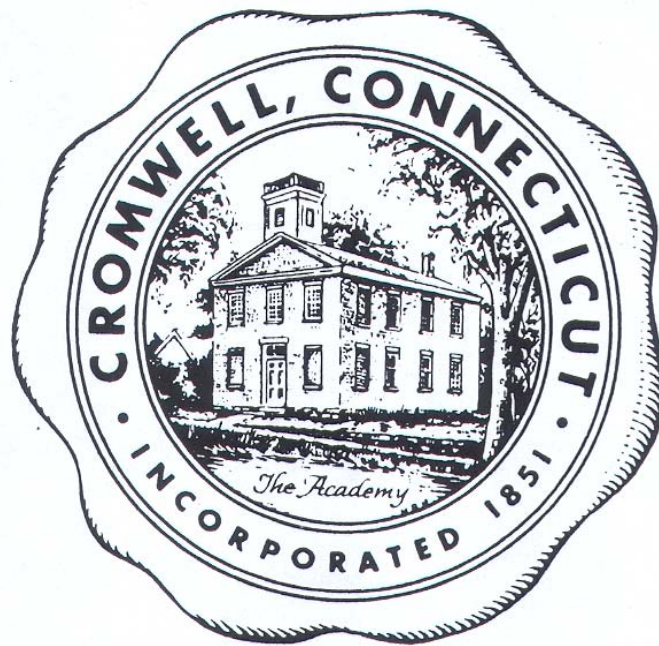


Town of Cromwell, Connecticut



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

TOWN OF CROMWELL,
CONNECTICUT

Fiscal Year Ended June 30, 2009

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 15, 2009

The Honorable John Flanders
First Selectman
Town of Cromwell, Connecticut

The Comprehensive Annual Financial Report (CAFR) of the Town of Cromwell, Connecticut (the "Town") for the fiscal year ended June 30, 2009 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. 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, 2009. 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 funds and general fixed assets and general long-term debt accounts. 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, 2009, 93.3% of the Town's available labor force was employed. This compares favorably to the area rate of 91.9% and the State rate of 92.0%. The Town's per capita income was \$74,891, as reported in the State of Connecticut Fiscal Indicators, and its median household income was \$60,662, as reported by the Census Bureau's 2000 report.

The Town's position as a residential community is illustrated by the fact that approximately 68.9% of the October 2007 grand list was residential. The percentage of the 2006 grand list was 68.6%. Permits for twenty-three new residential units were issued this year. In the last ten years, the average number of new units per year is sixty. The Town has several new subdivisions in various stages of completion. Nine out of twelve residential subdivisions are 50% or more complete. Smith Farm subdivision is 90% complete, with eight out of nine units finished. Sydney Lane, off Coles Road, has one unit remaining, while Bruno Baroni's subdivision, on North Road, is finishing their last unit. Northbrook Estates has twenty-nine of thirty-six units complete, with three more under construction, and Congress Drive has fifteen out of a total of twenty-one complete. For the future, there are several projects that are in the beginning stages of the approval and construction process. These include Mountain View Estates with one unit complete and four under construction progressing toward a total of fifteen housing units, and Newbury Estates on Woodside Road with ten, out of the available twenty, lots completed. Also, a large active adult subdivision continues development on Willowbrook Road (fifty-two units), with seventeen units completed and two more under construction.

As a percentage of the grand list, industrial and commercial property values are 16.8% compared to 17.2% last year. The construction of a new Lowe's Home Improvement Center is nearing completion, with an anticipated opening in the fall 2009. The full assessment will impact the 2009 grand list. Progress on the Coles Brook Industrial Park continues with five units out of seven completed. 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. Contract documents and design work to complete this infrastructure project will be underway shortly. Two commercial developments are also in progress on Route 372. Cobblestone Plaza on Route 372 has been substantially cleared with a CVS store completed, and construction beginning on a new Liberty Bank. Another commercial property at 181 Shunpike Road is being developed for medical and general office facilities.

With the residential component of the grand list consistently around 70%, regulatory boards and commissions, to the extent possible, should be evaluating the impact their decisions are having on the

grand list. It is hoped that the future growth in the grand list will be as a result of industrial/commercial development rather than residential. The balance of the grand list amounts to 14.3%, compared to 14.6% 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 nineteenth 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:

Continued a free radon testing program and provided carbon monoxide test kits on a cost-share/donation basis to town residents. Continued to monitor a mosquito control program.

Library:

Was awarded a \$1 million grant by the State of Connecticut for a renovation/expansion project, subject to grant funding by the State Bond Commission. This project is anticipated to be included in a referendum in the spring 2010.

Recreation:

Operated and/or supported fifty-two programs for both children and adults in the Town.

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 applied for an additional Small Town Economic Assistance Program grant for the revitalization of the Downtown Historic area, to compliment and continue the work initiated by the grant received in 2006 for this purpose. These grants, along with bond funds received in June 2008, are being used to improve the streetscapes, lighting, parking, provide façade improvement incentives, and update the two memorial areas along Main Street.

Human Services:

Continued all services to the seniors and youth of the Town. Provided support services and referrals to citizens of Cromwell in need. Received a State grant to increase transportation services to the Town's senior and handicapped citizens for a third year.

Capital Projects:

Public Works:

Continued the planning phase for the reconstruction of a portion of Coles Road. The replacement of the Christian Hill Road Bridge, which began in the fall 2007, was completed in the fall 2008. Expenditures for this project were reimbursed to the Town through Local Capital Improvement Program and Local Bridge grants. Design and construction was also started for the infrastructure improvements, funded through the Spring 2008 bond issue. The construction of a new passive recreation park and improvements to the Main Street/Downtown area, also included in the bond issue, are underway as well.

Education:

The 2008 bond issue included renovations to the Elementary School, Middle School, and High School. Projects include roof replacements with solar panels on the elementary and middle schools, security enhancements and asbestos removal. These projects are all in progress.

Parks & Recreation:

The Recreation Department used funds allocated through the 2008 bond issue 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, 2009 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

The unreserved, undesignated available fund balance decreased by \$190,327, or 4%, during the fiscal year. This amount, \$4,570,651 is equivalent to about 40 days of operating expenditures and is 10.99% of the adopted 2010 budget. Although there was a favorable result from budgetary operations, additional appropriations of \$921,131 and the use of \$282,750 toward the 2010 budget accounts for the net decrease in fund balance.

The Town of Cromwell's General Fund fund balance has historically been used to fund large capital projects and pre-fund reimbursement-type grant opportunities. During fiscal 2009, there were additional appropriations from fund balance, totaling \$921,131. \$62,000 was transferred for improvements to Willowbrook Road, \$500,000 to pre-fund the STEAP grant for the industrial/commercial development in the northern tier, and \$340,000 was transferred to the Capital/Nonrecurring Fund for various smaller capital projects. The improvements to Willowbrook Road will be reimbursed through the State's Local Capital Improvement Program (LoCIP). An additional \$19,131 was appropriated for two smaller unanticipated expenditures – an attorney fee associated with the collection of a delinquent tax account and an upgrade to the sound system in the meeting room. Additionally the fund balance provided \$82,750 to balance the fiscal 2010 budget and \$200,000 to pay down notes due during fiscal 2010 for a total of \$282,750. It is also anticipated that there will be an appropriation of \$300,000 for transfer to the CNR Fund during fiscal 2010. This is in keeping with the Board of Finance's historical practices and philosophy.

Debt Administration

On June 30, 2009, the Town had a number of debt issues outstanding. Bonded indebtedness was \$28,660,000 with a final maturity date of June 2023. All the bonds are general obligations of the Town. However, sewer assessments collectable are dedicated to pay the sewer bonds outstanding which amount to \$470,000. Also, it is anticipated that \$399,557 from school building grant reimbursements will be applied to the Town's debt. Bonds that are authorized but unissued total \$17,110,370. The Cromwell High School and the Woodside Intermediate School projects account for 96% of this amount. It is anticipated that the additional authorized amount for the school projects (\$16,377,370) will not be needed as the bonds already issued have funded the building projects. The balance of the authorized but unissued amount is a result of the new projects authorized in May 2008.

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 \$264,235,650 on June 30, 2009. There are also sub-limits by category for bonds. In total, bonded indebtedness on June 30, 2009 was 10.8% of statutory capacity.

On June 30, 2009, the ratio of gross bonded indebtedness to assessed value (grand list) was 2.20% and the net debt ratio was 2.17%. The amount of gross bonded indebtedness per capita was \$2,157 while the net bonded indebtedness per capita was \$2,128.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, time deposits, money market accounts, FIT's (Financial Investor's Trust) Governmental Money Market Fund and the State Treasurer's Investment Fund. The Pension Fund assets are held in trust supervised by the Town's Retirement Board and invested by various money managers selected by the Board. On June 30, 2009, the General Fund had cash and cash equivalents of \$5,980,909. There was \$8,238,170 in the Capital Projects Funds, primarily for the new infrastructure and facility improvement projects approved in the spring 2008. Cash and cash equivalents for all funds, was \$17,889,762.

During the fiscal year, all cash accounts and cash equivalents were held by qualified public depositories as defined by State Statutes. Section 36-386 of the Connecticut General Statutes 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. By itself, a bank's risk based capital ratio is an indication of the bank's strength.

Relevant Policies and Practices

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 to be used in conjunction with the existing Capital/Non-Recurring program, which is generally for capital or non-recurring requests not funded through the operating budget 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

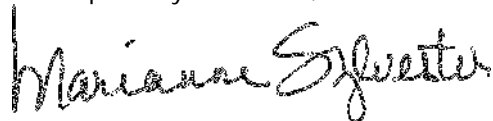
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cromwell, Connecticut for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the nineteenth 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 their 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 black ink that reads "Marianne Sylvester". The signature is written in a cursive, flowing style.

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, 2008

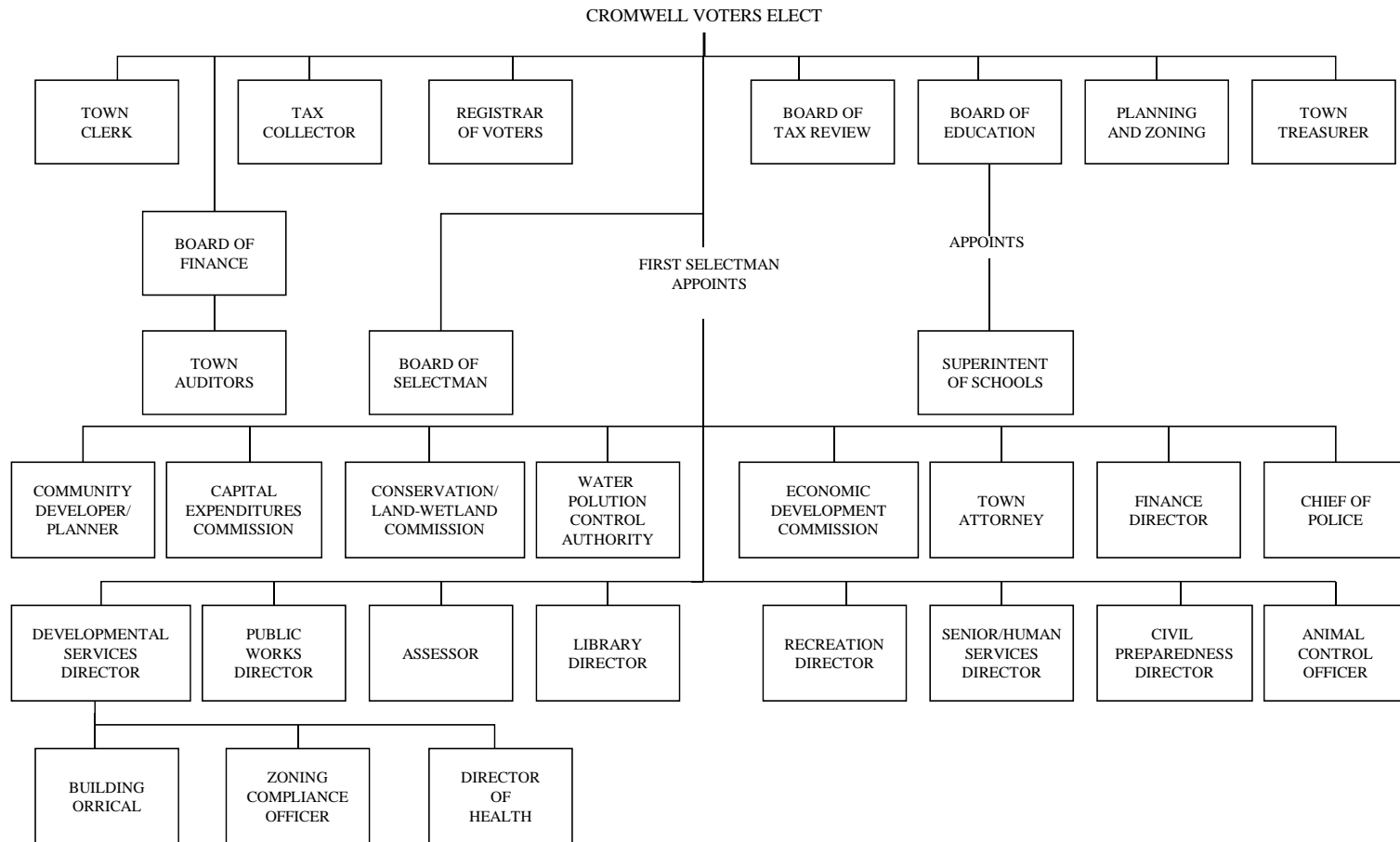
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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




President


Executive Director

ORGANIZATIONAL CHART



PRINCIPAL ELECTED OFFICIALS

As of June 30, 2009

First Selectman
Town Clerk/Treasurer
Tax Collector

Jeremy Shingleton
Darlene DiProto
Sharon A. Ramsay

BOARD OF SELECTMEN

Francis Monnes
Richard R. Newton
Richard Waters

David I. Murphy
Al Waters
Myron P. Johnson

BOARD OF FINANCE

Michael Gengler, Chairman
John Flanders
Joseph E. Corlis

John Henehan
Edwin Maley, Jr.
Lorraine Caruso

BOARD OF EDUCATION

Shirley Banic, Chairman
Paul M. Sousa
James L. Gere
Christine Trousdale
Lauren Griffin

Kimberly A. Larson
Frank Emanuele, Jr.
Jay V. Fletcher
Kate F. Kane

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
Director of Developmental Services
Zoning Officer

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

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, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town 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, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10 to the financial statements, the Town adopted the recognition and disclosure requirements of GASB Statement No. 45 as of July 1, 2008.

As described in Note 12 to the basic financial statements, the beginning net assets of Governmental Activities and the beginning fund balance of Governmental Funds as of July 1, 2008 have been restated for a correction of an error. We also audited the adjustments described in Note 12 that were applied to restate net assets and fund balances as of July 1, 2008. In our opinion, the adjustments are appropriate and have been properly applied.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2009 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 schedule 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 15, 2009

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

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, 2009. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

- ♦ While the Town's expenses, on a government-wide basis, exceeded the \$47 million generated in tax and other revenues for governmental programs by \$1 million, several large capital projects are underway and the Town was able to defer additional financing costs until Spring 2010. Total cost of all of the Town's programs was \$48 million with no new programs added this year.
- ♦ The General Fund reported a fund balance this year of \$5.3 million, or 12.6% of fiscal year 2010 budgeted revenues, with unreserved General Fund fund balance at \$4.6 million or 11%.
- ♦ Net assets of our governmental activities reflect a decrease of \$1.26 million, or 1.3% as compared to the prior year.
- ♦ The Town's debt obligation experienced a net decrease of approximately \$278K during the fiscal year. Existing general obligation debt decreased by \$2.5 million. However, the Town entered into a \$1 million capital lease for energy improvements to Town facilities. OPEB obligations were \$1 million in the current year and other liabilities increased by \$200K.

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 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 on pages 13-14. 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 pages 11-12. 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 therein. 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 can be found on pages 13-17. These 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 two categories; governmental and fiduciary.

- ♦ *Governmental Funds (pages 13-14)* – 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.
- ♦ *Fiduciary Funds (pages 16-17)* – The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The Town's combined net assets decreased from a year ago, from \$96.3 million to \$95.0 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental activities.

TABLE 1
NET ASSETS

	Governmental Activities	
	2009	2008, As Restated
Current and other assets	\$ 19,586,728	\$ 20,840,875
Capital assets, net of accumulated depreciation	109,688,858	109,262,758 *
Total assets	129,275,586	130,103,633
Long-term debt outstanding	31,505,232	31,783,107
Other liabilities	2,732,283	2,025,398 *
Total liabilities	34,237,515	33,808,505
Net Assets:		
Invested in capital assets, net of debt	79,977,008	85,059,583
Restricted for:		
Perpetual care:		
Expendable	3,726	3,581
Nonexpendable	6,237	6,237
Unrestricted	15,051,100	11,225,727
Total net assets	\$ 95,038,071	\$ 96,295,128

* It should be noted that in the current year, capital assets and deferred revenue were restated due to a correction in CIP/land and deferred revenue.

Total net assets of the Town's governmental activities shows a decrease of 1.3%. 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 an increase from \$11.2 million at June 30, 2008 to \$15.1 million at the end of this year.

This increase in unrestricted governmental net assets reflects a decrease in current assets primarily as a result of the use of funds for capital projects, offset by an increase in liabilities due to the recognition of the Town's liability for other post-employment benefits. The Town is considering the establishment of a trust fund to offset this liability. Long-term liabilities increased as a result of the issuance of a \$1 million capital lease for energy improvements at Town Hall, while existing debt decreased. Net assets invested in capital assets decreased by \$5.1 million, due to the completion of the new Woodside Intermediate School, new school security systems at the three other schools, and other capital improvements on existing buildings and infrastructure.

TABLE 2
CHANGE IN NET ASSETS

	Governmental Activities	
	2009	2008
REVENUES		
Program Revenues:		
Charge for services	\$ 2,591,087	\$ 3,551,670
Operating grants and contributions	7,572,422	14,256,021
Capital grants and contributions	518,969	2,044,768
General Revenues:		
Property taxes	35,450,949	32,944,028
Grants and contributions not restricted to specific purposes	392,954	492,989
Unrestricted investment earnings	291,346	747,671
Other general revenues	327,935	88,129
Total revenues	47,145,662	54,125,276
PROGRAM EXPENSES		
General government	5,285,460	4,562,542
Public safety	3,408,597	3,260,989
Public works	7,111,663	8,003,018
Culture and recreation	953,776	891,399
Human services	537,251	575,713
Education	29,777,145	34,619,609
Interest on long-term debt	1,328,827	1,112,299
Total program expenses	48,402,719	53,025,569
Increase/(Decrease) in Net Assets	(1,257,057)	1,099,707
NET ASSETS, beginning	96,295,128	93,396,664
Restatement	-	1,798,757 *
NET ASSETS, ending	\$ 95,038,071	\$ 96,295,128

* It should be noted that in the current year, capital assets and deferred revenue were restated due to a correction in CIP/land and deferred revenue.

The Town's total revenue was \$47 million. The total cost of all programs and services was \$48 million. Our analysis below considers the operations of governmental activities.

Governmental Activities

On the revenue side, operating grants and contributions show a significant decrease due to the adjustment in fiscal year 2008 for the State of Connecticut "on-behalf" payments for the Teachers' Retirement System. A corresponding expense can be noted in Program Expenses for Education. Capital grants and contributions also reflect a decrease in State grants received for school construction projects. Major school construction projects are either completed (Cromwell High School renovations and Woodside Intermediate School building projects) or not yet in full swing (school roof replacement and asbestos removal project). Income from property taxes, which comprises 75.2% of Town revenues, and includes the current levy, prior year levies and interest, exceeded the original budget by \$134 thousand due to a high collection rate on the current levy. Unrestricted investment earnings reflects the general decrease in interest rates. In total, revenue was within the range of budgeted expectations.

Comparing total General Fund expenditures to budget resulted in a savings of \$812 thousand. According to our 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 (\$220 thousand), including Employee Benefits (\$79 thousand), Economic Development Expenses (\$45 thousand) and Insurance Expenses (\$25 thousand), Public Works (\$197 thousand), Police Department (\$128 thousand), Education (\$84 thousand), and Debt Service at (\$96 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	
	2009	2008	2009	2008
Education	\$ 29,777,145	\$ 34,619,609	\$ 21,851,711	\$ 19,798,399
General government	5,285,460	4,562,542	4,961,420	3,690,261
Public works	7,111,663	8,003,018	5,435,746	4,696,986
Public safety	3,408,597	3,260,989	2,914,901	2,587,010
Culture and recreation	953,776	891,399	797,188	789,136
All other	1,866,078	1,688,012	1,759,275	1,611,318
Total	\$ 48,402,719	\$ 53,025,569	\$ 37,720,241	\$ 33,173,110

Town Funds Financial Analysis

Governmental Funds

The Board of Finance presented the fiscal 2009 budget to the Annual Town Meeting in three parts. The Town budget was \$13,021,375 or 4.32% more than the Town Meeting approved budget for 2008. Bonded Debt budget of \$3,795,690 represented an increase of \$726,421 or 19.14%. The Education budget was

\$24,952,222, an increase of 5.08%. In total, the total proposed budget, \$41,769,286, was 6.29% more than the previous year. The increase in the overall budget was primarily due to a new bond issue in 2008 for road and facility improvements, technology updates at the schools, and contractual obligations. The Annual Town Meeting was adjourned to referendum, at which time the General Government and Debt Service budgets were approved. The Board of Finance subsequently reduced the Board of Education budget by an additional \$32,000. At the second referendum, the Board of Education budget was approved. The Board of Finance then set the mill rate at 26.21, a decrease of 4.93 mills. The decrease was a result of the revalued grand list. The revaluation shifted values slightly toward the commercial sector. No existing programs were cut.

Total revenues and transfers for the year, based on generally accepted accounting principles were \$43,564,967. Expenditures and encumbrances on the same basis were \$44,042,372. The difference of \$477,405 decreased fund balance at fiscal year end to \$5.3 million.

The Town's General Fund Balance of \$5.3 million reported on page 13 differs from the General Fund's budgetary fund balance of \$4.8 million. This is principally because the budgetary fund balance does not include approximately \$409 thousand of outstanding encumbrances at year-end that are reported as expenditures for budgetary purposes. The Board of Finance also designated \$282,750 from General Fund fund balance to support the subsequent year's budget, reducing the undesignated General Fund fund balance to \$4.6 million. The Capital Projects Fund Balance, shown on page 13, reflects new capital projects approved at referendum in May 2008, with the projects ongoing. The Sewer Usage Fund and Other Governmental Funds fund balances remained stable.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the Town had \$109.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines – Table 4. This amount represents a slight increase (including additions and deductions) of \$500 thousand, or 0.5%, over last year.

TABLE 4
CAPITAL ASSETS

	Governmental Activities (in millions)	
	2009	2008
Land	\$ 7.9	\$ 7.9
Buildings	52.3	28.8
Furniture, equipment and improvements	1.6	1.7
Infrastructure	45.0	45.6
Construction in progress	2.9	25.2
Total	<u>\$ 109.7</u>	<u>\$ 109.2 *</u>

* It should be noted that in the current year, capital assets and deferred revenue were restated due to a correction in CIP/land and deferred revenue.

For the year, the major changes include:

Buildings – The Town has accepted the new Woodside Intermediate School, for grades three through five, as complete. This accounts for the increase in this category and a corresponding decrease in the Construction in Progress category.

Infrastructure – Depreciation accounts for the decrease in this category.

Construction in progress – This project has been formally accepted by the School Building Committee, the Board of Education, and the Board of Selectmen, therefore the assets have been moved from Construction in Progress to the Building category.

The Town's fiscal year 2009-10 capital budget calls for an expenditure of \$331,800 in local funds for capital projects and purchases. Major items include \$86,000 for a 16' mower, \$80,000 for an emergency generator at the middle school, and \$65,000 for a mason dump truck with plow.

More detailed information about the Town's capital assets is presented in Note 1 and Note 4 to the financial statements.

Long-Term Debt

At June 30, 2009 the Town had \$28.7 million in bonds and notes outstanding versus \$31.1 million last year – a decrease of 8.0% or \$2.5 million – as shown in Table 5.

TABLE 5
OUTSTANDING DEBT

	Governmental Activities	
	2009	2008
General Obligation Bonds	\$ 28.7	\$ 31.1

The Town did not issue new debt during fiscal year 2008-2009. A bond issue is planned for the spring 2010 to fund a re-roofing project at two schools, as approved at the March 2008 referendum, along with additional infrastructure improvements to be proposed to the taxpayers in the spring 2010.

- ♦ The Town's general obligation bond rating was increased from AA- to AA from Standard & Poor's rating agency. Fitch rating agency has maintained their 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 \$264 million State imposed limit.

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

Economic Factors and Next Year's Budgets and Rates

The Town's Board of Finance considered many factors when setting the fiscal year 2009 budget tax rate. One of those factors is the economy. The unemployment rate in the Town for June 2009 stands at 6.7% versus 4.8% a year ago. This compares favorably with the Hartford Labor Market area's unemployment rate of 8.1% and the State rate of 8.0%.

According to the Bureau of Census, 2000, Per Capita Income in Cromwell was \$29,786 compared to the county rate of \$28,093 and the State rate of \$28,766. Median Household Income was \$60,662 for Cromwell versus \$60,607 for the county and \$52,758 for the State. The percent of families below poverty level was 3.2% for the Town. The county percentage was 4.7 and the State's was 7.2.

A General Fund budget of \$41,576,487 was approved by referendum. This budget was \$192,800, or 0.46% lower than the 2009 adopted budget. Debt service decreased by \$97 thousand, or 2.6%. This decrease was the result of paying down existing debt obligations and the pay-off the 1999 bond issue in the previous year. The Education portion of the budget increased by 0.2%. The Town budget decreased by \$141,145 or 1.1%. In order to fund this budget, the Board of Finance took the collection rate factor into consideration, maintaining it at 98.75%. They also used \$282,750 of available fund balance to offset small capital items and two self-funded capital projects. Also taken into consideration was a 1% increase to the grand list. The Board of Finance set the mill rate at 26.16 mills. This reflects a decrease of 0.05 mills, or 0.2%. There were no new programs added for fiscal year 2009-10 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

TOWN OF CROMWELL, CONNECTICUT

STATEMENT OF NET ASSETS

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 17,889,762
Receivables, net of allowances for collection losses:	
Property taxes	683,728
Assessments/user charges	730,387
Intergovernmental	62,345
Other	197,818
Inventory	17,615
Net Pension Assets	5,073
Capital assets not being depreciated	10,761,991
Capital assets being depreciated, net	98,926,867
Total assets	<u>129,275,586</u>
Liabilities	
Accounts payable and other payables	1,368,458
Unamortized premium on bonds	287,859
Accrued interest payable	104,830
Advance tax collection	14,802
Unearned revenue	956,334
Noncurrent liabilities:	
Due within one year	2,952,463
Due in more than one year	28,552,769
Total liabilities	<u>34,237,515</u>
Net Assets	
Investment in capital assets, net of related debt	79,977,008
Restricted for:	
Perpetual care:	
Expendable	3,726
Nonexpendable	6,237
Unrestricted	15,051,100
Total net assets	<u>\$ 95,038,071</u>

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

TOWN OF CROMWELL, CONNECTICUT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ (5,285,460)	\$ 299,032	\$ 25,008	\$ -	\$ (4,961,420)
Public safety	(3,408,597)	476,715	16,981	-	(2,914,901)
Public works	(7,111,663)	1,156,948	-	518,969	(5,435,746)
Culture and recreation	(953,776)	140,564	16,024	-	(797,188)
Human services	(537,251)	11,173	95,630	-	(430,448)
Education	(29,777,145)	506,655	7,418,779	-	(21,851,711)
Interest on long-term debt	(1,328,827)	-	-	-	(1,328,827)
Total governmental activities	(48,402,719)	2,591,087	7,572,422	518,969	(37,720,241)

General revenues:	
Property taxes	35,450,949
Grants and contributions not restricted to specific programs	392,954
Unrestricted investment earnings	291,346
Miscellaneous	327,935
Total general revenues	36,463,184
 Change in net assets	 (1,257,057)
 Net assets - beginning, as restated (Note 12)	 96,295,128
Net assets - ending	\$ 95,038,071

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

TOWN OF CROMWELL, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2009

	General	Sewer Usage	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,980,909	\$ 2,444,559	\$ 8,238,170	\$ 1,226,124	\$ 17,889,762
Receivables, net					
Property taxes	683,728	-	-	-	683,728
Assessments/user charges	-	337,833	392,554	-	730,387
Intergovernmental	-	-	25,008	37,337	62,345
Other	34,709	139	8,682	154,288	197,818
Due from other funds	162,207	-	-	-	162,207
Inventories	-	-	-	17,615	17,615
Total assets	\$ 6,861,553	\$ 2,782,531	\$ 8,664,414	\$ 1,435,364	\$ 19,743,862
LIABILITIES					
Accounts and other payables	\$ 996,100	\$ 53,167	\$ 265,771	\$ 53,420	\$ 1,368,458
Due to other funds	-	-	14,664	147,543	162,207
Advance tax collection	14,802	-	-	-	14,802
Deferred revenue	556,375	239,301	417,562	-	1,213,238
Unearned revenue	32,308	887,376	-	36,650	956,334
Total liabilities	1,599,585	1,179,844	697,997	237,613	3,715,039
FUND BALANCES					
Reserved for:					
Encumbrances	408,567	13,040	680,948	-	1,102,555
Inventories	-	-	-	17,615	17,615
Endowments	-	-	-	6,237	6,237
Unreserved, designated for:					
Designated for subsequent year's budget	282,750	-	-	-	282,750
Unreserved, undesignated, reported in:					
General Fund	4,570,651	-	-	-	4,570,651
Special Revenue Funds	-	1,589,647	-	1,173,899	2,763,546
Capital Projects Funds	-	-	7,285,469	-	7,285,469
Total fund balances	5,261,968	1,602,687	7,966,417	1,197,751	16,028,823
Total liabilities and fund balances	\$ 6,861,553	\$ 2,782,531	\$ 8,664,414	\$ 1,435,364	

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.	109,688,858
Deferred revenues are not available and therefore not recognized in the funds.	1,213,238
Bond premium	(287,859)
Net pension asset	5,073
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(31,505,232)
Accrued interest payable not recorded in the funds.	(104,830)

Net assets of governmental activities

\$ 95,038,071

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

TOWN OF CROMWELL, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Capital Projects	Sewer Usage	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 35,388,867	\$ -	\$ -	\$ -	\$ 35,388,867
Intergovernmental	6,776,783	331,584	-	1,350,970	8,459,337
Charges for services	793,299	308,558	1,206,882	937,135	3,245,874
Income on investments	128,669	119,935	27,422	15,320	291,346
Miscellaneous	233,835	6,400	-	87,700	327,935
Total revenues	43,321,453	766,477	1,234,304	2,391,125	47,713,359
Expenditures:					
Current:					
General government	4,683,572	-	-	-	4,683,572
Public safety	2,683,204	-	-	472,487	3,155,691
Public works	3,902,917	73,417	1,155,624	24,671	5,156,629
Culture and recreation	863,830	-	-	20,571	884,401
Human services	485,335	-	-	22,418	507,753
Education	26,760,282	-	-	1,539,300	28,299,582
Debt service	3,449,332	293,205	-	-	3,742,537
Capital outlay	-	3,660,827	-	40,873	3,701,700
Total expenditures	42,828,472	4,027,449	1,155,624	2,120,320	50,131,865
Excess (deficiency) of revenues over expenditures	492,981	(3,260,972)	78,680	270,805	(2,418,506)
Other Financing Sources (Uses)					
Capital lease issued	-	1,051,850	-	-	1,051,850
Transfers in	243,514	1,335,000	-	62,045	1,640,559
Transfers out	(1,213,900)	-	(183,000)	(243,659)	(1,640,559)
Total other financing sources (uses)	(970,386)	2,386,850	(183,000)	(181,614)	1,051,850
Net change in fund balances	(477,405)	(874,122)	(104,320)	89,191	(1,366,656)
Fund Balances, beginning of year, as restated (Note 12)	5,739,373	8,840,539	1,707,007	1,108,560	17,395,479
Fund Balances, end of year	\$ 5,261,968	\$ 7,966,417	\$ 1,602,687	\$ 1,197,751	\$ 16,028,823

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

TOWN OF CROMWELL, CONNECTICUT

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, 2009

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

Net change in fund balances - total governmental funds	\$ (1,366,656)
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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	3,647,071
Disposal	(9,030)
Depreciation expense	(3,211,941)
Total	426,100

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	62,082
Intergovernmental receivable	25,008
Sewer assessment and usage receivable	(654,787)
Net pension asset	(265)
Total	(567,962)

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:

Debt issued or incurred:	
Issuance of capital lease	(1,051,850)
Bond principal payments	2,490,000
Principal repayments:	
Amortization of bond premiums	15,926
Amortization of deferred charge on refunding	(49,876)
	1,404,200

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	(995,249)
Compensated absences	(115,150)
Accrued interest	(42,340)
	(1,152,739)

Change in Net Assets of Governmental Activities	\$ (1,257,057)
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The accompanying notes are an integral part of the financial statements.

TOWN OF CROMWELL, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
FIDUCIARY FUNDS

June 30, 2009

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 1,405,257	\$ 965,168
Investments:		
Asset and mortgage backed securities	29,415	-
Corporate bonds	1,427,818	-
Government bonds	2,366,134	-
Foreign bonds	157,368	-
Common stock	5,589,684	-
Preferred stock	4,774	-
Total investments	9,575,193	-
Total assets	10,980,450	965,168
LIABILITIES		
Amount held as agent	-	965,168
Net Assets held in trust for pension benefits and Other Purposes	\$ 10,980,450	\$ -

The accompanying notes are an integral part of the financial statements.

TOWN OF CROMWELL, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUND

For the Year Ended June 30, 2009

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 535,942
Plan members	216,965
Total contributions	<u>752,907</u>
Investment Income (Loss)	
Net depreciation in fair value of investments	(2,235,044)
Interest and dividends	264,957
	<u>(1,970,087)</u>
Less investment expense	88,928
Net investment income (loss)	<u>(2,059,015)</u>
	<u>(1,306,108)</u>
Deductions	
Benefits	418,756
Administrative expenses	1,520
Total deductions	<u>420,276</u>
Change in net assets	(1,726,384)
Net Assets Held in Trust for Pension Benefits, beginning of year	<u>12,706,834</u>
Net Assets Held in Trust for Pension Benefits, end of year	<u>\$ 10,980,450</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Town has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

Governmental Funds

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

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

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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

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

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

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).

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 the receipts and disbursements for the operations and maintenance of the Town's sewer system.

The *Capital Projects Fund* accounts for financial resources 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 fiduciary fund type:

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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

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.

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

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.

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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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 \$463,297 has been established as an allowance for uncollectible taxes. At June 30, 2009 this represents 53% of all property tax receivable.

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.

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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

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 a reservation of 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.

Fund Equity and 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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

In the fund financial statements, fund balances are classified in three separate categories. The categories, and their general meanings, are as follows:

Reserved fund balance - indicates that portion of fund equity which has been legally segregated for specific purposes or not available for appropriation.

Unreserved/Designated fund balance - indicates that portion of fund equity for which the Town has made tentative plans.

Unreserved/Undesignated fund balance - indicates that portion of fund equity which is available for appropriation and expenditure in future periods, or if a deficit for which future funding will be required.

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. Budgets and Budgetary Accounting

Budgetary Information

An annual budget is legally adopted for the General Fund. The budget is prepared on a modified accrual 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,

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

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 \$921,131.

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, Sidewalk Fund and the Sewer Assessment 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 Fund 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 (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Note 3. Cash, Cash Equivalents and Investments

Deposits: The Town does not have a policy for deposits. The Town also does not have a custodial credit risk policy. However, as a practice, the Town 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 does not have a custodial credit risk policy for investments. The Town does have a policy for investments, but does not have a policy for related credit risk for debt securities, however, it is their practice 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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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 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 does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure 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 not have a policy that limits the amounts invested in any one issuer. However, its practice is to maintain 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, 2009, \$4,088,326 of the Town's bank balance of \$5,324,154 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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Cash and investments of the Town consist of the following at June 30, 2009:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 13,295,722
State of Connecticut Short-Term Investment Fund	6,964,465
Total cash and cash equivalents	<u>20,260,187</u>
Investments	
Pension Trust Funds:	
Asset and mortgage backed securities	29,415
Corporate bonds	1,427,818
Government bonds	2,366,134
Foreign Bonds	157,368
Common stock	5,589,684
Preferred stock	4,774
Total pension investments	<u>9,575,193</u>
Total cash and investments	<u>\$ 29,835,380</u>

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

Statement of Net Assets	
Cash and cash equivalents	<u>\$ 17,889,762</u>
Fiduciary Funds	
Cash and cash equivalents	2,370,425
Investments	9,575,193
	<u>11,945,618</u>
Total cash and investments	<u>\$ 29,835,380</u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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	\$ 29,415	\$ -	\$ -	\$ -	\$ 29,415
Corporate Bonds	1,427,818		680,157	747,661	-
Government Bonds	2,366,134	584,695	293,992	1,287,239	200,208
Foreign Bonds	157,368	-	157,368	-	-
Pooled Fixed Income	6,964,465	6,964,465	-	-	-
Totals	\$ 10,945,200	\$ 7,549,160	\$ 1,131,517	\$ 2,034,900	\$ 229,623

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. Presented below is the minimum rating as required for each debt type investment.

	Asset and Mortgage Backed	Corporate Bonds	Government Bonds	Foreign Bonds	Pooled Fixed Income
AAA	\$ -	\$ 79,886	\$ 2,209,196	\$ 14,419	\$ -
AAA _m	-	-	-	-	6,964,465
AA ⁺	-	347,727	-	68,115	-
AA	-	83,789	-	19,299	-
AA ⁻	-	129,259	-	-	-
A ⁺	-	237,149	-	-	-
A	-	241,088	-	55,535	-
A ⁻	-	18,377	-	-	-
BBB	-	14,887	-	-	-
BBB ⁻	-	14,456	-	-	-
B	-	48,157	-	-	-
B ⁺	-	44,319	-	-	-
BB	-	62,197	-	-	-
BB ⁻	-	61,752	-	-	-
BB ⁺	-	44,775	-	-	-
Unrated	29,415	-	156,938	-	-
	\$ 29,415	\$ 1,427,818	\$ 2,366,134	\$ 157,368	\$ 6,964,465

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 4. Capital Assets

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

	Beginning Balance As restated*	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,906,679	\$ -	\$ 9,030	\$ 7,897,649
Construction in progress	25,226,494	1,579,924	23,942,076	2,864,342
Total capital assets, not being depreciated	33,133,173	1,579,924	23,951,106	10,761,991
Capital assets, being depreciated:				
Buildings and improvements	41,823,260	24,696,298	-	66,519,558
Improvements other than buildings	1,069,070	140,000	-	1,209,070
Furniture and equipment	6,807,749	120,554	-	6,928,303
Infrastructure	84,882,882	1,052,371	-	85,935,253
Total capital assets being depreciated	134,582,961	26,009,223	-	160,592,184
Less accumulated depreciation for:				
Buildings	13,029,214	1,148,838	-	14,178,052
Improvements other than buildings	664,844	23,023	-	687,867
Furniture and equipment	5,524,367	331,778	-	5,856,145
Infrastructure	39,234,951	1,708,302	-	40,943,253
Total accumulated depreciation	58,453,376	3,211,941	-	61,665,317
Total capital assets, being depreciated, net	76,129,585	22,797,282	-	98,926,867
Governmental activities capital assets, net	\$ 109,262,758	\$ 24,377,206	\$ 23,951,106	\$ 109,688,858

* Beginning Land, Construction in Progress as of July 1, 2008 has been restated in the amount of \$1,998,757 to properly include all capital assets (See Note 12).

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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

Governmental Activities:

General government	\$	120,269
Public safety		167,038
Public works		1,861,679
Culture and recreation		60,801
Human services		27,127
Education		975,027
Total depreciation expense – governmental activities	\$	3,211,941

Construction Commitments

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

Project	Spent-to-Date (Including Encumbrances)	Remaining Commitment
CMS Asbestos Removal	\$ 754,288	\$ 45,712
Geer Street Improvements	212,843	137,157
LOCIP Coles Road	123,103	233
Little League Stand	2,710	122,290
School Roof	585,958	6,581,042
Pierson Park Equipment	19,813	5,187
Road Improvement	614,310	4,441,691
School Security - Alarms	80,962	181,101
Park Improvements	505,959	204,042
STEAP Industrial Park	388,097	556,903
Total	\$ 3,288,043	\$ 12,275,358

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued
June 30, 2009

Note 5. Interfund Receivables, Payables and Transfers

During the course of operations, transactions are processed through a fund on behalf of another fund. A summary of interfund balances as of June 30, 2009 is presented below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 162,207	\$ -
Capital Projects	-	14,664
Non-Major Governmental Funds	-	147,543
Grand Total	\$ 162,207	\$ 162,207

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers during the year ended June 30, 2009 were as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 243,514	\$ 1,213,900
Capital Projects	1,335,000	-
Sewer Usage	-	183,000
Non-Major Governmental Funds	62,045	243,659
Grand Total	\$ 1,640,559	\$ 1,640,559

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, 2009

Note 6. 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
Property taxes	\$ 556,375	\$ -
Special assessments and collections	392,554	-
Grant drawdowns prior to meeting all eligibility requirements	-	68,958
Sewer usage	239,301	887,376
Intergovernmental receivable	25,008	-
Total	<u>\$ 1,213,238</u>	<u>\$ 956,334</u>

Note 7. Long-Term Debt

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 31,150,000	\$ -	\$ 2,490,000	\$ 28,660,000	\$ 2,410,000
Less deferred amounts for issuance discounts on refunding	(360,842)	-	(49,876)	(310,966)	-
	<u>30,789,158</u>	<u>-</u>	<u>2,440,124</u>	<u>28,349,034</u>	<u>2,410,000</u>
Other long-term liabilities:					
OPEB obligations	-	995,249	-	995,249	-
Capital lease	-	1,051,850	-	1,051,850	51,646
Compensated absences	993,949	171,574	56,424	1,109,099	490,817
Total governmental activities, long-term liabilities	<u>\$ 31,783,107</u>	<u>\$ 2,218,673</u>	<u>\$ 2,496,548</u>	<u>\$ 31,505,232</u>	<u>\$ 2,952,463</u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

A schedule of long-term debt as of June 30, 2009 is presented as follows:

Description	Principal Amount Payable
Bonds:	
\$1,548,700 of Hofmann Property purchase bonds issued October 15, 2001, maturing April 15, 2021, at an interest rate of 4.53%	\$ 160,000
\$7,951,300 of School bonds issued October 15, 2001, maturing April 15, 2021, at an interest rate of 4.53%	840,000
\$19,740,000 of school bonds issued October 1, 2003, maturing June 15, 2023, at an interest rate of 2.0-5.0%	14,860,000
\$7,700,000 of Refunding bonds issued March 15, 2005, maturing June 30, 2021, at an interest rate of 1.5-4.05%	6,560,000
\$914,000 of School bonds issued June 1, 2008, maturing June 1, 2023, at an interest rate of 3.5-4.13%	854,880
\$5,056,000 of Town Infrastructure bonds issued June 1, 2008, maturing June 1, 2023, at an interest rate of 3.5-4.13%	4,717,440
\$710,000 of Athletic Facilities bonds issued June 1, 2008, maturing June 1, 2023, at an interest rate of 3.5-4.13%	667,680
	<u>\$ 28,660,000</u>

Year Ending June 30,	Principal	Interest	Total
2010	\$ 2,410,000	\$ 1,172,772	\$ 3,582,772
2011	2,425,000	1,082,746	3,507,746
2012	2,250,000	983,697	3,233,697
2013	2,230,000	901,535	3,131,535
2014	2,175,000	821,403	2,996,403
2015-2019	9,995,000	2,884,789	12,879,789
2020-2023	7,175,000	743,747	7,918,747
	<u>\$ 28,660,000</u>	<u>\$ 8,590,689</u>	<u>\$ 37,250,689</u>

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

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, 2009 is \$6,280,000.

All debt service expenditures were funded by the General Fund except for \$293,205 which were recorded as expenditures in the Capital Projects Fund.

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 \$1,430,000 as of June 30, 2009.

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	\$ 84,932,888	\$ 8,742,468	\$ 76,190,420
Schools	169,865,775	37,987,902	131,877,873
Sewers	141,554,813	470,000	141,084,813
Urban renewal	122,680,838	-	122,680,838
Pension deficit	113,243,850	-	113,243,850
	<u>\$ 632,278,164</u>	<u>\$ 47,200,370</u>	<u>\$ 585,077,794</u>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$264,235,650.

A summary of bonds authorized but unissued is presented below:

	Amount Authorized	Bonds Issued	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	14,474,000
CHS - Additions and Renovations	15,854,670	13,951,300	1,903,370
Security Safety and General Site Renovations	1,277,000	914,000	363,000
	<u>\$ 51,481,670</u>	<u>\$ 34,371,300</u>	<u>\$ 17,110,370</u>

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Capital Lease

At June 30, 2009, 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 equipment that is capitalized totals \$1,352,350.

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

2010	\$	97,444
2011		98,589
2012		98,590
2013		98,590
2014		98,590
2015-2024		966,965
Total		<u>1,458,768</u>
Less amount representing interest		<u>(406,918)</u>
	\$	<u><u>1,051,850</u></u>

Note 8. Risk Management

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance for all risks of loss. 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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

Note 9. Employee Retirement Systems and Pension Plans

Plan Description

The Town of Cromwell is the administrator of a single employer defined benefit plan (CPP) that covers the employees of the Town, except full-time policemen (covered by the Municipal Employees Retirement Fund) and certified teachers (covered by the State of Connecticut Teachers' Retirement System). The CPP 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 CPP does not issue a standalone report.

Under the Plan, all full-time employees are eligible. 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.

The membership of the plan consisted of the following at July 1, 2008 the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	53
Terminated Plan members entitled to benefits but not yet receiving them	10
Terminated Plan members entitled to a refund but have elected to defer receipt	17
Current Plan members	<u>182</u>
Total	<u>262</u>

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

Basis of Accounting: CPP 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 Wachovia Securities and are reported at fair value.

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

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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, 2009 were as follows:

Annual required contribution	\$ 535,942
Adjustment to annual required contribution	692
Interest on net pension asset	(427)
	<hr/>
Annual pension cost	536,207
Contributions made	535,942
	<hr/>
Decrease in net pension asset	265
Net pension asset, July 1, 2008	(5,338)
	<hr/>
Net pension asset, June 30, 2009	<u><u>\$ (5,073)</u></u>

The annual required contribution for the current year, \$535,942, was determined as part of the CPP actuarial valuation dated July 1, 2008.

The Board of Trustees establishes and may amend the contribution requirements of plan members and the Town. The Town's annual pension cost for the current year and related information for each plan is as follows:

<i>Schedule of Employer Contributions</i>		
Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/04	\$ 237,637	100%
6/30/05	388,573	100%
6/30/06	395,213	100%
6/30/07	489,073	100%
6/30/08	508,573	100%
6/30/09	535,942	100%

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
6/30/07	\$ 489,419	99.9%	\$ (5,618)
6/30/08	508,853	99.9%	(5,338)
6/30/09	536,207	100.0%	(5,073)

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

Valuation Date	7/01/08
Actuarial Method	Projected Unit Credit Cost Method
Amortization Method	Level Dollar Amount
Remaining Amortization Period	11 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) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/08	\$ 13,618,774	\$ 13,176,495	\$ (442,279)	103.4%	\$ 8,167,574	-5.4%

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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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 8% covered payroll. The Town's contribution to MERF for the years ended June 30, 2009, 2008 and 2007 were \$188,058, \$178,029 and \$173,500, respectively, equal to the required contributions for each year.

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 \$1,902,000 for the year ended June 30, 2009.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

Note 10. 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, 2007. 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.

Membership in the plan consisted of the following at July 1, 2007, the date of the last actuarial valuation.

Retirees and beneficiaries receiving benefits	28
Active plan members	361
Total	<u><u>389</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 actuarial accrued liability as of July 1, 2007 is estimated to be \$9,692,991. The Town's contributions represent payments made for premiums for insured individuals on a pay-as-you-go method.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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
6/30/09	\$ 1,147,154	\$ 151,905	13.2%	\$ 995,249

OPEB Obligation

Annual required contribution	\$ 1,147,154
Interest on net pension obligation	-
Annual OPEB cost	1,147,154
Contributions made	151,905
Increase in net OPEB liability	995,249
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ 995,249

Schedule of Funding Progress

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%

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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

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, 2007														
Actuarial Cost Method:	Projected Unit Credit														
Asset Valuation Method:	Market Value														
Amortization Method:	Level Percent of Pay														
Remaining Amortization Period	30 Years														
Actuarial Assumptions:															
Discount rate	7.5%														
Salary increase rate	4.5%														
Inflation rate	None														
Health cost trend rates	Average annual healthcare cost trend rates are assumed to be as follows:														
	<table><tr><th>Year</th><th>Decrease</th></tr><tr><td>2009</td><td>8%</td></tr><tr><td>2010</td><td>7%</td></tr><tr><td>2011</td><td>6%</td></tr><tr><td>2012</td><td>5%</td></tr><tr><td>2013</td><td>4%</td></tr><tr><td>2014 and later</td><td>4%</td></tr></table>	Year	Decrease	2009	8%	2010	7%	2011	6%	2012	5%	2013	4%	2014 and later	4%
Year	Decrease														
2009	8%														
2010	7%														
2011	6%														
2012	5%														
2013	4%														
2014 and later	4%														

Note 11. 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.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued June 30, 2009

Note 12. Restatement

The June 30, 2008 government-wide financial statements were restated due to an error in recording construction in progress and for a land purchase. The Sewer Usage Fund was restated due to a correction in earned deferred revenue. As a result, for the fiscal year beginning July 1, 2008, the following restatements were made to beginning net assets for governmental activities and fund balance of the Sewer Usage Fund:

	Sewer Usage Fund
Fund Balance, June 30, 2008	\$ 1,907,007
Deduct: Recognition	<u>(200,000)</u>
Fund Balance, as Restated, June 30, 2008	<u><u>\$ 1,707,007</u></u>

Government-Wide Net Assets

	Total Net Assets	Invested in Capital Assets Net of Related Debt	Restricted Net Assets	Unrestricted Net Assets
Net Assets, June 30, 2008	\$ 94,496,371	\$ 83,060,826	\$ 9,818	\$ 11,425,727
Correction of Error				
CIP/Land (Note 4)	1,998,757	1,998,757	-	-
Revenue Recognition	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>
Net Assets, As Restated, June 30, 2008	<u><u>\$ 96,295,128</u></u>	<u><u>\$ 85,059,583</u></u>	<u><u>\$ 9,818</u></u>	<u><u>\$ 11,225,727</u></u>

The operating effect on the 2008 financial statements would have increased the change in net assets by \$1,798,757, which would have resulted in an increase in net assets of \$2,898,464 rather than the \$1,099,707 as previously reported.

TOWN OF CROMWELL, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, Continued

June 30, 2009

Note 13. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates in the future 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 of the Town:

- ♦ GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also provides authoritative guidance that specifically addresses the nature of these intangible assets.
- ♦ GASB Statement Number 52, *Land and Other Real Estate Held as Investments by Endowments* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2016. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value.
- ♦ GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. The statement is intended to improve how state and local governments report information about derivative instruments – financial arrangements used by governments to manage specific risks or make investments – in their financial statements.
- ♦ GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. This statement establishes the criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.
- ♦ GASB Statement Number 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* will be implemented by the Town as required by the GASB during the fiscal year ending June 30, 2010. This Statement establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations for all state and local governments.

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Required Supplementary
Information

TOWN OF CROMWELL, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION – PENSION TRUST FUNDS
June 30, 2009

<i>Schedule of Funding Progress - Pension</i>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/03	\$ 9,052,135	\$ 8,608,887	\$ (443,248)	105.1%	\$ 6,353,323	-7.0%
7/1/04	9,940,291	9,304,989	(635,302)	106.8%	6,701,733	-9.5%
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%

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 over time relative to AALs for benefits.

<i>Schedule of Funding Progress - OPEB</i>						
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%

TOWN OF CROMWELL, CONNECTICUT

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

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
PROPERTY TAXES				
Current taxes	\$ 34,619,578	\$ 34,619,578	\$ 34,774,237	\$ 154,659
Prior year's levies	185,000	185,000	182,237	(2,763)
Interest and liens	140,000	140,000	145,107	5,107
Motor vehicle supplement-current year	310,000	310,000	286,594	(23,406)
Miscellaneous	400	400	692	292
Total property taxes	35,254,978	35,254,978	35,388,867	133,889
LICENSES AND PERMITS				
Building Department	125,000	125,000	256,593	131,593
Food licenses	15,000	15,000	14,135	(865)
Gun permits	600	600	2,135	1,535
Game/peddler permits	200	200	955	755
Transfer Station	10,000	10,000	27,241	17,241
Health Department	2,750	2,750	3,000	250
Total licenses and permits	153,550	153,550	304,059	150,509
FINES AND FORFEITURES				
Parking tickets/animal control officer citations	8,000	8,000	7,018	(982)
CHARGES FOR SERVICES				
Conveyance taxes	200,000	200,000	183,027	(16,973)
Recording fees	115,000	115,000	87,766	(27,234)
Vital statistics	7,500	7,500	8,173	673
Police outside services - cruiser use	9,000	9,000	30,120	21,120
Copying	15,100	15,100	14,104	(996)
Police copying and lab fees	1,100	1,100	1,575	475
Library department	10,500	10,500	11,635	1,135
Alarm registration and fees	5,000	5,000	14,770	9,770
Riverport festival	1,500	1,500	1,685	185
Youth Service Department	-	-	805	805
Elderly Services Department	4,620	4,620	3,250	(1,370)
Recreation Department	89,800	89,800	86,079	(3,721)
Communication tower income	35,000	35,000	52,617	17,617
Planning and Zoning	6,000	6,000	9,249	3,249
Zoning Board of Appeals	1,500	1,500	1,632	132
Inland-Wetlands	3,600	3,600	1,580	(2,020)
Total charges for services and other	505,220	505,220	508,067	2,847
Total licenses and permits, fines and forfeitures, and charges for goods and services	666,770	666,770	819,144	152,374

TOWN OF CROMWELL, CONNECTICUT

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

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
INTERGOVERNMENTAL REVENUES				
State of Connecticut:				
Elderly tax relief:				
Circuit Breaker	75,000	75,000	78,193	3,193
Tax relief - disability	550	550	603	53
Tax relief - veterans	5,000	5,000	3,815	(1,185)
Boat registrations	1,299	1,299	1,299	-
State owned property - PILOT	11,602	11,602	11,641	39
College and university - PILOT	130,623	130,623	130,458	(165)
Military:				
Civil Preparedness	22,775	22,775	1,745	(21,030)
Education:				
Adult and Vocational Education	15,006	15,006	15,433	427
Education Cost Sharing	4,313,692	4,313,692	4,300,089	(13,603)
Services for the Blind	-	-	2,797	2,797
School Transportation	128,519	128,519	114,430	(14,089)
Library grants	2,000	2,000	2,024	24
New machinery exemption	75,000	75,000	74,377	(623)
Mohegan/Pequot Grant	93,043	93,043	91,771	(1,272)
Health Grant	15,950	15,950	15,977	27
Judicial Department	5,660	5,660	11,940	6,280
Senior Disabled Grant			17,394	17,394
Per Capita Grant	15,950	15,950	-	(15,950)
Miscellaneous	-	-	797	797
Total intergovernmental revenues	4,911,669	4,911,669	4,874,783	(36,886)
USE OF MONEY				
Interest on investments	250,000	250,000	128,669	(121,331)
MISCELLANEOUS REVENUES				
Town Clerk	7,400	7,400	6,225	(1,175)
Use of Facilities	1,500	1,500	1,225	(275)
Sewer usage	11,800	11,800	11,800	-
Assessor's Office	3,000	3,000	2,445	(555)

TOWN OF CROMWELL, CONNECTICUT

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

For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
MISCELLANEOUS REVENUES, Continued				
Telecommunication - PILOT	80,000	80,000	77,341	(2,659)
Public Works	225	225	465	240
Police	5,500	5,500	3,261	(2,239)
Other miscellaneous revenue - Town	5,000	5,000	54,126	49,126
Board of Education miscellaneous	15,000	15,000	6,363	(8,637)
Fire District fees	42,070	42,070	42,070	-
Building inspection	-	-	1,018	1,018
Health Department	-	-	1,053	1,053
Miscellaneous	-	-	598	598
Total miscellaneous revenues	171,495	171,495	207,990	36,495
Total revenues	41,254,912	41,254,912	41,419,453	164,541
OTHER FINANCING SOURCES				
Transfers in:				
Capital Projects Fund				
Town Aid Road Fund	137,625	137,625	137,384	(241)
Youth Service Grant Fund	14,000	14,000	14,000	-
Outside Services Fund	55,000	55,000	92,130	37,130
Total other financing sources	206,625	206,625	243,514	36,889
Total budgeted revenues and other financing sources	\$ 41,461,537	\$ 41,461,537	41,662,967	\$ 201,430
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			1,902,000	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			\$ 43,564,967	

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
GENERAL GOVERNMENT				
First Selectman:				
Salaries	\$ 216,750	\$ 217,430	\$ 217,430	\$ -
Departmental expenses	4,100	4,100	3,473	627
Miscellaneous expense	2,050	2,050	1,512	538
Part-time wages	22,100	22,902	22,902	-
Town guide and annual reports	2,000	1,197	-	1,197
Total	247,000	247,679	245,317	2,362
Town Clerk:				
Salaries	151,299	153,994	153,993	1
Part-time wages	15,561	15,245	13,598	1,647
Overtime wages	-	310	310	-
Departmental expenses	1,441	1,441	1,365	76
Filing land records	41,670	41,670	31,909	9,761
Vital statistics	900	906	906	-
Total	210,871	213,566	202,081	11,485
Registrar of Voters:				
Salaries	38,706	38,706	35,343	3,363
Departmental expenses	1,300	2,100	1,842	258
Election Day expense	5,000	3,000	2,746	254
Primary/special election/referendums	5,000	1,700	991	709
Part-time wages - workers	10,156	10,156	6,217	3,939
Capital items	-	4,500	4,488	12
Total	60,162	60,162	51,627	8,535
Planning Commission:				
Part-time wages	1,890	1,723	1,723	-
Contracted services	450	657	-	657
Departmental expenses	550	510	421	89
Total	2,890	2,890	2,144	746

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Economic Development:				
Professional services	13,930	13,930	9,305	4,625
Economic Development Coordinator	54,320	54,320	15,421	38,899
Departmental expenses	300	300	99	201
Part-time wages	1,350	1,350	881	469
Middlesex Expo	2,000	2,000	1,331	669
Total	71,900	71,900	27,037	44,863
Board of Finance:				
Part-time wages	1,100	1,085	1,077	8
Departmental expenses	50	50	48	2
Audit	24,000	24,000	24,000	-
Certificate of Achievement	465	480	480	-
Total	25,615	25,615	25,605	10
Finance Department:				
Salaries	275,574	280,283	280,260	23
Part-time wages	14,142	13,842	13,499	343
Contracted Services	11,415	11,415	10,469	946
Bank Account fees	4,000	4,000	3,742	258
Departmental expenses	5,000	5,300	5,126	174
Total	310,131	314,840	313,096	1,744
Tax Collector:				
Salaries	143,279	145,533	145,531	2
Part-time wages	5,000	5,000	4,330	670
Departmental expenses	3,000	3,000	2,926	74
Tax refunds	15,000	15,000	9,701	5,299
Overtime wages	1,800	1,400	360	1,040
Capital items	650	1,050	703	347
Contracted services	11,500	11,500	11,496	4
Total	180,229	182,483	175,047	7,436

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Assessor's Office:				
Salaries	155,164	156,425	156,424	1
Part-time wages	1,641	2,891	2,792	99
Overtime wages	664	164	138	26
Contracted services	15,400	14,500	13,900	600
Departmental expenses	4,475	5,375	5,256	119
Total	177,344	179,355	178,510	845
Treasurer's Office:				
Salaries	100	101	100	1
Departmental expenses	200	199	-	199
Total	300	300	100	200
Developer/Planner:				
Salaries	103,348	107,322	106,988	334
Departmental expenses	1,225	1,225	713	512
Total	104,573	108,547	107,701	846
Development Compliance:				
Salaries	84,094	86,366	86,365	1
Part-time wages	-	3,000	2,967	33
Overtime wages	500	500	19	481
Departmental expenses	1,100	1,100	1,069	31
Contracted Services	5,000	2,000	-	2,000
Total	90,694	92,966	90,420	2,546
Capital Expenditures Committee:				
Part-time wages	182	182	91	91
Charter Revision Committee:				
Departmental expenses	25	25	-	25
Part-time wages	546	546	-	546
Total	571	571	-	571

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Board of Assessment Appeals:				
Departmental expenses	200	182	182	-
Part-time wages	1,100	1,170	1,170	-
Total	1,300	1,352	1,352	-
Zoning Board of Appeals:				
Part-time wages	900	900	722	178
Departmental expenses	200	200	177	23
Total	1,100	1,100	899	201
Inland and Wetlands:				
Part-time wages	1,350	1,350	984	366
Departmental expenses	635	635	585	50
Total	1,985	1,985	1,569	416
Commission to Support People With Disabilities:				
Part-time wages	25	25	-	25
Departmental expenses	500	500	306	194
Total	525	525	306	219
Conservation Committee:				
Departmental expenses	100	100	85	15
Part-time wages	900	900	782	118
Contracted services	2,500	2,500	-	2,500
Total	3,500	3,500	867	2,633
Central Services:				
Legal notices	15,000	15,000	10,482	4,518
Departmental expense	3,000	3,000	2,469	531
Equipment maintenance	1,000	1,000	-	1,000
Duplicating cost	18,064	18,064	17,142	922
Postage	42,500	42,500	38,357	4,143
Computer system maintenance and support	23,500	23,500	19,200	4,300
Total	103,064	103,064	87,650	15,414

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Insurance Expense:				
Contracted services	12,100	12,100	9,500	2,600
Package policy	132,000	132,000	131,734	266
Workmen's Compensation	180,000	180,000	173,264	6,736
Deductible	12,000	12,000	1,817	10,183
Town Clerk and Tax Collector liability	3,850	3,850	595	3,255
Human Resources	3,000	3,000	1,147	1,853
Total	342,950	342,950	318,057	24,893
Board of Selectmen:				
Part-time wages	9,384	9,384	8,711	673
Legal Expense:				
Town Attorney	100,000	138,195	138,195	-
Probate Court	13,770	13,770	13,770	-
Labor relations	90,000	63,887	63,887	-
Evictions	500	1,173	1,173	-
Special Council	50	16,629	16,629	-
Contracted Services	400	160	160	-
Total	204,720	233,814	233,814	-
Employee Benefits:				
Education enhancement	13,060	13,060	6,000	7,060
Social Security	519,543	519,543	518,787	756
Health insurance	1,367,384	1,320,949	1,281,357	39,592
Pension	498,932	525,011	525,011	-
Wage adjustment	50,000	7,347	1,738	5,609
Unemployment compensation	7,500	12,322	12,322	-
Life insurance	23,320	23,320	17,148	6,172
Dental plan insurance	96,012	99,030	99,030	-
Employee physicals	1,000	1,000	858	142
Sick leave incentive	25,000	5,625	-	5,625
Drug and alcohol testing	1,900	1,900	1,839	61
Shots, vaccines, etc.	300	300	136	164

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Employee Benefits, Continued:				
Employee assistance program	2,600	2,600	2,337	263
Long-term disability insurance	11,000	11,000	10,002	998
Post Retirement Medical Expense	21,000	21,000	8,589	12,411
Total	2,638,551	2,564,007	2,485,154	78,853
Other Expenses:				
Computer network	41,500	41,500	39,484	2,016
Middlesex CT Soil & Water	2,072	2,072	2,072	-
Inventory	3,000	3,000	-	3,000
Ordinance expense	3,000	3,000	1,685	1,315
Midstate Regional Planning Agency	8,936	8,936	8,936	-
Chamber of Commerce	650	650	549	101
Connecticut Conference of Municipalities	8,490	8,490	8,402	88
Contingency	5,000	5,000	-	5,000
Environmental monitoring	10	10	-	10
Lease-parking lot	6,000	6,000	6,000	-
Connecticut Renewal Team	2,048	2,048	2,048	-
Education - Town paid	10	10	-	10
Hazardous waste collection	7,700	7,700	5,499	2,201
Middletown Area Transit	2,500	2,500	2,500	-
Rose Garden	900	900	305	595
Council of Small Towns	925	925	925	-
CT River Assembly	500	500	-	500
Total	93,241	93,241	78,405	14,836
TOTAL GENERAL GOVERNMENT	4,882,782	4,855,978	4,635,560	220,418
PUBLIC SAFETY				
Civil Preparedness:				
Part-time wages	6,500	6,500	6,500	-
Equipment repair	390	-	-	-
Materials and equipment	250	640	541	99
Capital items	500	500	466	34
Department expenses	2,400	2,400	2,340	60
Total	10,040	10,040	9,847	193

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Police Department:				
Salaries	2,133,851	2,140,006	2,066,035	73,971
Part-time wages	7,000	9,220	9,220	-
Overtime wages	300,000	300,000	299,697	303
Holiday pay	21,476	21,476	9,513	11,963
Departmental expenses	21,500	21,500	21,307	193
Equipment maintenance and replacement	7,000	7,000	4,432	2,568
Vehicle maintenance	24,000	24,000	22,467	1,533
Gasoline and fuels	75,160	75,160	45,133	30,027
Uniforms	37,500	37,500	36,300	1,200
Telephone costs	22,500	22,500	20,293	2,207
Training	21,500	21,500	19,693	1,807
Communications	45,000	45,000	44,690	310
Services rendered, towing	4,500	4,500	4,173	327
Investigation	1,000	1,000	433	567
CT Firefighters' Convention	5,000	5,000	4,038	962
Total	2,726,987	2,735,362	2,607,424	127,938
Animal Control:				
Salary	52,578	52,578	52,578	-
Part-time wages	7,000	6,566	5,644	922
Miscellaneous	50	50	-	50
Overtime wages	2,000	2,434	2,434	-
Total	61,628	61,628	60,656	972
TOTAL PUBLIC SAFETY	2,798,655	2,807,030	2,677,927	129,103
PUBLIC WORKS				
Public Works Administration:				
Salaries	145,247	147,000	147,000	-
Departmental expenses	6,000	5,627	2,797	2,830
Uniforms	23,000	23,000	20,741	2,259
Total	174,247	175,627	170,538	5,089

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Engineering:				
Salaries	160,608	166,912	166,912	-
Departmental expenses	22,310	21,522	18,052	3,470
Contract services	5,000	10,000	9,953	47
Capital items	7,500	2,500	-	2,500
Total	195,418	200,934	194,917	6,017
Building Inspection:				
Salaries	176,463	182,227	182,227	-
Departmental expenses	5,000	3,500	2,082	1,418
Contract services	1,000	1,000	515	485
Capital items	9,000	9,000	5,001	3,999
Part-time wages	2,000	3,500	3,377	123
Total	193,463	199,227	193,202	6,025
Public Work General Expense:				
Sewer use and assessments	3,000	3,000	2,860	140
Street lights	191,015	180,784	172,876	7,908
Telephone costs	46,000	46,000	29,018	16,982
Electricity and gas	230,000	230,000	229,971	29
Water usage	12,100	12,100	7,934	4,166
Heating oil	15,525	15,525	15,471	54
Contract services	15,625	21,316	21,316	-
Easement	6,250	6,250	-	6,250
Total	519,515	514,975	479,446	35,529
Highway Department:				
Salaries	516,925	486,828	485,866	962
Part-time wages	4,000	5,015	5,014	1
Overtime wages	67,000	84,570	84,569	1
Equipment maintenance and replacement	5,000	5,000	63	4,937
Gasoline and fuel	56,275	80,645	80,645	-
Supplies	1,500	1,500	1,000	500
Materials	245,140	245,140	242,145	2,995
Signs	4,000	4,000	3,576	424

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Highway Department, Continued:				
Tree work	45,000	20,545	20,545	-
Departmental expenses	2,000	2,000	1,431	569
Small equipment	5,000	5,000	4,959	41
Contracted services	170,000	178,765	178,765	-
Total	1,121,840	1,119,008	1,108,578	10,430
Building Maintenance:				
Salaries	323,222	326,920	326,920	-
Part-time wages	4,220	3,712	3,712	-
Supplies	27,500	23,098	23,098	-
Materials	28,500	21,383	21,383	-
Contract services	50,350	67,303	67,303	-
Overtime wages	11,500	19,975	19,975	-
Equipment replacement	1,500	900	900	-
Equipment maintenance	5,000	1,515	1,515	-
Capital items	16,800	14,524	14,524	-
Total	468,592	479,330	479,330	-
Solid Waste Removal/Recycling Center:				
Salaries	54,377	54,243	50,596	3,647
Part-time wages	20,838	20,972	20,972	-
Tipping fees	273,600	273,600	225,376	48,224
Materials	2,000	2,000	773	1,227
Contract services	150,000	146,785	126,471	20,314
Overtime wages	4,000	4,500	4,337	163
Departmental expenses	1,200	1,200	599	601
Equipment maintenance	1,000	500	-	500
Gasoline and fuel	2,875	2,875	1,556	1,319
Reimbursement program	183,952	183,952	153,293	30,659
Capital items	-	3,215	3,215	-
Total	693,842	693,842	587,188	106,654
Parks and Grounds:				
Salaries	196,111	198,770	198,770	-
Part-time wages	16,000	27,157	27,157	-
Overtime wages	11,500	13,241	13,241	-

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Parks and Grounds, Continued:				
Equipment maintenance	3,000	834	834	-
Gasoline and fuel	10,100	10,672	10,672	-
Materials	15,000	10,778	10,778	-
Contract services	8,000	8,009	8,009	-
Other capital	9,500	4,301	4,301	-
Equipment replacement	4,500	3,746	3,746	-
Total	273,711	277,508	277,508	-
Vehicle Maintenance:				
Salaries	122,657	123,362	116,203	7,159
Overtime wages	5,500	6,116	6,116	-
Contracted services	10,500	11,107	11,107	-
Equipment maintenance	78,225	76,145	69,863	6,282
Departmental expenses	1,500	1,500	331	1,169
Supplies	2,500	2,500	342	2,158
Gasoline and fuel	19,000	19,000	8,753	10,247
Small equipment	3,500	4,357	4,357	-
Total	243,382	244,087	217,072	27,015
TOTAL PUBLIC WORKS	3,884,010	3,904,538	3,707,779	196,759
CULTURE AND RECREATION				
Recreation Department:				
Salaries	121,446	125,982	125,982	-
Part-time wages	112,223	112,223	101,770	10,453
Therapeutic recreation	18,925	18,925	11,272	7,653
Contracted services	31,000	31,000	25,377	5,623
Program subsidy	8,500	8,500	8,500	-
Equipment and supplies	6,840	6,840	4,108	2,732
Revenue/expense	21,000	21,000	15,904	5,096
Capital items	8,000	8,000	6,634	1,366
Departmental expenses	5,200	5,200	3,863	1,337
Total	333,134	337,670	303,410	34,260
Riverport Festival	14,000	14,000	13,747	253

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Memorial Day	2,500	2,500	2,500	-
Cromwell Historical Society	8,192	8,192	8,192	-
Cromwell Grenadiers	500	500	500	-
Belden Library:				
Salaries	278,699	285,795	285,785	10
Part-time wages	118,605	118,605	115,384	3,221
Department expenses	8,700	8,700	8,513	187
Equipment maintenance	900	900	605	295
Duplicating costs	850	850	845	5
Program subsidies	2,200	2,200	2,189	11
Operation and material	67,250	2,507	-	2,507
State Library Grant Program	2,000	2,024	2,024	-
Contracted services	31,552	31,552	31,552	-
Adult books and materials	-	10,757	10,757	-
Children's books and materials	-	11,331	11,331	-
Adult magazines	-	7,003	7,003	-
Young adult books and magazines	-	1,006	1,006	-
Reference books	-	9,953	9,953	-
Adult popular materials	-	24,669	24,669	-
Capital items	4,000	4,000	4,000	-
Total	514,756	521,852	515,616	6,236
TOTAL CULTURE AND RECREATION	873,082	884,714	843,965	40,749
HUMAN SERVICES				
Health Department:				
Part-time wages	16,000	16,000	11,941	4,059
Departmental expenses	2,900	4,400	2,979	1,421
Public Health Nursing	13,940	12,440	7,213	5,227
Mental Health Clinic	2,500	2,500	2,500	-
Community Health Center	1,300	1,300	1,300	-

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Health Department, Continued:				
Salaries	73,981	75,978	66,331	9,647
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	34,000	34,000	-
Total	152,358	154,355	134,001	20,354
Welfare Office:				
Departmental expenses	1,100	1,100	1,037	63
Greater Middletown Counseling Center	1,000	1,000	1,000	-
Emergency basic needs	1,000	1,000	965	35
EDDY Center	2,300	2,300	2,300	-
Total	5,400	5,400	5,302	98
Youth Services:				
Part-time wages	15,849	16,088	16,088	-
Departmental expenses	1,700	2,700	2,499	201
Program subsidy	8,150	6,151	6,151	-
Salaries	65,184	66,704	56,963	9,741
Revenue/expense	600	600	404	196
Supplies	4,250	5,250	4,819	431
Total	95,733	97,493	86,924	10,569
Human Service Administration:				
Salaries	75,757	75,757	75,757	-
Part-time wages	15,850	15,850	15,568	282
ADA Compliance	200	200	-	200
Capital items	600	600	504	96
Total	92,407	92,407	91,829	578

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
Senior Services:				
Salaries	33,599	34,513	34,513	-
Part-time wages	9,612	8,612	8,612	-
Department expenses	2,300	2,300	2,242	58
Program subsidies	26,225	27,283	27,282	1
Revenue/expense	4,620	4,562	3,250	1,312
Capital items	1,800	1,800	1,795	5
Total	78,156	79,070	77,694	1,376
Transportation Services:				
Salaries	27,162	27,891	27,891	-
Part-time wages	43,558	38,308	35,784	2,524
Overtime wages	700	950	797	153
Departmental expenses	1,650	1,650	1,638	12
Contract services	25	25	-	25
Vehicle maintenance	3,500	8,500	5,736	2,764
Gasoline and fuel	19,196	19,196	13,760	5,436
Driver physicals	100	100	-	100
Central CT ITN America	1,000	1,000	-	1,000
Total	96,891	97,620	85,606	12,014
TOTAL HUMAN SERVICES	520,945	526,345	481,356	44,989
EDUCATION				
Board of Education	24,952,222	24,952,222	24,868,475	83,747
DEBT SERVICE				
Bonds - principal	2,235,570	2,235,570	2,230,000	5,570
Bonds - interest	1,310,120	1,310,120	1,219,332	90,788
Notes payable	250,000	250,000	250,000	-
TOTAL DEBT SERVICE	3,795,690	3,795,690	3,699,332	96,358
TOTAL EXPENDITURES	41,707,386	41,726,517	40,914,394	812,123

(Continued)

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND, Continued
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
OTHER FINANCING USES				
Operating Transfers Out:				
Dog Transfer Fund	11,900	11,900	11,900	-
Sidewalk Fund	50,000	50,000	50,000	-
Capital Projects Fund	-	902,000	902,000	-
TOTAL OTHER FINANCING USES	61,900	963,900	963,900	-
TOTAL	\$ 41,769,286	\$ 42,690,417	41,878,294	\$ 812,123

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

1,902,000

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

262,078

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

\$ 44,042,372

TOWN OF CROMWELL, CONNECTICUT

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

For the Year Ended June 30, 2009

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
User charges	\$ 1,217,064	\$ 1,217,064	\$ 1,206,882	\$ (10,182)
Income on investments	85,000	85,000	27,422	(57,578)
Total revenues	1,302,064	1,302,064	1,234,304	(67,760)
EXPENDITURES				
Regular wages	331,429	332,111	324,499	7,612
Part-time wages	3,575	3,575	2,865	710
Overtime wages	42,099	42,099	42,194	(95)
Department expenses	32,550	32,550	19,061	13,489
Outside services	52,515	52,515	43,039	9,476
Vehicle maintenance	7,000	7,000	4,255	2,745
Gasoline and fuel	11,100	11,100	10,029	1,071
Equipment repair and maintenance	25,000	25,000	19,556	5,444
Liability and property insurance	35,420	35,420	23,448	11,972
Materials and supplies	25,000	25,000	16,811	8,189
Utilities and oil	36,900	36,900	29,067	7,833
Payments to Mattabassett District	398,232	398,232	397,477	755
Meter and pump station repairs	33,000	33,000	24,871	8,129
Prior year obligations	2,500	2,500	-	2,500
Contingencies	100	100		100
Employee benefits	201,202	200,520	202,319	(1,799)
Total expenditures	1,237,622	1,237,622	1,159,491	78,131
OTHER FINANCING USES				
Transfer out	(183,000)	(183,000)	(183,000)	-
Net change in fund balances	\$ (118,558)	\$ (118,558)	(108,187)	\$ 10,371
FUND BALANCE, beginning of year, as restated (see Note 12)				
			1,707,007	1,707,007
FUND BALANCE, end of year				
			\$ 1,598,820	
Reconciliation of GAAP Basis				
	Revenues		Expenditures	Fund Balance
Balance, budgetary basis, June 30, 2009	\$ 1,234,304	\$ 1,159,491	\$ 1,598,820	
Liquidation of prior year encumbrances for the year ended June 30, 2009	-	9,173	(9,173)	
Encumbrances outstanding for the year ended June 30, 2009	-	(13,040)	13,040	
Balance, GAAP Basis, June 30, 2009	\$ 1,234,304	\$ 1,155,624	\$ 1,602,687	

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SUPPLEMENTARY AND COMBINING
FUND STATEMENTS AND SCHEDULES

General Fund Schedules

TOWN OF CROMWELL, CONNECTICUT

COMPARATIVE BALANCE SHEET

GENERAL FUND

June 30, 2009 and 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 5,980,909	\$ 6,154,319
Property taxes receivable, net	683,728	154,215
Accounts receivable	34,709	484,749
Due from other funds	162,207	121,525
Total assets	\$ 6,861,553	\$ 6,914,808
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued liabilities	\$ 996,100	\$ 639,671
Deferred revenues/unearned revenue	603,485	535,764
Total liabilities	1,599,585	1,175,435
Fund Balance:		
Reserved for encumbrances	408,567	670,645
Unreserved:		
Designated for subsequent year's budget	282,750	307,750
Undesignated	4,570,651	4,760,978
Total fund balance	5,261,968	5,739,373
Total liabilities and fund balance	\$ 6,861,553	\$ 6,914,808

TOWN OF CROMWELL, CONNECTICUT

REPORT OF THE TAX COLLECTOR

GENERAL FUND

For the Year Ended June 30, 2009

Grand List Year	Uncollected Taxes July 1, 2008	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collected	Collections	Uncollected Taxes June 30, 2009
		Additions	Deductions				
2007	\$ 35,451,723	\$ 115,469	\$ 207,357	\$ 18,310	\$ 35,341,525	\$ 35,011,177	\$ 330,348
2006	227,768	35,017	24,465	22,375	215,945	128,484	87,461
2005	97,128	25,241	7,730	18,386	96,253	24,309	71,944
2004	73,450	1,251	205	4,011	70,485	895	69,590
2003	63,876	85	172	-	63,789	4,284	59,505
2002	56,390	-	-	89	56,301	3,288	53,013
2001	21,894	-	-	281	21,613	3,033	18,580
2000	18,318	-	-	-	18,318	624	17,694
1999	17,356	153	-	121	17,388	506	16,882
1998	12,298	-	-	129	12,169	-	12,169
1997	54,785	-	-	87	54,698	-	54,698
1996	55,262	-	-	-	55,262	-	55,262
1995	25,904	-	-	-	25,904	-	25,904
	<u>\$ 36,176,152</u>	<u>\$ 177,216</u>	<u>\$ 239,929</u>	<u>\$ 63,789</u>	<u>\$ 36,049,650</u>	<u>\$ 35,176,600</u>	<u>\$ 873,050</u>

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
Special Reserve	Town appropriation	Compensated absences and termination benefits
Public Donations Grant	Donations	Various departments
Outside Services	User fees	Payroll expense of Town and Board employees hired by outside parties
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	Sale of assets	Account for monies received from sale of assets acquired during drug related arrests
Police Heart and Hypertension Reserve	Town appropriation	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

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, 2009

	Special Revenue Funds			
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 98,008	\$ 142,978
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
Inventory	-	-	-	-
Total assets	\$ -	\$ -	\$ 98,008	\$ 142,978
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 21,794
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	36,650
Total liabilities	-	-	-	58,444
Fund Balances				
Reserved for endowments	-	-	-	-
Reserved for inventory	-	-	-	-
Designated for specific purposes	-	-	-	84,534
Unreserved and undesignated	-	-	98,008	-
Total fund balance	-	-	98,008	84,534
Total liabilities and fund balances	\$ -	\$ -	\$ 98,008	\$ 142,978

Special Revenue Funds							
Special Reserve	Public Donations Grant	Outside Services	Dog License	School Cafeteria	Educational Grants	Open Space	
\$ 268,050	\$ 121,625	\$ -	\$ 8,792	\$ 73,850	\$ 3,131	\$ 382,606	
-	396	152,457	1,435	-	-	-	
-	-	-	-	23,857	13,480	-	
-	-	-	-	17,615	-	-	
\$ 268,050	\$ 122,021	\$ 152,457	\$ 10,227	\$ 115,322	\$ 16,611	\$ 382,606	
\$ -	\$ 885	\$ 4,914	\$ 9,161	\$ -	\$ 16,611	\$ -	
-	-	147,543	-	-	-	-	
-	-	-	-	-	-	-	
-	885	152,457	9,161	-	16,611	-	
-	-	-	-	-	-	-	
-	-	-	-	17,615	-	-	
268,050	121,136	-	1,066	-	-	-	
-	-	-	-	97,707	-	382,606	
268,050	121,136	-	1,066	115,322	-	382,606	
\$ 268,050	\$ 122,021	\$ 152,457	\$ 10,227	\$ 115,322	\$ 16,611	\$ 382,606	

TOWN OF CROMWELL, CONNECTICUT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2009

	Special Revenue Funds			
	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve
ASSETS				
Cash and cash equivalents	\$ 1,047	\$ 985	\$ 5,268	\$ 87,912
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	-	-	-
Inventory	-	-	-	-
Total assets	\$ 1,047	\$ 985	\$ 5,268	\$ 87,912
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances				
Reserved for endowments	-	-	-	-
Reserved for inventory	-	-	-	-
Designated for specific purposes	1,047	985	5,268	87,912
Unreserved and undesignated	-	-	-	-
Total fund balance	1,047	985	5,268	87,912
Total liabilities and fund balances	\$ 1,047	\$ 985	\$ 5,268	\$ 87,912

Special Revenue Funds				Permanent Fund	Total Nonmajor Governmental Funds
River Landing Park	Public Health Emergency Prep	Cemetery Trust	Total	Cemetery Trust	
\$ 21,854	\$ 55	\$ 3,726	\$ 1,219,887	\$ 6,237	\$ 1,226,124
-	-	-	154,288	-	154,288
-	-	-	37,337	-	37,337
-	-	-	17,615	-	17,615
<u>\$ 21,854</u>	<u>\$ 55</u>	<u>\$ 3,726</u>	<u>\$ 1,429,127</u>	<u>\$ 6,237</u>	<u>\$ 1,435,364</u>
\$ -	\$ 55	\$ -	53,420	\$ -	\$ 53,420
-	-	-	147,543	-	147,543
-	-	-	36,650	-	36,650
<u>-</u>	<u>55</u>	<u>-</u>	<u>237,613</u>	<u>-</u>	<u>237,613</u>
-	-	-	-	6,237	6,237
-	-	-	17,615	-	17,615
-	-	3,726	573,724	-	573,724
21,854	-	-	600,175	-	600,175
<u>21,854</u>	<u>-</u>	<u>3,726</u>	<u>1,191,514</u>	<u>6,237</u>	<u>1,197,751</u>
<u>\$ 21,854</u>	<u>\$ 55</u>	<u>\$ 3,726</u>	<u>\$ 1,429,127</u>	<u>\$ 6,237</u>	<u>\$ 1,435,364</u>

TOWN OF CROMWELL, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Special Revenue Funds			
	Town Aid Road	Youth Services Grant	Town Improvement Program	Sidewalk Program
REVENUES				
Intergovernmental revenues	\$ 137,385	\$ 14,000	\$ 50,000	\$ -
Charges for services	-	-	-	-
Income on investments	-	-	1,234	1,971
Miscellaneous	-	-	-	-
Total revenues	137,385	14,000	51,234	1,971
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	21,794
Culture and recreation	-	-	-	-
Human services	-	-	-	-
Education	-	-	-	-
Capital outlay	-	-	40,873	-
Total expenditures	-	-	40,873	21,794
Excess (deficiency) of revenues over expenditures	137,385	14,000	10,361	(19,823)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	50,000
Transfers out	(137,385)	(14,000)	-	-
Total other financing sources (uses)	(137,385)	(14,000)	-	50,000
Net change in fund balances	-	-	10,361	30,177
FUND BALANCES, beginning of year	-	-	87,647	54,357
FUND BALANCES, end of year	\$ -	\$ -	\$ 98,008	\$ 84,534

Special Revenue Funds						
Special Reserve	Public Donations Grant	Outside Services	Dog License	School Cafeteria	Educational Grants	Open Space
\$ -	\$ -	\$ -	\$ -	\$ 144,339	\$ 939,691	\$ -
-	-	415,823	6,849	506,655	-	7,808
3,870	-	-	137	-	-	5,428
-	87,700	-	-	-	-	-
3,870	87,700	415,823	6,986	650,994	939,691	13,236
-	6,682	320,817	16,467	-	-	-
-	-	2,877	-	-	-	-
-	19,244	-	-	-	-	-
-	22,418	-	-	-	-	-
-	-	-	-	599,609	939,691	-
-	-	-	-	-	-	-
-	48,344	323,694	16,467	599,609	939,691	-
3,870	39,356	92,129	(9,481)	51,385	-	13,236
-	-	-	11,900	-	-	-
-	-	(92,129)	-	-	-	-
-	-	(92,129)	11,900	-	-	-
3,870	39,356	-	2,419	51,385	-	13,236
264,180	81,780	-	(1,353)	63,937	-	369,370
\$ 268,050	\$ 121,136	\$ -	\$ 1,066	\$ 115,322	\$ -	\$ 382,606

TOWN OF CROMWELL, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, Continued

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Special Revenue Funds				
	Picnic Facilities Revolving	Drug Awareness and Education	Drug Asset Forfeiture	Police Heart and Hypertension Reserve	River Landing Park
REVENUES					
Intergovernmental revenues	\$ -	\$ 3,105	\$ 191	\$ -	\$ -
Charges for services	-	-	-	-	-
Income on investments	-	-	115	2,104	316
Miscellaneous	-	-	-	-	-
Total revenues	-	3,105	306	2,104	316
EXPENDITURES					
Current:					
Public safety	-	2,200	3,500	83,519	-
Public works	-	-	-	-	-
Culture and recreation	1,327	-	-	-	-
Human services	-	-	-	-	-
Education	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	1,327	2,200	3,500	83,519	-
Excess (deficiency) of revenues over expenditures	(1,327)	905	(3,194)	(81,415)	316
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(1,327)	905	(3,194)	(81,415)	316
FUND BALANCES, beginning of year	2,374	80	8,462	169,327	21,538
FUND BALANCES, end of year	\$ 1,047	\$ 985	\$ 5,268	\$ 87,912	\$ 21,854

Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
Public Health Emergency Prep	Cemetery Trust	Total	Cemetery Trust	
\$ 62,259	\$ -	\$ 1,350,970	\$ -	\$ 1,350,970
-	-	937,135	-	937,135
-	-	15,175	145	15,320
-	-	87,700	-	87,700
62,259	-	2,390,980	145	2,391,125
39,302	-	472,487	-	472,487
-	-	24,671	-	24,671
-	-	20,571	-	20,571
-	-	22,418	-	22,418
-	-	1,539,300	-	1,539,300
-	-	40,873	-	40,873
39,302	-	2,120,320	-	2,120,320
22,957	-	270,660	145	270,805
-	145	62,045	-	62,045
-	-	(243,514)	(145)	(243,659)
-	145	(181,469)	(145)	(181,614)
22,957	145	89,191	-	89,191
(22,957)	3,581	1,102,323	6,237	1,108,560
\$ -	\$ 3,726	\$ 1,191,514	\$ 6,237	\$ 1,197,751

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

PUBLIC DONATIONS GRANT FUND

For the Year Ended June 30, 2009

	Balance July 1, 2008	Revenues	Expenditures	Balance June 30, 2009
Library Donations	\$ 6,569	\$ 9,706	\$ 7,781	\$ 8,494
Senior Donations	20,643	21,915	15,570	26,988
Youth Services	4,987	7,600	1,789	10,798
Emergency Fuel	(74)	1,182	-	1,108
Emergency Food	130	-	-	130
Park and Recreation	6,785	14,332	2,501	18,616
Handicapped Donations	1	-	-	1
Human Service Donations	6,498	6,602	4,743	8,357
Drug and Alcohol Program	17	-	-	17
Police Department	6,079	9,907	6,682	9,304
Carbon Monoxide Program	4,666	-	60	4,606
Riverport Festival	14,517	16,456	8,753	22,220
Operational fuel	5	-	-	5
CT Clean Energy	4,110	-	465	3,645
Rose Garden	208	-	-	208
Flag Fund	1,911	-	-	1,911
Charter Revision	100	-	-	100
Inland/Wetlands	4,382	-	-	4,382
Adopt-a-family	246	-	-	246
TOTAL	\$ 81,780	\$ 87,700	\$ 48,344	\$ 121,136

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

DOG LICENSE FUND

For the Year Ended June 30, 2009

	Original Appropriation	Adjustments	Amended Appropriation	Expenditures	Uncommitted Balance
Office expense	\$ 1,200	\$ -	\$ 1,200	\$ 1,021	\$ 179
Training/workshops	1,000	-	1,000	995	5
Contract services	10,000	-	10,000	9,509	491
Vehicle maintenance	1,500	-	1,500	578	922
Fuel and fluids	2,000	-	2,000	458	1,542
Uniforms	1,200	-	1,200	1,144	56
Veterinarian fees	2,000	-	2,000	1,982	18
Equipment, purchase and repair	1,000	-	1,000	780	220
TOTAL	\$ 19,900	\$ -	\$ 19,900	\$ 16,467	\$ 3,433

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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, 2009

	Appropriations				Expenditures				Uncommitted
	Balance July 1, 2008	Current Year	Adjustments	Balance June 30, 2009	Balance July 1, 2008	Current Year	Balance June 30, 2009	Encumbrances	
Capital and Nonrecurring Expenditures	\$ 1,358,478	\$ 1,491,852	\$ -	\$ 2,850,330	\$ 1,286,380	\$ 1,001,273	\$ 2,287,653	\$ 117,256	\$ 445,421
Sewer Assessment	-	323,205	-	323,205	-	304,712	304,712	-	18,493
High School Building Project	21,811,000	-	-	21,811,000	20,844,982	23,773	20,868,755	65,188	877,057
LOCIP Projects	1,341,039	62,000	-	1,403,039	1,136,148	61,826	1,197,974	-	205,065
New 3-5 School Project	28,214,000	-	-	28,214,000	27,462,220	190,250	27,652,470	63,698	497,832
Sewer Capital and Nonrecurring Expenditures	764,100	38,000	(4,330)	797,770	391,430	56,016	447,446	8,899	341,425
Coles Brook Commerce Park	350,000	-	-	350,000	350,000	-	350,000	-	-
Geer Street Improvements	350,000	-	-	350,000	212,843	-	212,843	-	137,157
State Bond Grant	-	250,000	-	250,000	-	119,398	119,398	-	130,602
CMS Asbestos Removal Fund	800,000	-	-	800,000	754,288	-	754,288	-	45,712
Roads Main Street Improvement Fund	5,072,322	-	(16,322)	5,056,000	3,500	487,827	491,327	122,983	4,441,690
School Security Fund	930,322	-	220,678	1,151,000	3,822	966,077	969,899	-	181,101
Park Improvement Fund	726,322	-	(16,322)	710,000	86,695	370,412	457,107	48,852	204,041
Downtown Historical Development	250,000	-	-	250,000	56,054	18,573	74,627	2,208	173,165
Cromwell Middle School Roof Replacement	7,192,000	-	(25,000)	7,167,000	82	356,017	356,099	229,859	6,581,042
Industrial Park Development Fund	445,000	500,000	-	945,000	294,797	71,295	366,092	22,005	556,903
	<u>\$ 69,604,583</u>	<u>\$ 2,665,057</u>	<u>\$ 158,704</u>	<u>\$ 72,428,344</u>	<u>\$ 52,883,241</u>	<u>\$ 4,027,449</u>	<u>\$ 56,910,690</u>	<u>\$ 680,948</u>	<u>\$ 14,836,706</u>

RECONCILIATION TO PRIOR YEAR ENDING

BALANCE FOR EXPENDITURES

Ending Balance of Expenditures June 30, 2008	\$ 52,889,627
Adjustment for Sewer Assessment ending balance	(323,768)
Prior expenses for Industrial park Fund not included	290,797
Prior expenses for Sewer CNR not included	26,585
Beginning Balance of Expenditures June 30, 2009	<u>\$ 52,883,241</u>

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS

CAPITAL AND NONRECURRING EXPENDITURE FUND

For the Year Ended June 30, 2009

	Appropriations			
	Balance July 1, 2008	Current Year	Adjustments	Balance June 30, 2009
Financial Software	\$ 70,000	\$ -	\$ -	\$ 70,000
Revaluation Services	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	40,000	-	-	40,000
Lib-Architectural Study	22,000	-	-	22,000
Revaluation Svcs	350,000	-	-	350,000
Transfer Station Office Building	20,000	-	-	20,000
Engr-Gis Data Input	10,000	-	-	10,000
Eng-Control Points Survey	10,000	-	-	10,000
Rec Floor Mats	12,000	-	-	12,000
Transp-Handicap Vehicle	51,942	-	-	51,942
Highway Garage Floor Repair	25,000	-	-	25,000
DUI Enforcement 06-07	30,000	-	-	30,000
Pierson Park Bleachers	36,176	-	-	36,176
Eng/Control Points Survey	10,000	-	-	10,000
Npdes Stormwater	36,000	-	-	36,000
40K Lb Dump Truck W/Sander	135,000	-	-	135,000
1 Ton Mason Dump Truck W/Sander	60,000	-	-	60,000
P&Z Update Regulations	40,000	7,500	-	47,500
4X4 Pick Up Truck	32,000	-	-	32,000
Police Vehicles (2) 07-08	65,000	-	-	65,000
Automatic Ext Defibrillators	8,000	-	-	8,000
Bulletproof Vests	23,000	-	-	23,000
Accident/Crime Scene Reconstruction	6,917	-	-	6,917
BOE Special Services Bus 07-08	24,000	-	-	24,000
DUI Enforcement 07-08	30,000	-	-	30,000
DUI Enforcement 08-09	-	37,000	-	37,000
Energy Improv-Siemens	-	1,051,852	-	1,051,852
Sweeper	-	120,000	-	120,000
Curb Machine/Feeder	-	16,500	-	16,500
Gym Roof Repair	-	10,000	-	10,000
Zero Turn 60" Diesel Mower (2)	-	30,000	-	30,000
Storage Bldg for Equipment	-	75,000	-	75,000
Police Vehicle 08/09	-	33,000	-	33,000
Senior Center Study	-	25,000	-	25,000
Park Playgrounds 08/09	-	30,000	-	30,000
BOE Special Services Bus 08/09	-	56,000	-	56,000
Total	\$ 1,358,478	\$ 1,491,852	\$ -	\$ 2,850,330

Expenditures					
Balance July 1, 2008	Current Year	Balance June 30, 2009	Encumbrances	Uncommitted Balance	
\$ 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	-	-	
-	81	81	27,783	12,136	
21,340	660	22,000	-	-	
289,170	43,923	333,093	-	16,907	
14,238	5,748	19,986	-	14	
9,783	-	9,783	-	217	
-	6,174	6,174	-	3,826	
3,894	-	3,894	-	8,106	
51,942	-	51,942	-	-	
19,636	-	19,636	-	5,364	
21,199	-	21,199	-	8,801	
33,849	-	33,849	-	2,327	
-	-	-	-	10,000	
-	22,661	22,661	5,619	7,720	
127,605	1,894	129,499	-	5,501	
58,800	-	58,800	-	1,200	
-	18,000	18,000	29,500	-	
32,000	-	32,000	-	-	
62,568	-	62,568	-	2,432	
5,718	-	5,718	-	2,282	
19,949	-	19,949	-	3,051	
6,917	-	6,917	-	-	
20,768	-	20,768	-	3,232	
16,036	4,924	20,960	-	9,040	
-	13,598	13,598	-	23,402	
189,525	830,770	1,020,295	-	31,557	
-	-	-	-	120,000	
-	-	-	-	16,500	
-	-	-	-	10,000	
-	29,758	29,758	-	242	
-	-	-	-	75,000	
-	23,082	23,082	-	9,918	
-	-	-	-	25,000	
-	-	-	-	30,000	
-	-	-	54,354	1,646	
\$ 1,286,380	\$ 1,001,273	\$ 2,287,653	\$ 117,256	\$ 445,421	

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

SEWER ASSESSMENT FUND

For the Year Ended June 30, 2009

	Original Appropriation	Expenditures	Uncommitted Balance
Legal fees	\$ 6,500	\$ 3,765	\$ 2,735
Construction	15,000	4,799	10,201
Postage	900	122	778
Legal notices	1,000	526	474
Printing	700	-	700
Sewer bonds - principal	260,000	260,000	-
Sewer bonds - interest	33,205	33,205	-
Data processing	1,800	1,800	-
Contracted services	4,000	495	3,505
GF repayment	-	-	-
Prior year refunds	100	-	100
Total	<u>\$ 323,205</u>	<u>\$ 304,712</u>	<u>\$ 18,493</u>

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

GEER STREET IMPROVEMENTS

For the Year Ended June 30, 2009

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance July 1, 2008	Adjustments	Balance June 30, 2009	Balance July 1, 2008	Current Year	Balance June 30, 2009		
Legal and financing expenses	\$ 50,000	\$ -	\$ 50,000	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 45,000
Architect/engineering	-	-	-	-	-	-	-	-
Construction contingency	43,000	-	43,000	-	-	-	-	43,000
Construction contingency	212,000	-	212,000	207,843	-	207,843	-	4,157
Temporary interest expense	10,000	-	10,000	-	-	-	-	10,000
Miscellaneous administrative expense	35,000	-	35,000	-	-	-	-	35,000
Total	\$ 350,000	\$ -	\$ 350,000	\$ 212,843	\$ -	\$ 212,843	\$ -	\$ 137,157

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

LOCAL CAPITAL IMPROVEMENT FUND

For the Year Ended June 30, 2009

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2008		June 30, 2009	July 1, 2008	Year	June 30, 2009		
Coles Road Phase I Improvement Construction	\$ 123,336	\$ -	\$ 123,336	\$ 118,642	\$ 4,460	\$ 123,102	\$ -	\$ 234
Christian Hill Road Reconstruction	82,264	-	82,264	82,264	-	82,264	-	-
Christian Hill Bridge Reconstruction	720,439	-	720,439	556,558	30,186	586,744	-	133,695
Evergreen/Copperknoll Drainage	385,000	-	385,000	356,184	27,180	383,364	-	1,636
Coles Road - Rights-of-Way	30,000	-	30,000	22,500	-	22,500	-	7,500
Willowbrook Road	-	62,000	62,000	-	-	-	-	62,000
Total	\$ 1,341,039	\$ 62,000	\$ 1,403,039	\$ 1,136,148	\$ 61,826	\$ 1,197,974	\$ -	\$ 205,065

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

NEW 3-5 SCHOOL PROJECT FUND

For the Year Ended June 30, 2009

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2008		June 30, 2009	July 1, 2008	Year	June 30, 2009		
Architect/engineering fees	\$ 3,659,600	\$ (78,162)	\$ 3,581,438	\$ 3,565,176	\$ 16,262	\$ 3,581,438	\$ -	\$ -
Bonding, insurance and financial services	225,000	-	225,000	113,790	2,648	116,438	10,102	98,460
Construction	19,826,164	136,012	19,962,176	19,712,292	171,040	19,883,332	53,596	25,248
Other project expenses	1,020,000	(57,850)	962,150	946,705	300	947,005	-	15,145
Temporary interest expense	750,000	-	750,000	391,021	-	391,021	-	358,979
Site acquisition and rectification	2,733,236	-	2,733,236	2,733,236	-	2,733,236	-	-
Total	\$ 28,214,000	\$ -	\$ 28,214,000	\$ 27,462,220	\$ 190,250	\$ 27,652,470	\$ 63,698	\$ 497,832

TOWN OF CROMWELL, CONNECTICUT

SCHEDULE OF EXPENDITURES COMPARED WITH APPROPRIATIONS

STATE BOND GRANT PROJECTS

For the Year Ended June 30, 2009

	Appropriations			Expenditures			Encumbrances	Uncommitted Balance
	Balance	Adjustments	Balance	Balance	Current	Balance		
	July 1, 2008		June 30, 2009	July 1, 2008	Year	June 30, 2009		
Skate Board Park	\$ -	\$ 67,000	\$ 67,000	\$ -	\$ 67,000	\$ 67,000	\$ -	\$ -
Playground Equipment	-	25,000	25,000	-	19,813	19,813	-	5,187
Little League Concession Stand	-	125,000	125,000	-	2,710	2,710	-	122,290
Pierson Park Bleachers	-	33,000	33,000	-	29,875	29,875	-	3,125
Total	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ 119,398	\$ 119,398	\$ -	\$ 130,602

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

For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
STUDENT ACTIVITY FUND				
Assets				
Cash and cash equivalents	\$ 193,127	\$ 549,340	\$ 462,682	\$ 279,785
Liabilities				
Due to student groups	\$ 193,127	\$ 549,340	\$ 462,682	\$ 279,785
CONTRACTOR BOND FUND				
Assets				
Cash and cash equivalents	\$ 774,551	\$ 464,831	\$ 553,999	\$ 685,383
Liabilities				
Deposits	\$ 774,551	\$ 464,831	\$ 553,999	\$ 685,383
TOTAL ALL FUNDS				
Assets				
Cash and cash equivalents	\$ 967,678	\$ 1,014,171	\$ 1,016,681	\$ 965,168
Liabilities				
Due to student groups	\$ 193,127	\$ 549,340	\$ 462,682	\$ 279,785
Deposits	774,551	464,831	553,999	685,383
Total	\$ 967,678	\$ 1,014,171	\$ 1,016,681	\$ 965,168

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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.

TOWN OF CROMWELL, CONNECTICUT

NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	2009	2008 *	2007	2006	2005	2004	2003
Governmental activities:							
Invested in capital assets, net of related debt	\$ 79,977,008	\$ 85,059,583	\$ 82,378,615	\$ 36,043,985	\$ 25,548,448	\$ 19,152,703	\$ 23,230,147
Restricted	9,963	9,818	9,435	8,578	8,578	8,389	8,313
Unrestricted	15,051,100	11,225,727	11,008,614	9,755,896	15,043,750	11,529,752	6,101,752
Total governmental activities net assets	<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>	<u>\$ 29,340,212</u>

Notes:

- (1) Schedules 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. See Footnote 12.

TOWN OF CROMWELL, CONNECTICUT

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003
Expenses:							
General government	\$ 5,285,460	\$ 4,562,542	\$ 4,695,839	\$ 4,615,416	\$ 4,123,566	\$ 4,049,469	\$ 3,669,304
Public safety	3,408,597	3,260,989	3,013,542	2,797,759	2,714,155	2,579,504	2,753,757
Public works	7,111,663	8,003,018	6,382,470	4,493,904	4,233,837	3,983,293	3,183,541
Culture and recreation	953,776	891,399	834,362	826,518	812,198	754,537	700,919
Human services	537,251	575,713	713,822	553,963	601,867	485,671	441,932
Education	29,777,145	34,619,609	26,229,542	24,560,513	22,133,614	20,643,432	19,662,641
Interest on long-term debt	1,328,827	1,112,299	1,172,456	1,239,540	1,204,056	1,072,703	662,194
Total governmental activities expenses	48,402,719	53,025,569	43,042,033	39,087,613	35,823,293	33,568,609	31,074,288
Program revenues							
Charges for services:							
General government	299,032	854,887	595,733	657,272	679,088	812,510	589,535
Public safety	476,715	637,783	755,766	349,725	312,041	306,205	154,538
Public works	1,156,948	1,462,064	1,559,931	1,795,900	1,396,876	1,320,894	1,454,955
Culture and recreation	140,564	100,254	93,652	96,787	74,847		89,746
Human services	11,173	20,251	21,066	20,331	14,920	11,783	13,630
Education	506,655	476,431	494,215	496,230	437,674	399,909	506,446
Operating grants and contributions	7,572,422	14,256,021	6,241,001	5,803,038	4,884,441	4,738,225	4,895,807
Capital grants and contributions	518,969	2,044,768	2,065,425	3,762,315	8,223,673	1,666,846	3,015,347
Total governmental activities program revenues	10,682,478	19,852,459	11,826,789	12,981,598	16,023,560	9,256,372	10,720,004
Net (expense) revenue:							
Governmental activities	(37,720,241)	(33,173,110)	(31,215,244)	(26,106,015)	(19,799,733)	(24,312,237)	(20,354,284)
General revenues and other changes in net assets:							
Governmental activities:							
Property taxes	35,450,949	32,944,028	32,518,744	29,915,084	28,562,193	24,905,290	22,943,349
Grants and contributions not restricted to specific purposes	392,954	492,989	545,691	473,611	477,263	477,471	599,162
Unrestricted investment earnings	291,346	747,671	968,895	772,028	529,869	230,284	229,601
Other general revenues	327,935	88,129	133,167	152,975	130,340	49,824	11,128
Total general revenues and other changes in net assets	36,463,184	34,272,817	34,166,497	31,313,698	29,699,665	25,662,869	23,783,240
Changes in net assets (deficits):							
Governmental activities	\$ (1,257,057)	\$ 1,099,707	\$ 2,951,253	\$ 5,207,683	\$ 9,899,932	\$ 1,350,632	\$ 3,428,956

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

TOWN OF CROMWELL, CONNECTICUT

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 408,567	\$ 670,645	\$ 604,962	\$ 220,011	\$ 118,728	\$ 176,992	\$ 86,947	\$ 142,592	\$ 108,109	\$ 76,024
Unreserved	4,853,401	5,068,728	3,955,418	3,211,369	3,756,242	3,304,288	3,844,415	4,086,881	3,122,383	3,665,765
	<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>	<u>\$ 3,230,492</u>	<u>\$ 3,741,789</u>
All Other Governmental Funds:										
Reserved	\$ 717,840	\$ 462,226	\$ 826,846	\$ 1,025,991	\$ 8,333,904	\$ 2,965,918	\$ 1,580,020	\$ 8,402,831	\$ 8,688,377	\$ 8,458,588
Unreserved, reported in:										
Special revenue funds	2,763,546	2,992,104	3,041,958	2,692,299	2,622,381	2,400,014	2,394,200	2,314,711	1,874,484	1,462,232
Capital projects funds	7,285,469	8,401,776	2,052,553	2,150,483	(443,759)	10,336,740	(4,041,868)	2,996,841	(305,195)	2,200,423
	<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>	<u>\$ 10,257,666</u>	<u>\$ 12,121,243</u>

TOWN OF CROMWELL, CONNECTICUT

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(thousands)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues:										
Property taxes	\$ 35,388,867	\$ 33,037,472	\$ 32,427,042	\$ 30,080,756	\$ 28,732,362	\$ 25,483,587	\$ 23,752,742	\$ 21,509,817	\$ 19,737,357	\$ 19,479,644
Assessments	-	-	-	-	-	-	-	502,622	152,389	209,543
Intergovernmental	8,459,337	16,106,891	7,046,083	10,049,130	13,569,504	6,775,913	7,075,219	10,683,961	5,502,964	5,649,210
Charges for services	3,245,874	2,710,909	2,963,789	3,353,875	2,961,110	3,008,165	2,953,848	1,980,167	1,807,806	1,631,581
Income on investments	291,346	747,671	968,895	772,028	529,869	230,284	229,601	700,636	779,769	779,035
Miscellaneous	327,935	698,318	525,207	342,385	316,056	278,524	439,773	1,200,060	253,591	206,831
Total revenues	47,713,359	53,301,261	43,931,016	44,598,174	46,108,901	35,776,473	34,451,183	36,577,263	28,233,876	27,955,844
Expenditures:										
General government	4,683,572	4,399,214	4,366,962	4,406,214	3,979,972	3,901,798	3,529,524	3,195,957	2,827,228	2,714,281
Public safety	3,155,691	3,004,349	2,814,468	2,652,078	2,486,708	2,417,503	2,661,031	2,342,911	2,182,075	2,040,192
Public works	5,156,629	5,710,333	4,473,302	4,419,490	4,120,319	3,862,074	3,517,478	3,295,938	3,165,063	2,987,172
Culture and recreation	884,401	865,790	837,541	768,616	685,319	686,924	648,224	633,028	580,569	526,103
Human services	507,753	546,047	502,107	544,579	506,584	487,966	445,189	428,415	371,691	356,750
Education	28,299,582	33,903,173	25,338,328	23,277,163	21,174,288	20,096,419	19,232,547	18,264,296	17,033,789	16,234,688
Debt service:										
Principal	2,480,000	2,065,000	2,070,000	3,469,634	3,271,251	6,870,551	8,127,408	12,319,451	715,000	2,951,690
Interest	1,262,537	1,070,897	1,147,284	-	-	-	-	-	492,852	-
Capital outlay	3,701,700	1,351,682	1,199,440	10,147,743	14,680,916	2,191,523	1,876,970	1,208,608	1,207,852	1,785,153
Total expenditures	50,131,865	52,916,485	42,749,432	49,685,517	50,905,357	40,514,758	40,038,371	41,688,604	28,576,119	29,596,029
Excess of revenue over (under) expenditures	(2,418,506)	384,776	1,181,584	(5,087,343)	(4,796,456)	(4,738,285)	(5,587,188)	(5,111,341)	(342,243)	(1,640,185)
Other financing sources (uses):										
Transfers in	1,640,559	2,070,601	1,802,374	1,313,301	1,189,240	1,705,371	1,886,994	545,503	1,436,509	1,068,345
Transfers out	(1,640,559)	(2,070,601)	(1,802,374)	(1,313,301)	(1,189,240)	(1,705,371)	(1,886,994)	(545,317)	(1,436,085)	(1,067,948)
Proceeds from sale of bonds	-	6,728,966	-	-	-	27,440,000	-	9,500,000	-	3,410,000
Bond issuance costs	-	-	-	-	-	(149,545)	-	-	-	-
Premium on bonds	-	-	-	-	-	389,545	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(7,621,477)	-	-	-	-
Capital lease issued	1,051,850	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,051,850	6,728,966	-	-	-	20,058,523	-	9,500,186	424	3,410,397
Net change in fund balance	\$ (1,366,656)	\$ 7,113,742	\$ 1,181,584	\$ (5,087,343)	\$ (4,796,456)	\$ 15,320,238	\$ (5,587,188)	\$ 4,388,845	\$ (341,819)	\$ 1,770,212
Debt service as a percentage of noncapital expenditures	8.06%	6.08%	7.74%	8.78%	9.03%	6.51%	5.88%	4.12%	4.41%	6.70%

Note: Schedule prepared on the modified accrual basis of accounting.

TOWN OF CROMWELL, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(thousands)

FISCAL YEAR	REAL 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							
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%
2001	448,660,840	115,889,160	90,875,630	46,122,403	69,064,390	72,186,140	698,426,283	28.14	997,751,833	70.00%
2000	434,766,080	115,964,190	90,428,510	46,574,844	62,102,830	73,054,635	676,781,819	28.39	966,831,170	70.00%

Per Town of Cromwell Office of Tax Assessor

Note:

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

TOWN OF CROMWELL, CONNECTICUT

DIRECT AND OVERLAPPING

PROPERTY TAX RATES

LAST TEN YEARS

(rate per \$1,000 of assessed value)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
TOWN:										
General	26.21	31.14	31.29	29.60	29.00	26.30	30.84	29.49	28.14	28.39
DISTRICTS:										
Fire	1.80	2.10	2.10	1.90	1.90	1.60	1.88	1.88	1.88	1.91

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.

TOWN OF CROMWELL, CONNECTICUT

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

TAXPAYERS	October 1, 2007			October 1, 1998		
	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.	\$ 24,697,620	1	1.83%	\$ 6,943,720	3	1.03%
Covenant Home Inc. (Covenant Village)	-		-	5,095,230	8	0.75%
Shaner Hotel Group Properties (Radisson)	13,541,110	2	1.00%	7,707,340	2	1.14%
Algonquin Gas Trans Co.	10,069,440	3	0.75%	9,339,170	1	1.38%
Infinity Cromwell Properties (Wal-Mart)	8,761,700	4	0.65%	6,608,780	4	0.98%
IRNM Fee Cromwell LLC	7,175,000	5	0.53%	-		-
CSE Cromwell (CT) LLC	6,835,040	6	0.51%	-		-
R A Cromwell, LLC	6,789,200	7	0.50%	-		-
Lehigh Cromwell LLC	6,720,000	8	0.50%	-		-
Connecticut Light & Power	6,621,850	9	0.49%	-		-
Cromwell Square Partners, Ltd.	6,561,950	10	0.49%	-		-
Tournament Players Club	-		0.00%	5,976,390	5	0.88%
Bartram Realty Company (Stop & Shop)	-		0.00%	5,162,500	7	0.76%
Cromwell Crest Convalescent Home, Inc.	-		0.00%	4,818,590	10	0.71%
Spectrum Property Investors, LLC	-		0.00%	4,939,510	9	0.73%
Adele Cocco (Ridgeview)	-		0.00%	5,313,930	6	0.79%
	<u>\$ 97,772,910</u>		<u>7.24%</u>	<u>\$ 61,905,160</u>		<u>9.15%</u>

Source: Town of Cromwell Assessor's Office.

TOWN OF CROMWELL, CONNECTICUT

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED JUNE 30,	TAX RATE IN MILLS	TAXES LEVIED FOR THIS FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTION IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
			AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2009	26.21	\$ 35,337,213	\$ 35,011,177	99.08%	\$ 172,536	\$ 35,183,713	99.57%
2008	31.14	32,893,111	32,669,608	99.32%	227,110	32,896,717	100.01%
2007	31.29	32,363,161	32,070,032	99.09%	185,018	32,255,050	99.67%
2006	29.60	29,968,290	29,719,320	99.17%	104,125	29,823,445	99.52%
2005	29.00	28,290,518	28,089,034	99.29%	446,086	28,535,120	100.86%
2004	26.30	24,950,768	24,595,257	98.58%	544,408	25,139,665	100.76%
2003	30.84	23,223,710	22,793,558	98.15%	524,685	23,318,243	100.41%
2002	29.49	21,427,315	20,871,662	97.41%	368,879	21,240,541	99.13%
2001	28.14	19,874,660	19,284,300	97.03%	316,624	19,600,924	98.62%
2000	28.39	19,371,587	18,887,351	97.50%	362,193	19,249,544	99.37%

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

TOWN OF CROMWELL, CONNECTICUT

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

FISCAL YEAR	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL PRIMARY GOVERNMENT	RATIO OF DEBT TO TAXABLE ASSESSED VALUE	DEBT PER CAPITA
2009	\$ 28,660,000	\$ 1,051,850	\$ 29,711,850	2.20%	\$ 2,157
2008	31,150,000	-	31,150,000	2.97%	2,275
2007	26,535,000	-	26,535,000	2.59%	1,938
2006	28,605,000	-	28,605,000	2.85%	2,083
2005	30,860,000	-	30,860,000	3.22%	2,269
2004	32,830,000	-	32,830,000	3.47%	2,418
2003	13,715,000	-	13,715,000	1.83%	1,018
2002	14,920,000	-	14,920,000	2.05%	1,116
2001	6,125,000	-	6,125,000	0.88%	468
2000	6,945,000	-	6,945,000	1.03%	540

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, 2009

Governmental Unit	DEBT OUTSTANDING	PERCENTAGE APPLICABLE	ESTIMATED SHARES OF DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
Cromwell Fire District	\$ 1,430,000	100%	\$ 1,430,000
Total direct debt	29,700,850		<u>29,711,850</u>
Total			<u><u>\$ 31,141,850</u></u>

Source: Town of Cromwell Finance Department

* The \$1,430,000 represents the outstanding general obligation bonds for the Fire District as of June 30, 2009. 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.

June 30, 2009

TOWN OF CROMWELL, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt limitation	\$ 264,235,650	\$ 247,204,692	\$ 240,950,647	\$ 244,113,967	\$ 215,002,123	\$ 189,620,753	\$ 176,208,851	\$ 159,970,412	\$ 147,867,524	\$ 145,598,684
Total net debt applicable to limit	47,200,370	49,405,181	42,277,117	43,979,156	48,963,010	42,561,339	27,370,220	27,003,751	22,960,447	7,618,483
Legal debt margin	\$ 217,035,280	\$ 197,799,511	\$ 198,673,530	\$ 200,134,811	\$ 166,039,113	\$ 147,059,414	\$ 148,838,631	\$ 132,966,661	\$ 124,907,077	\$ 137,980,201
Total net debt applicable to the limit as a percentage of debt limit	17.86%	19.99%	17.55%	18.02%	22.77%	22.45%	15.53%	16.88%	15.53%	5.23%

Source: Comprehensive annual financial report - Schedule of Debt Limitation

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

TOWN OF CROMWELL, CONNECTICUT

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

CALENDAR YEAR	POPULATION (1)	PER CAPITA INCOME (2)	MEDIAN AGE (2)	SCHOOL ENROLLMENT (3)	UNEMPLOYMENT RATE (4)
2009	13,775	74,891	43	2,024	6.7%
2008	13,693	73,365	43	2,020	4.8%
2007	13,690	68,914	43	2,004	4.2%
2006	13,540	*	*	2,019	4.5%
2005	13,508	*	42	1,940	4.2%
2004	13,475	*	*	1,886	4.9%
2003	13,471	*	*	1,869	4.5%
2002	13,370	*	*	1,865	3.3%
2001	13,080	*	38	1,810	2.6%
2000	12,871	29,786	40	1,832	2.0%

* Information not available or attainable.

(1) Source: State of Connecticut Health Department, except 2004, 2005 and 2006 which is a Town of Cromwell estimate.

(2) Source: State of Connecticut Fiscal indicators - Data Core Partners.

(3) Source: Superintendent of Schools.

(4) Source: Connecticut Labor Department.

TOWN OF CROMWELL, CONNECTICUT

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

EMPLOYER	NATURE OF BUSINESS	2009			2000		
		EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL TOWN EMPLOYMENT
Stop & Shop	Supermarket	325	1	4.27%	292	1	4.51%
Covenant Village	Retirement Village	260	2	3.41%	176	3	2.72%
Wal-Mart	Department Store	275	3	3.61%	243	2	3.76%
Apria Healthcare	Healthcare/Medical Equipment	260	4	3.41%	N/A	N/A	N/A
Cromwell Crown Plaza Hotel	Hotel/Conference Center	116	8	1.52%	170	4	2.63%
K-Mart	Department Store	98	10	1.29%	101	7	1.56%
The Children's Home	Residential School	215	6	2.82%	N/A	N/A	N/A
Haven Health Center	Convalescent Home	236	5	3.10%	N/A	N/A	N/A
Millane Nurseries	Nurseries	N/A	N/A	N/A	99	9	1.53%
XPECT	Department Store	120	7	1.58%	110	5	1.70%
Aerospace Techniques	Aircraft Parts	N/A	N/A	N/A	105	6	1.62%
Liturgical Publications	Publisher	100	9	1.31%	100	8	1.55%
Holiday Inn	Motel	N/A	N/A	N/A	92	10	1.42%

Source: Town of Cromwell, Town Planner

TOWN OF CROMWELL, CONNECTICUT

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

FUNCTION/PROGRAM	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government	35	35	35	36	35	33	34	34	34	30
Police	35	35	34	32	32	32	31	31	30	29
Fire	9	9	9	4	4	4	3	3	3	3
Refuse collection	2	2	2	2	2	2	2	2	2	2
Other public works	32	31	31	31	31	30	30	30	30	30
Parks and recreation	2	2	2	2	2	2	2	2	2	2
Library	17	17	17	18	18	17	17	16	16	16
Education	316	315	315	315	290	294	289	283	273	269
TOTAL	448	446	445	440	414	414	408	401	390	381

Source: Cromwell Town and Board of Education Payroll Records

TOWN OF CROMWELL, CONNECTICUT

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government: (1)										
Building permits issued	689	729	813	746	865	1,011	887	941	729	814
Building inspections conducted										
Police: (2)										
Physical arrests	478	806	525	573	657	508	536	380	365	336
Parking violations	202	222	291	336	353	554	646	505	493	286
Traffic violations	540	1,647	514	546	681	1,082	663	413	853	458
Other public works: (3)										
Street resurfacing (miles)	1.8	0.93	0.33	5.73	0.62	0.30	0.79	0.25	*	*
Potholes repaired	*	*	*	*	*	*	*	*	*	*
Parks and recreation:										
Athletic field permits issued	*	*	*	*	*	*	*	*	*	*
Library: (4)										
Volumes in collection	78,557	78,581	77,418	74,364	71,905	72,343	68,603	65,763	64,625	62,513
Total volumes borrowed	105,019	108,674	100,711	99,354	104,267	100,186	94,908	86,464	82,987	79,651

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:

- * Police figures for 2006 are YTD as of 12/7/06
- ** Information is not available.

TOWN OF CROMWELL, CONNECTICUT

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
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	13	13	13	13	11
Other public works: (2)										
Streets (miles)	54.79	54.79	54.00	53.22	53.22	52.44	52.44	51.77	50.96	50.96
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights**	1,153	1,153	1,152	1,146	1,135	1,112	1,110	*	*	*
Traffic signals**	15	15	15	14	*	*	*	*	*	*
Parks and recreation: (3)										
Acreage***	156.9	156.4	156.4	156.4	156.4	156.4	156.4	78.1	78.1	22.2
Playgrounds	3	3	3	3	3	3	3	3	3	3
Baseball/softball diamonds	15	15	15	15	14	14	14	14	14	14
Soccer/football fields	12	12	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.