balance of Expenditures June 30, 2011	<u>\$ 75,518,198</u>

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL AND NONRECURRING EXPENDITURE FUND
For the Year Ended June 30, 2011

	Appropriations			
	Balance July 1, 2010	Current Year	Adjustments	Balance June 30, 2011
FINANCIAL SOFTWARE	\$ 70,000	\$ -	\$ -	\$ 70,000
REVALUATION SVCS	21,928	-	-	21,928
ENGR-GIS DATA INPUT	25,000	-	-	25,000
PLAN OF DEVELOPMENT	92,179	-	-	92,179
TAX COLLECTOR - SECURITY	5,520	-	-	5,520
POLICE-LAPTOP COMPUTERS	16,816	-	-	16,816
HUMAN SVCS-ADA IMPROVEMENTS	40,000	-	-	40,000
MUNICIPAL BUILDING - SIGNAGE	10,000	-	-	10,000
ELEC/PHONE SVC-TRANSFER STATION	-	-	-	-
LIB-ARCHITECTURAL STUDY	22,000	-	-	22,000
REVALUATION SVCS	333,093	-	-	333,093
TRANSFER STATION OFFICE BLD	19,986	-	-	19,986
ENGR-GIS DATA INPUT	9,783	-	-	9,783
ENG-CONTROL POINTS SURVEY	10,000	-	(6)	9,994
REC FLOOR MATS	12,000	-	(8,106)	3,894
TRANSP-HANDICAP VEHICLE	51,942	-	-	51,942
HIGHWAY GARAGE FLOOR REPAIR	19,636	-	-	19,636
DUI ENFORCEMENT 06-07	21,199	-	-	21,199
PIERSON PARK BLEACHERS	36,088	-	-	36,088
ENG/CONTROL POINTS SURVEY	10,000	-	-	10,000
NPDES STORMWATER	36,000	-	-	36,000
40K LB DUMP TRUCK W/SANDER	129,499	-	-	129,499
1 TON MASON DUMP TRUCK W/SANDER	58,800	-	-	58,800
P&Z UPDATE REGULATIONS	47,500	6,800	-	54,300
4x4 PICK UP TRUCK	32,000	-	-	32,000
POLICE VEHICLES (2) 07-08	62,568	-	-	62,568
AUTOMATIC EXT DIFIBRILLATORS	5,718	-	-	5,718
BULLETPROOF VESTS	19,949	-	-	19,949
ACCIDENT/CRIME SCENE RECONSTRUCTION	6,917	-	-	6,917
BOE SPECIAL SERVICES BUS 07-08	20,768	-	-	20,768
DUI ENFORCEMENT 07-08	20,960	-	-	20,960
DUI ENFORCEMENT 08-09	20,304	-	-	20,304
ENERGY IMPROV-SIEMENS	1,051,850	-	-	1,051,850
SWEeper	144,649	-	-	144,649
CURB MACHINE/FEEDER	16,500	-	-	16,500
GYM ROOF REPAIR	10,000	-	-	10,000
ZERO TURN 60" DIESEL MOWER (2)	29,758	-	-	29,758
STORAGE BLDG FOR EQUIPMENT	75,000	-	-	75,000
POLICE VEHICLE 08/09	31,309	-	-	31,309
SENIOR CENTER STUDY	25,000	-	(880)	24,120
PARK PLAYGROUNDS 08/09	30,000	-	-	30,000
BOE SPECIAL SERVICES BUS 08/09	54,534	-	-	54,534
JAG GRANT - PORTABLE RADIOS	7,500	-	-	7,500
DESIGN WORK IRON GATE ESTATES	100,000	-	-	100,000
NPDES STORMWATER	19,500	-	-	19,500
MASON DUMP TRUCK W/PLOW	65,000	-	(8,699)	56,301
TORO 16' MOWER	86,000	-	(501)	85,499
POLICE VEHICLES 09/10	36,300	-	-	36,300
LIBRARY COMPUTER SYSTEM	12,000	-	-	12,000
EMERGENCY GENERATOR	80,000	-	(200)	79,800
DUI GRANT 09/10	37,200	-	(14,122)	23,078
GIS & CONTROL POINTS 09/10	33,000	-	-	33,000
ENERGY EFFICIENCY BLOCK GRANT	64,241	-	-	64,241
POLICE DEPARTMENT BOILER	47,818	-	-	47,818
HANDICAP ACCESS VEHICLE	-	57,000	-	57,000
HOUSING ZONE REG GRANT	-	20,000	-	20,000
POLICE SUV 10/11	-	45,000	-	45,000
DUI GRANT 10/11	-	34,800	-	34,800
BACKHOE	-	80,000	-	80,000
LED LIGHTING UPGRADE	-	58,218	-	58,218
TOWN HALL GYM FLOOR	-	40,000	(19,378)	20,622
PICK-UP TRUCK W/FLOW	-	34,000	(322)	33,678
40LB DUMP TRUCK W/PLOW	-	175,000	-	175,000
CHS BOILER	-	300,000	-	300,000
FINANCE SERVER	-	13,000	-	13,000
TOTAL	\$ 3,345,312	\$ 863,818	\$ (52,214)	\$ 4,156,916

Expenditures					
Balance		Current	Balance	Encumbrances	Uncommitted
July 1, 2010		Year	June 30, 2011		
\$	70,000	\$ -	\$ 70,000	\$ -	\$ -
	21,928	-	21,928	-	-
	25,000	-	25,000	-	-
	92,179	-	92,179	-	-
	5,520	-	5,520	-	-
	16,816	-	16,816	-	-
	40,000	-	40,000	-	-
	10,000	-	10,000	-	-
	-	-	-	-	-
	22,000	-	22,000	-	-
	333,093	-	333,093	-	-
	19,986	-	19,986	-	-
	9,783	-	9,783	-	-
	6,174	3,820	9,994	-	-
	3,894	-	3,894	-	-
	51,942	-	51,942	-	-
	19,636	-	19,636	-	-
	21,199	-	21,199	-	-
	36,088	-	36,088	-	-
	-	7,272	7,272	2,728	-
	28,278	7,722	36,000	-	-
	129,499	-	129,499	-	-
	58,800	-	58,800	-	-
	43,301	8,300	51,601	2,000	699
	32,000	-	32,000	-	-
	62,568	-	62,568	-	-
	5,718	-	5,718	-	-
	19,949	-	19,949	-	-
	6,917	-	6,917	-	-
	20,768	-	20,768	-	-
	20,960	-	20,960	-	-
	20,304	-	20,304	-	-
	1,051,850	-	1,051,850	-	-
	144,649	-	144,649	-	-
	-	-	-	14,944	1,556
	10,000	-	10,000	-	-
	29,758	-	29,758	-	-
	-	-	-	-	75,000
	31,309	-	31,309	-	-
	24,120	-	24,120	-	-
	14,628	553	15,181	-	14,819
	54,534	-	54,534	-	-
	7,500	-	7,500	-	-
	80,411	164	80,575	-	19,425
	-	19,500	19,500	-	-
	56,301	-	56,301	-	-
	85,499	-	85,499	-	-
	36,300	-	36,300	-	-
	11,436	110	11,546	-	454
	6,553	73,247	79,800	-	-
	18,400	4,678	23,078	-	-
	13,668	8,637	22,305	837	9,858
	-	64,241	64,241	-	-
	-	47,818	47,818	-	-
	-	-	-	57,000	-
	-	10,400	10,400	9,600	-
	-	42,426	42,426	-	2,574
	-	15,130	15,130	-	19,670
	-	80,000	80,000	-	-
	-	58,218	58,218	-	-
	-	20,622	20,622	-	-
	-	33,678	33,678	-	-
	-	79,366	79,366	93,007	2,627
	-	-	-	-	300,000
	-	-	-	-	13,000
\$	2,931,216	\$ 585,902	\$ 3,517,118	\$ 180,116	\$ 459,682

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

SEWER ASSESSMENT FUND

For the Year Ended June 30, 2011

	Original Appropriation	Expenditures	Uncommitted Balance
Legal fees	\$ 5,000	\$ -	\$ 5,000
Construction	25,000	299	24,701
Postage	300	293	7
Legal Notices	700	503	197
Printing	500	-	500
Sewer bonds - principal	160,000	160,000	-
Sewer bonds - interest	14,960	14,960	-
Data Processing	2,000	1,350	650
Contracted Services	4,000	500	3,500
Prior Year Refunds	100	-	100
TOTAL	\$ 212,560	\$ 177,905	\$ 34,655

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

GEER STREET IMPROVEMENTS

For the Year Ended June 30, 2011

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2010	Adjustments	Balance June 30, 2011	Balance July 1, 2010	Current Year	Balance June 30, 2011		
Legal and Financing Expenses	\$ 5,000	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -
Construction Contingency	-	-	-	-	-	-	-	-
Construction	207,843	-	207,843	207,843	-	207,843	-	-
Temporary Interest Expense	-	-	-	-	-	-	-	-
Misc. Admin Expense	-	-	-	-	-	-	-	-
TOTAL	\$ 212,843	\$ -	\$ 212,843	\$ 212,843	\$ -	\$ 212,843	\$ -	\$ -

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

LOCAL CAPITAL IMPROVEMENT FUND

For the Year Ended June 30, 2011

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2010	Adjustments	Balance June 30, 2011	Balance July 1, 2010	Current Year	Balance June 30, 2011		
Coles Rd Phase I Improv - Constr	\$ 188,336	\$ (23,711)	\$ 164,625	\$ 150,620	\$ 12,639	\$ 163,259	\$ 1,366	\$ -
Christian Hill Rd Reconstruction	82,264	-	82,264	82,264	-	82,264	-	-
Christian Hill Bridge Reconstr.	586,744	-	586,744	586,744	-	586,744	-	-
Evergreen/Copperknoll Drainage	385,000	(1,636)	383,364	383,364	-	383,364	-	-
Coles Rd - Rights-of-Way	30,000	(7,500)	22,500	22,500	-	22,500	-	-
Willowbrook Road	62,000	(19,965)	42,035	42,035	-	42,035	-	-
Culvert Project	-	230,000	230,000	-	-	-	230,000	-
TOTAL	\$ 1,334,344	\$ 177,188	\$ 1,511,532	\$ 1,267,527	\$ 12,639	\$ 1,280,166	\$ 231,366	\$ -

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

NEW 3-5 SCHOOL PROJECT FUND

For the Year Ended June 30, 2011

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2010	Adjustments	Balance June 30, 2011	Balance July 1, 2010	Current Year	Balance June 30, 2011		
Architect/Engineering Fees	\$ 3,581,438	\$ -	\$ 3,581,438	\$ 3,581,438	\$ -	\$ 3,581,438	\$ -	\$ -
Bonding, Insurance, & Financial Services	225,000	-	225,000	126,183	91	126,274	266	98,460
Construction	19,962,176	-	19,962,176	19,989,559	-	19,989,559	-	(27,383)
Other Project Expenses	962,150	-	962,150	947,005	-	947,005	-	15,145
Temporary Interest Expense	750,000	-	750,000	391,021	-	391,021	-	358,979
Site Acquisition & Rectification	2,733,236	-	2,733,236	2,733,236	-	2,733,236	-	-
TOTAL	\$ 28,214,000	\$ -	\$ 28,214,000	\$ 27,768,442	\$ 91	\$ 27,768,533	\$ 266	\$ 445,201

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

STATE BOND GRANT PROJECTS

For the Year Ended June 30, 2011

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2010		June 30, 2011	July 1, 2010	Year	June 30, 2011		
Skate Board Park	\$ 67,000	\$ -	\$ 67,000	\$ 67,000	\$ -	\$ 67,000	\$ -	\$ -
Playground Equipment	25,000	-	25,000	25,000	-	25,000	-	-
Little League Concession Stand	125,000	-	125,000	119,911	5,089	125,000	-	-
Pierson Park Bleachers	33,000	-	33,000	33,000	-	33,000	-	-
Dead Man's Swamp	-	200,000	200,000	-	-	-	-	200,000
TOTAL	\$ 250,000	\$ 200,000	\$ 450,000	\$ 244,911	\$ 5,089	\$ 250,000	\$ -	\$ 200,000

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

PARK IMPROVEMENTS

For the Year Ended June 30, 2011

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance		Balance	Balance	Current	Balance		
	July 1, 2010	Adjustments	June 30, 2011	July 1, 2010	Year	June 30, 2011		
Bonding, Insur., Financing	\$ 25,000	\$ -	\$ 25,000	\$ 11,652	\$ -	\$ 11,652	\$ -	\$ 13,348
Contracted Services	50,000	(50,000)	-	-	-	-	-	-
General Repairs	235,000	75,000	310,000	164,892	96,625	261,517	27,040	21,443
Construction	400,000	(25,000)	375,000	347,886		347,886	7,484	19,630
TOTAL	\$ 710,000	\$ -	\$ 710,000	\$ 524,430	\$ 96,625	\$ 621,055	\$ 34,524	\$ 54,421

TOWN OF CROMWELL

**2010 ROADS/INFRASTRUCTURE FUND
SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2011**

	Balance July 1, 2010	Adjustments	Balance June 30, 2011	Balance July 1, 2010	Current Year	Balance June 30, 2011	Encumbered	Uncommitted Balance
Legal and Financing Expenses	\$ 25,000	\$ -	\$ 25,000	\$ 34,454	\$ -	\$ 34,454	\$ -	\$ (9,454)
Project Planning & Design	150,000	-	150,000	-	-	-	-	150,000
General Repair	721,000	-	721,000	-	88,491	88,491	110,000	522,509
Construction	1,300,000	-	1,300,000	-	933,287	933,287	15,331	351,382
Construction Phase II	800,000	-	800,000	-	115,538	115,538	64,580	619,882
Construction Contingency	50,000	-	50,000	-	-	-	-	50,000
TOTAL	\$ 3,046,000	\$ -	\$ 3,046,000	\$ 34,454	\$ 1,137,316	\$ 1,171,770	\$ 189,911	\$ 1,684,319

Fiduciary Funds

Agency Funds

Agency Funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations.

- The School Activity Fund is an agency fund established to receive student funds and other program funds to promote the education and activities of students.
- The Contractor Bond Fund is an agency fund established to receive cash bonds posted by contractors, developers and others.

TOWN OF CROMWELL, CONNECTICUT

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS**

June 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 192,875	\$ 541,075	\$ 446,458	\$ 287,492
Liabilities				
Due to student groups	\$ 192,875	\$ 541,075	\$ 446,458	\$ 287,492
CONTRACTOR BOND FUND				
Assets				
Cash and cash equivalents	\$ 1,174,926	\$ 103,434	\$ 688,350	\$ 590,010
Liabilities				
Deposits	\$ 1,174,926	\$ 103,434	\$ 688,350	\$ 590,010
TOTAL ALL FUNDS				
Assets				
Cash and cash equivalents	\$ 1,367,801	\$ 644,509	\$ 1,134,808	\$ 877,502
Liabilities				
Due to student groups	\$ 192,875	\$ 541,075	\$ 446,458	\$ 287,492
Deposits	1,174,926	103,434	688,350	590,010
Total	\$ 1,367,801	\$ 644,509	\$ 1,134,808	\$ 877,502

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Statistical Section

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.
- Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate own-source revenues (property taxes, charges for services, etc.).
- Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment, and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

TOWN OF CROMWELL, CONNECTICUT

NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS

(thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:								
Invested in capital assets, net of related debt	\$90,389,434	\$84,057,785	\$79,977,008	\$85,059,583	\$82,378,615	\$36,043,985	\$25,548,448	\$19,152,703
Restricted	10,018	9,995	9,963	9,818	9,435	8,578	8,578	8,389
Unrestricted	9,151,471	10,030,130	15,051,100	11,225,727	11,008,614	9,755,896	15,043,750	11,529,752
Total governmental activities net assets	<u>\$99,550,923</u>	<u>\$94,097,910</u>	<u>\$95,038,071</u>	<u>\$96,295,128</u>	<u>\$93,396,664</u>	<u>\$45,808,459</u>	<u>\$40,600,776</u>	<u>\$30,690,844</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003
- (3) The Town began to report retroactive infrastructure in accordance with GASB Statement No. 34 in fiscal year 2007.

*Restated

TOWN OF CROMWELL, CONNECTICUT

CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

(thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses:								
General government	\$4,745,753	\$4,811,384	\$5,285,460	\$4,562,542	\$4,695,839	\$4,615,416	\$4,123,566	\$4,049,469
Public safety	3,266,290	3,279,017	3,408,597	3,260,989	3,013,542	2,797,759	2,714,155	2,579,504
Public works	7,084,009	6,977,469	7,111,663	8,003,018	6,382,470	4,493,904	4,233,837	3,983,293
Culture and recreation	980,589	943,176	953,776	891,399	834,362	826,518	812,198	754,537
Human services	586,961	569,523	537,251	575,713	713,822	553,963	601,867	485,671
Education	31,258,609	31,361,305	29,777,145	34,619,609	26,229,542	24,560,513	22,133,614	20,643,432
Interest on long-term debt	1,377,511	1,360,078	1,328,827	1,112,299	1,172,456	1,239,540	1,204,056	1,072,703
Total governmental activities expenses	<u>\$49,299,722</u>	<u>\$49,301,952</u>	<u>\$48,402,719</u>	<u>\$53,025,569</u>	<u>\$43,042,033</u>	<u>\$39,087,613</u>	<u>\$35,823,293</u>	<u>\$33,568,609</u>
Program revenues								
Charges for services:								
General government	449,200	382,977	299,032	854,887	595,733	657,272	679,088	812,510
Public safety	370,556	522,910	476,715	637,783	755,766	349,725	312,041	306,205
Public works	1,750,064	1,405,812	1,156,948	1,462,064	1,559,931	1,795,900	1,396,876	1,320,894
Culture and recreation	122,853	84,122	140,564	100,254	93,652	96,787	74,847	0
Human services	5,779	23,530	11,173	20,251	21,066	20,331	14,920	11,783
Education	563,268	549,279	506,655	476,431	494,215	496,230	437,674	399,909
Operating grants and contributions	8,646,431	8,176,723	7,572,422	14,256,021	6,241,001	5,803,038	4,884,441	4,738,225
Capital grants and contributions	2,705,585	1,062,700	518,969	2,044,768	2,065,425	3,762,315	8,223,673	1,666,846
Total governmental activities program revenues	<u>14,613,736</u>	<u>12,208,053</u>	<u>10,682,478</u>	<u>19,852,459</u>	<u>11,826,789</u>	<u>12,981,598</u>	<u>16,023,560</u>	<u>9,256,372</u>
Net (expense) revenue:								
Governmental activities	<u>(34,685,986)</u>	<u>(37,093,899)</u>	<u>(37,720,241)</u>	<u>(33,173,110)</u>	<u>(31,215,244)</u>	<u>(26,106,015)</u>	<u>(19,799,733)</u>	<u>(24,312,237)</u>
General revenues and other changes in net assets:								
Governmental activities:								
Property taxes	36,897,559	35,599,902	35,450,949	32,944,028	32,518,744	29,915,084	28,562,193	24,905,290
Grants and contributions not restricted to specific purposes	246,964	269,056	392,954	492,989	545,691	473,611	477,263	477,471
Unrestricted investment earnings	71,930	42,838	291,346	747,671	968,895	772,028	529,869	230,284
Other general revenues	2,922,546	241,942	327,935	88,129	133,167	152,975	130,340	49,824
Total general revenues and other changes in net assets	<u>40,138,999</u>	<u>36,153,738</u>	<u>36,463,184</u>	<u>34,272,817</u>	<u>34,166,497</u>	<u>31,313,698</u>	<u>29,699,665</u>	<u>25,662,869</u>
Changes in net assets:								
Governmental activities	<u>\$5,453,013</u>	<u>(\$940,161)</u>	<u>(\$1,257,057)</u>	<u>\$1,099,707</u>	<u>\$2,951,253</u>	<u>\$5,207,683</u>	<u>\$9,899,932</u>	<u>\$1,350,632</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

TABLE 3

TOWN OF CROMWELL, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	(thousands)									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	37,600	-	-	-	-	-	-	-	-	-
Assigned	9,830	-	-	-	-	-	-	-	-	-
Unassigned	4,242,189	-	-	-	-	-	-	-	-	-
Reserved	-	24,160	408,567	670,645	604,962	220,011	118,728	176,992	86,947	142,592
Unreserved	-	4,197,025	4,853,401	5,068,728	3,955,418	3,211,369	3,756,242	3,304,288	3,844,415	4,086,881
Total general fund	<u>\$ 4,289,619</u>	<u>\$ 4,221,185</u>	<u>\$ 5,261,968</u>	<u>\$ 5,739,373</u>	<u>\$ 4,560,380</u>	<u>\$ 3,431,380</u>	<u>\$ 3,874,970</u>	<u>\$ 3,481,280</u>	<u>\$ 3,931,362</u>	<u>\$ 4,229,473</u>
All other governmental funds:										
Nonspendable	\$ 45,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,295,655	-	-	-	-	-	-	-	-	-
Committed	3,306,672	-	-	-	-	-	-	-	-	-
Assigned	1,595,934	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved	-	2,629,299	717,840	462,226	826,846	1,025,991	8,333,904	2,965,918	1,580,020	8,402,831
Unreserved, reported in:										
Special revenue funds	-	2,744,475	2,763,546	2,992,104	3,041,958	2,692,299	2,622,381	2,400,014	2,394,200	2,314,711
Capital projects funds	-	8,935,275	7,285,469	8,401,776	2,052,553	2,150,483	(443,759)	10,336,740	(4,041,868)	2,996,841
Total all other governmental funds	<u>\$ 9,243,725</u>	<u>\$ 14,309,049</u>	<u>\$ 10,766,855</u>	<u>\$ 11,856,106</u>	<u>\$ 5,921,357</u>	<u>\$ 5,868,773</u>	<u>\$ 10,512,526</u>	<u>\$ 15,702,672</u>	<u>\$ (67,648)</u>	<u>\$ 13,714,383</u>

Note: Schedule prepared on the modified accrual basis of accounting

Note: The Town implemented GASB 54 in fiscal year 2011.

TOWN OF CROMWELL, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(thousands)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues:										
Property taxes	\$ 36,823,715	\$ 35,645,513	\$ 35,388,867	\$ 33,037,472	\$ 32,427,042	\$ 30,080,756	\$ 28,732,362	\$ 25,483,587	\$ 23,752,742	\$ 21,509,817
Assessments	-	-	-	-	-	-	-	-	-	502,622
Intergovernmental	10,959,068	9,533,487	8,459,337	16,106,891	7,046,083	10,049,130	13,569,504	6,775,913	7,075,219	10,683,961
Charges for services	3,143,438	3,012,535	3,245,874	2,710,909	2,963,789	3,353,875	2,961,110	3,008,165	2,953,848	1,980,167
Income on investments	71,930	42,838	291,346	747,671	968,895	772,028	529,869	230,284	229,601	700,636
Miscellaneous	817,179	241,942	327,935	698,318	525,207	342,385	316,056	278,524	439,773	1,200,060
Total revenues	51,815,330	48,476,315	47,713,359	53,301,261	43,931,016	44,598,174	46,108,901	35,776,473	34,451,183	36,577,263
Expenditures:										
General government	4,911,295	4,674,278	4,683,572	4,399,214	4,366,962	4,406,214	3,979,972	3,901,798	3,529,524	3,195,957
Public safety	3,052,028	3,087,717	3,155,691	3,004,349	2,814,468	2,652,078	2,486,708	2,417,503	2,661,031	2,342,911
Public works	5,111,350	5,049,682	5,156,629	5,710,333	4,473,302	4,419,490	4,120,319	3,862,074	3,517,478	3,295,938
Culture and recreation	897,512	880,079	884,401	865,790	837,541	768,616	685,319	686,924	648,224	633,028
Human services	546,407	508,953	507,753	546,047	502,107	544,579	506,584	487,966	445,189	428,415
Education	29,616,635	29,389,356	28,299,582	33,903,173	25,338,328	23,277,163	21,174,288	20,096,419	19,232,547	18,264,296
Debt services:										
Principal	2,703,589	2,566,147	2,480,000	2,065,000	2,070,000	2,255,000	1,970,000	1,460,000	1,270,000	715,000
Interest	1,485,189	1,209,630	1,262,537	1,070,897	1,147,284	1,214,634	1,301,251	731,523	606,970	493,608
Capital outlay	8,488,214	5,574,413	3,701,700	1,351,682	1,199,440	10,147,743	14,680,916	6,870,551	8,127,408	12,319,451
Total expenditures	56,812,219	52,940,255	50,131,865	52,916,485	42,749,432	49,685,517	50,905,357	40,514,758	40,038,371	41,688,604
Excess of revenue over (under) expenditures	(4,996,889)	(4,463,940)	(2,418,506)	384,776	1,181,584	(5,087,343)	(4,796,456)	(4,738,285)	(5,587,188)	(5,111,341)
Other financing sources (uses):										
Transfers in	1,522,014	1,645,662	1,640,559	2,070,601	1,802,375	1,313,301	1,189,240	1,705,371	1,886,994	545,503
Transfers out	(1,522,014)	(1,645,662)	(1,640,559)	(2,070,601)	(1,802,375)	(1,313,301)	(1,189,240)	(1,705,371)	(1,886,994)	(545,317)
Proceeds from sale of bonds	-	6,730,000	-	6,728,966	-	-	-	27,440,000	-	9,500,000
Bond issuance costs	-	-	-	-	-	-	-	(149,545)	-	-
Premium on bonds	-	235,350	-	-	-	-	-	389,545	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(7,621,477)	-	-
Capital leased issued	-	-	1,051,850	-	-	-	-	-	-	-
Total other financing sources (uses)	-	6,965,350	1,051,850	6,728,966	-	-	-	20,058,523	-	9,500,186
Net change in fund balance	(\$4,996,889)	\$2,501,410	(\$1,366,656)	\$7,113,742	\$1,181,584	(\$5,087,343)	(\$4,796,456)	\$15,320,238	(\$5,587,188)	\$4,388,845
Debt service as a percentage of noncapital expenditures	8.67%	7.97%	8.06%	6.08%	7.74%	8.78%	9.03%	6.51%	5.88%	4.12%

Note: Schedule prepared on the modified accrual basis of accounting

TABLE 5

TOWN OF CROMWELL, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEARREAL PROPERTY.....			PERSONAL PROPERTY	MOTOR VEHICLE	LESS TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE	ESTIMATED ACTUAL TAXABLE VALUE	TAXABLE ASSESSED VALUE AS A PERCENTAGE OF ACTUAL TAXABLE VALUE
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL							
2011	968,599,140	213,545,750	133,498,360	74,082,420	95,397,097	107,479,838	1,377,642,929	26.84	1,968,061,327	70.00%
2010	968,542,060	202,408,170	132,414,570	70,375,760	94,041,439	106,859,314	1,360,922,685	26.16	1,944,175,264	70.00%
2009	944,635,890	200,866,770	146,837,660	67,170,530	97,246,781	105,522,818	1,351,234,813	26.21	1,930,335,447	70.00%
2008	731,664,379	141,127,660	106,908,960	63,958,910	94,701,141	89,118,346	1,049,242,704	31.14	1,498,918,149	70.00%
2007	716,773,690	139,994,380	101,649,340	60,273,720	93,504,635	85,918,830	1,026,276,935	31.29	1,466,109,907	70.00%
2006	708,454,630	136,519,980	104,890,420	55,836,730	87,332,370	88,657,180	1,004,376,950	29.60	1,434,824,214	70.00%
2005	677,206,250	135,380,340	95,997,800	48,052,990	79,354,510	78,660,030	957,331,860	29.00	1,367,616,943	70.00%
2004	663,296,280	136,314,340	95,580,450	48,823,943	81,145,870	78,821,980	946,338,903	26.30	1,351,912,719	70.00%
2003	477,261,900	123,838,590	94,408,520	51,560,142	77,246,260	75,729,160	748,586,252	30.84	1,069,408,931	70.00%
2002	465,094,090	120,716,040	93,323,600	49,994,800	73,998,380	74,653,346	728,473,564	29.49	1,040,676,520	70.00%

Source: Town of Cromwell Office of Tax Assessor

Note:

(1) Assessed value is 70% of actual value.

TABLE 6

TOWN OF CROMWELL, CONNECTICUT

DIRECT AND OVERLAPPING
PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	Operating Millage	Debt Service Millage	School Millage	Total Town Millage	Overlapping Rates		Total Direct & Overlapping Rates
					Fire District		
2011	8.45	2.62	15.76	26.84	1.80		28.64
2010	7.79	2.73	15.64	26.16	1.80		27.96
2009	8.14	2.82	15.25	26.21	1.80		28.01
2008	9.71	2.93	18.50	31.14	2.10		33.24
2007	9.38	3.05	18.86	31.29	2.10		33.39
2006	8.88	3.37	17.35	29.60	1.90		31.50
2005	9.08	3.31	16.61	29.00	1.90		30.90
2004	8.29	1.78	16.23	26.30	1.60		27.90
2003	8.84	2.42	19.58	30.84	1.88		32.72
2002	9.95	1.20	18.34	29.49	1.88		31.37

Source:

Note 1: The Mattabassett District is funded by the Sewer Usage Fund for the annual operation and maintenance portion of their budget

Note 2: Fiscal years 2000, 2004, and 2008 were revalued.

Note 3: This schedule was broken out to display components of the total direct rate starting 2010.

TABLE 7

TOWN OF CROMWELL, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
2011 and 2002

TAXPAYERS	Grand List of October 1, 2009			Grand List of October 1, 2000		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TOWN TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TOWN TAXABLE ASSESSED VALUE
Covenant Home Inc.	\$24,689,270	1	1.79%			
Covenant Home Inc. (Covenant Village)	-	-	-	13,131,370	1	1.80%
Shaner Hotel Group Properties (Radisson)	12,589,500	2	0.91%	9,161,860	3	1.26%
Algonquin Gas Trans Co.	10,025,780	3	0.73%	12,829,305	2	1.76%
Infinity Cromwell Properties (Wal-Mart)	8,761,700	4	0.64%	7,425,834	4	1.02%
Main Street Equity	8,733,930	5	0.63%	-	-	-
IRNM Fee Cromwell LLC	7,175,000	6	0.52%	-	-	-
Connecticut Light & Power	7,027,290	7	0.51%	7,254,850	5	1.00%
R A Cromwell, LLC	6,789,200	8	0.49%	-	-	-
Tournament Players Club	6,773,250	9	0.49%	7,189,540	6	0.99%
Lehigh Cromwell LLC	6,720,000	10	0.49%	-	-	-
Daylar River Properties	-	-	0.00%	7,171,850	7	0.98%
Batram Realty Company (Stop & Shop)	-	-	0.00%	6,411,250	8	0.88%
Adele Cocomo (Rideview)	-	-	0.00%	5,313,930	9	0.73%
Cromwell Crest Convalescent Home, Inc.	-	-	0.00%	5,307,740	10	0.73%
	<u>\$99,284,920</u>		<u>7.21%</u>	<u>81,197,529</u>		<u>11.15%</u>

Source: Town of Cromwell Assessor's Office.

Note: Grand List years are collected in the current year and nine years ago.

TABLE 8

TOWN OF CROMWELL, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR ENDED JUNE 30,	TAX RATE IN MILLS	<u>COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY</u>				<u>TOTAL COLLECTIONS TO DATE</u>			
		TAXES LEVIED FOR THIS FISCAL YEAR	AMOUNT	PERCENTAGE OF LEVY	COLLECTION IN SUBSEQUENT YEARS	AMOUNT	PERCENTAGE OF LEVY		
2011	26.84	\$ 36,870,036	\$ 36,484,059	98.95%	\$ -	\$ 36,484,059	98.95%		
2010	26.16	\$ 35,490,099	\$ 35,217,856	99.23%	\$ 145,367	\$ 35,363,223	99.64%		
2009	26.21	\$ 35,337,213	\$ 35,011,177	99.08%	\$ 224,234	\$ 35,235,411	99.71%		
2008	31.14	\$ 32,893,111	\$ 32,669,608	99.32%	\$ 131,330	\$ 32,800,938	99.72%		
2007	31.29	\$ 32,363,161	\$ 32,070,032	99.09%	\$ 195,964	\$ 32,265,996	99.70%		
2006	29.60	\$ 29,968,290	\$ 29,719,320	99.17%	\$ 142,940	\$ 29,862,260	99.65%		
2005	29.00	\$ 28,290,518	\$ 28,089,034	99.29%	\$ 79,675	\$ 28,168,709	99.57%		
2004	26.30	\$ 24,950,768	\$ 24,595,257	98.58%	\$ 199,856	\$ 24,795,113	99.38%		
2003	30.84	\$ 23,223,710	\$ 22,793,558	98.15%	\$ 233,487	\$ 23,027,045	99.15%		
2002	29.49	\$ 21,427,315	\$ 20,871,662	97.41%	\$ 263,254	\$ 21,134,916	98.64%		

Source: Tax Collector's Report: Comprehensive annual financial report

*The numbers above have been revised from prior years to accurately reflect the collection in subsequent years.

TABLE 9

TOWN OF CROMWELL, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(thousands, except per capita)

FISCAL YEAR	GENERAL OBLIGATION BONDS	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
2011	30,215,000	30,215,000	4.89%	2,163
2010	32,980,000	32,980,000	6.38%	2,378
2009	28,660,000	28,660,000	5.61%	2,081
2008	31,150,000	31,150,000	6.20%	2,275
2007	26,535,000	26,535,000	6.03%	1,938
2006	28,605,000	28,605,000	6.62%	2,113
2005	30,860,000	30,860,000	7.21%	2,285
2004	32,830,000	32,830,000	7.74%	2,436
2003	13,715,000	13,715,000	3.08%	1,018
2002	14,920,000	14,920,000	3.52%	1,116

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF CROMWELL, CONNECTICUT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	ESTIMATED SHARES OF DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
Cromwell Fire District*	\$ 1,210,000	100%	\$ 1,210,000
Town direct debt	30,215,000		<u>30,215,000</u>
Total			<u>\$ 31,425,000</u>

*The \$1,210,000 represents the outstanding general obligation bonds for the Fire District as of June 30, 2011. These bonds are retired from General Fund appropriations which are primarily financed from taxation. They are included as overlapping debt with the Town as they will impact the same tax base as the Town's debt.

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

June 30, 2011

Total tax collections (including fire district).....						<u><u>\$39,296,740</u></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.....	\$ 88,417,665	\$ -	\$ -	\$ -	\$ -	
4-1/2 times base.....	-	176,835,331	-	-	-	
3-3/4 times base.....	-	-	147,362,776	-	-	
3-1/4 times base.....	-	-	-	127,714,406	-	
3 times base.....	-	-	-	-	117,890,220	
Total debt limitation.....	88,417,665	176,835,331	147,362,776	127,714,406	117,890,220	
Indebtedness:						
Long-term debt outstanding.....	9,122,704	20,942,296	150,000	-	-	
Overlapping debt...	1,210,000	-	-	-	-	
Bonds authorized and unissued....	370,000	5,413,816	-	-	-	
Total Indebtedness	10,702,704	26,356,112	150,000	-	-	
Deductions:						
School Building Grants receivable	-	-	-	-	-	
Net indebtedness	10,702,704	26,356,112	150,000	-	-	
Debt limitation in excess of net debt....	<u>\$ 77,714,961</u>	<u>\$ 150,479,219</u>	<u>\$ 147,212,776</u>	<u>\$ 127,714,406</u>	<u>\$ 117,890,220</u>	

Note 1: In no case shall total indebtedness exceed \$275,077,180 or seven times annual receipts from taxation.

TABLE 12

TOWN OF CROMWELL, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

(thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limitation	275,077,180	266,833,357	264,235,650	247,204,692	240,950,647	244,113,967	215,002,123	189,620,753	176,208,851	159,970,412
Total net debt applicable to limit	37,208,816	40,083,816	47,200,370	49,405,181	42,277,117	43,979,156	48,963,010	42,561,339	27,370,220	27,003,751
Legal debt margin	<u>237,868,364</u>	<u>226,749,541</u>	<u>217,035,280</u>	<u>197,799,511</u>	<u>198,673,530</u>	<u>200,134,811</u>	<u>166,039,113</u>	<u>147,059,414</u>	<u>148,838,631</u>	<u>132,966,661</u>
Total net debt applicable to the limit as a percentage of debt limit	13.53%	15.02%	17.86%	19.99%	17.55%	18.02%	22.77%	22.45%	15.53%	16.88%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 11 for calculation of current year debt limitation

TABLE 13

TOWN OF CROMWELL, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION (1)	PER CAPITA INCOME (2)	PERSONAL INCOME	MEDIAN HOUSEHOLD INCOME (2)	MEDIAN AGE (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4)
2011	13,968	44,206	617,469,408	73,665	44	2,018	7.3%
2010	13,869	37,265	516,828,285	75,773	44	2,043	8.1%
2009	13,775	37,059	510,481,128	74,891	43	2,024	6.7%
2008	13,693	36,689	502,370,223	73,365	43	2,020	4.8%
2007	13,690	32,153	440,174,570	68,914	43	2,004	4.2%
2006	13,540	31,928	432,305,120	66,670	*	2,019	4.5%
2005	13,508	31,704	428,257,632	64,772	42	1,940	4.2%
2004	13,475	31,479	424,179,525	63,493	*	1,886	4.9%
2003	13,471	33,068	445,459,028	69,638	*	1,869	4.5%
2002	13,370	31,739	424,350,430	60,662	*	1,865	3.3%

* Information not available or attainable.

(1) Source: State of Connecticut Health Department, except 2007 which is a Town of Cromwell estimate.

(2) Source: State of Connecticut Fiscal Indicators - CERC (estimate used for 2005 and 2006)

(3) Source: Superintendent of Schools

(4) Source: Connecticut Labor Department

TABLE 14

TOWN OF CROMWELL, CONNECTICUT

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	NATURE OF BUSINESS	2011			2002		
		EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
The Children's Home	Residential School	220	1	3.32%	N/A	N/A	N/A
Wal-Mart	Department Store	200	2	3.01%	235	2	3.48%
Covenant Village	Retirement Village	185	3	2.79%	220	3	3.26%
Stop & Shop	Supermarket	180	4	2.71%	270	1	4.00%
Haven Health Center	Convalescent Home	145	5	2.19%	100	7	1.48%
Liturgical Publications	Publisher	127	6	1.91%	88	9	1.30%
Conference Center	Hotel/Conference Center	122	7	1.84%	170	6	2.52%
Lowe's	Home Supply Store	115	8	1.73%	N/A	N/A	N/A
Safe Home Security	Home Security	115	9	1.73%	N/A	N/A	N/A
K-Mart	Department Store	112	10	1.69%	N/A	N/A	N/A
Cromwell Growers	Landscapping/Florist	100	11	1.51%	N/A	N/A	N/A
XPECT	Department Store	90	12	1.36%	91	8	1.35%
Aeorspace Techniques/GKN	Aircraft Parts	80	13	1.21%	N/A	N/A	N/A
Apria Healthcare	Healthcare/Medical Equipment	50	14	0.75%	175	5	2.59%
Marriott Hotel	Hotel	60	15	0.90%	82	10	1.22%
Millane Nurseries	Nurseries	40	16	0.60%	180	4	2.67%

Source: Town of Cromwell, Town Planner

TABLE 15

TOWN OF CROMWELL, CONNECTICUT

FUL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>FUNCTION/PROGRAM</u>										
General government	35	35	35	35	35	36	35	33	34	34
Police	36	36	35	35	34	32	32	32	31	31
Fire	9	9	9	9	9	4	4	4	3	3
Refuse collection	2	2	2	2	2	2	2	2	2	2
Other public works	32	32	32	31	31	31	31	30	30	30
Parks and recreation	2	2	2	2	2	2	2	2	2	2
Library	17	17	17	17	17	18	18	17	17	16
Education	330	327	316	315	315	315	290	294	289	283
TOTAL	463	460	448	446	445	440	414	414	408	401

Source: Cromwell Town and Board of Education Payroll Records

TABLE 16

TOWN OF CROMWELL, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government: (1)										
Building permits issued	785	666	689	729	813	746	865	1011	887	941
Building inspections conducted										
Police: (2)										
Physical arrests	443	437	478	806	525	573	657	508	536	380
Parking violations	144	246	202	222	291	336	353	554	646	505
Traffic violations	601	481	540	1647	514	546	681	1082	663	413
Other public works: (3)										
Street resurfacing (miles)	6	1.68	1.8	0.93	0.33	5.73	0.62	0.3	0.79	0.25
Potholes repaired	*	*	*	*	*	*	*	*	*	*
Parks and recreation:										
Athletic field permits issued	*	*	*	*	*	*	*	*	*	*
Library: (4)										
Volumes in collection	81,990	80,120	78,557	78,581	77,418	74,364	71,905	72,343	68,603	65,763
Total volumes borrowed	105,252	102,003	105,019	108,674	100,711	99,354	104,267	100,186	94,908	86,464

Source:

- (1) Town of Cromwell Building Inspector
- (2) Town of Cromwell Police Department Records (per calendar year)
- (3) Town of Cromwell Public Works Department (per calendar year)
- (4) Town of Cromwell Librarian

Notes: * Information is not available.

TABLE 17

TOWN OF CROMWELL, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>FUNCTION/PROGRAM</u>		<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Police: (1)											
	Stations	1	1	1	1	1	1	1	1	1	1
	Zone offices	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Patrol units	14	14	14	14	14	14	14	13	13	13
Other public works: (2)											
	Streets (miles)	56	54.79	54.79	54.79	54	53.22	53.22	52.44	52.44	51.77
	Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Streetlights**	1153	1153	1153	1153	1152	1146	1135	1112	1110	*
	Traffic signals**	15	15	15	15	15	14	*	*	*	*
Parks and recreation: (3)											
	Acreage***	156.9	156.9	156.9	156.4	156.4	156.4	156.4	156.4	156.4	78.1
	Playgrounds	3	3	3	3	3	3	3	3	3	3
	Baseball/softball diamonds	15	15	15	15	15	15	14	14	14	14
	Soccer/football fields	10	10	12	12	12	12	12	12	12	12
	Community centers	1	1	1	1	1	1	1	1	1	1

Source: (1) Town of Cromwell Police Department Records
 (2) Town of Cromwell Public Works Department
 (3) Town of Cromwell Recreation Department

Notes: * Information is not available.

** Street lights and traffic signals are not owned by the Town.

*** Acreage does not include any fields that are maintained by the Board of Education.

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