

TOWN OF EASTON, CONNECTICUT

JUNE 30, 2007

TOWN OF EASTON, CONNECTICUT

JUNE 30, 2007

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Report of Independent Accountants

Board of Finance
Town of Easton
Easton, 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 Easton, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic 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 Easton, Connecticut, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 41 through 45 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2007 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Blum, Shapiro & Company, P.C.

December 12, 2007

TOWN OF EASTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

Management of the Town of Easton offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007.

The purpose of the MD&A is to provide to the reader an interpretation of the financial information and results of the fiscal year.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$54,016,516 (net assets). Of this amount, \$6,373,867 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$2,673,670. Substantially all of the increase is attributable to capital expenditures in excess of depreciation expense and an increase in property tax revenue.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,430,049, an increase of \$59,091 in comparison with the prior year.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the General Fund was \$4,794,464 or 13.8% of total General Fund expenditures and transfers out.
- The Town's total long-term obligations increased by \$525,000 during the current fiscal year. The Town paid bond principal of \$2,745,000 and bond interest of \$1,640,429.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only government activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and parks and recreation.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Bonded Capital Project Fund, both of which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds. The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on Exhibits B1 and B2.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$54,016,516 at the close of the most recent fiscal year.

A large portion of the Town's net assets (88.2%) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF EASTON NET ASSETS JUNE 30, 2007 AND 2006

	Governmental Activities	
	2007*	2006
Current and other assets	\$ 12,641,619	\$ 11,895,797
Capital assets, net	86,894,463	71,368,466
Total assets	99,536,082	83,264,263
Long-term debt outstanding	38,440,117	41,261,590
Other liabilities	7,079,449	6,509,307
Total liabilities	45,519,566	47,770,897
Net assets:		
Invested in capital assets, net of debt	47,642,649	28,586,505
Unrestricted	6,373,867	6,906,861
Total net assets	\$ 54,016,516	\$ 35,493,366

- * The town implemented the provisions of the Governmental Accounting Standards Board Statement No. 34 which relate to recording infrastructure acquired prior to July 1, 2002, the implementation date of the standard. The beginning balance of the infrastructure account was increased by \$23,793,423 and accumulated depreciation for infrastructure by \$7,790,596.

None of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$6,373,867, may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net assets for the Town as a whole.

**TOWN OF EASTON CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,591,043	\$ 1,813,174
Operating grants and contributions	1,924,851	1,842,552
Capital grants and contributions		1,618,542
General revenues:		
Property taxes	32,903,341	30,819,901
Grants and contributions not restricted to specific purposes	255,731	122,853
Investment income	929,359	499,107
Miscellaneous	17,216	
Total revenues	<u>37,621,541</u>	<u>36,716,129</u>
Program expenses:		
General government	2,926,556	2,524,529
Public safety	2,823,585	3,338,783
Public works	3,165,723	2,536,352
Health and welfare	332,090	314,819
Education	22,573,745	20,878,601
Library	724,807	619,178
Parks and recreation	771,168	880,346
Interest expense	1,630,197	1,719,331
Total expenses	<u>34,947,871</u>	<u>32,811,939</u>
Change in net assets	2,673,670	3,904,190
Net assets - beginning of year (as restated)	<u>51,342,846</u>	<u>31,589,176</u>
Net assets - end of year	<u>\$ 54,016,516</u>	<u>\$ 35,493,366</u>

Property taxes increased by \$2,083,440 (6.8%) during the year. Most of this increase is to fund normal operating increases including the debt service for the new elementary school.

Operating grants increased by \$82,299 (4.5%) during the year. Most of this increase is due to educational grants and additional public safety and public works grants.

Capital grants and contributions decreased by \$1,618,542 during the year. Most of this decrease is due to the reduction in the amount of progress payments due to the completion of the new elementary school.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,430,049 an increase of \$59,091. All of this amount constitutes unreserved fund balance, which is available for spending at the Town's discretion.

The General Fund is the operating fund of the Town. At the end of the current fiscal year, unreserved fund balance was \$4,794,464. As a measure of the General Fund's liquidity, it may be useful to compare the unreserved fund balance to total General Fund expenditures. Unreserved and undesignated fund balance represents 13.8% of total General Fund expenditures and other financing uses, while total fund balance represents 15.4% of that same amount.

General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations of \$175,600 and budget transfers from various departments to the transfers out account to purchase equipment, services for revaluation of property and funds for the new animal shelter project. During this fiscal year, the Board of Finance made special appropriations to the Tree Warden's, Senior Center's, Town Clerk's, Recycling's and Cemetery's budgets. In addition, the Board of Finance made special appropriations to the Wells Hill Bridge and Old SSS Renovations Capital Projects, and the Town Meeting approved a special appropriation of \$60,000 to the Town Attorney's budget.

A significant budget variance was a positive variance of \$231,069 in the fringe benefit account mainly due to the increased percentage deductions from employees and lower than expected health insurance costs. Another significant budget variance was a positive variance of \$197,721 in the Public Works Department due to several positions' vacancies.

Bonded Capital Projects Fund

This fund accounts for financial resources from general obligation bonds to be used for major capital asset construction and/or purchases. During the year ended June 30, 2007, nearly all of the expenditures were for the construction of the new elementary school.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets as of June 30, 2007 is \$86,894,463 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, building improvements, machinery and equipment, and vehicles.

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

- The beginning of the Wells Hill Bridge Capital Project.
- The continuation of the Senior Center Renovation Capital Project.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments.

TOWN OF EASTON CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities	
	2007	2006
Land	\$ 12,878,656	\$ 12,878,656
Construction in progress		30,597,845
Land improvements	16,332	21,226
Buildings	55,503,308	25,155,737
Building improvements	15,628	16,078
Machinery and equipment	351,475	391,141
Vehicles	1,525,386	1,367,157
Infrastructure*	<u>16,603,678</u>	<u>940,626</u>
Total	<u>\$ 86,894,463</u>	<u>\$ 71,368,466</u>

*The Town implemented infrastructure reporting as required by GASB Statement No. 34 this year.
As a result, capital assets at July 1, 2006 increased by a net of \$16,002,827.

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-Term Debt. At the end of the current fiscal year, the Town had total debt outstanding of \$40,070,000. All of this debt comprises debt backed by the full faith and credit of the Town.

TOWN OF EASTON OUTSTANDING DEBT
General Obligation Bonds and Notes

	Governmental Activities	
	2007	2006
General Obligation Bonds - Town improvements	\$ 7,183,500	\$ 7,845,000
General Obligation Bonds - School improvements	29,616,500	31,700,000
Bond Anticipation Notes	<u>3,900,000</u>	<u>3,500,000</u>
Total	<u>\$ 40,700,000</u>	<u>\$ 43,045,000</u>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$11,201,246.

In February 2007, the Town issued \$3,900,000 in bond anticipation notes. The interest rates for the notes were 4.0%.

During the fiscal year, the Town made bond principal payments of \$2,745,000 and interest payments of \$1,640,000 for school and general purpose debt.

The Town maintains an “Aa1” credit rating from Moody’s Investors Service, Inc., for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$231,712,747, which is significantly in excess of the Town’s outstanding general obligation debt.

Economic Factors and Next Year’s Budget and Rates

The following are some factors that were considered in preparing the Town’s budget for the 2008 fiscal year:

- The unemployment rate for the Town is currently 3.1%. This compares favorably to the state’s average unemployment rate of 4.5% and the national average rate of 4.7 %.
- Inflationary trends in the region compare favorably to national indices.
- The former elementary school building is partially leased to a private school and partially utilized by the Town’s senior center that will begin renovations with a Small Cities Grant and State STEAP Grant.
- Town’s elected and appointed officials considered Town-wide trends when setting the fiscal year 2008 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability. In order to meet these objectives, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to our residents and taxpayers.
- At June 30, 2007, unreserved and undesignated fund balance in the General Fund was \$4,794,464.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance or the Office of the Controller, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

TOWN OF EASTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,147,962
Investments	4,732,504
Receivables, net	1,413,313
Other	
Bond issuance costs	9,338
Total current assets	<u>12,303,117</u>
Noncurrent assets:	
Capital assets:	
Assets not being depreciated	12,878,656
Assets being depreciated, net	74,015,807
Total capital assets	<u>86,894,463</u>
Bond issuance costs	104,640
Net pension asset	233,862
Total noncurrent assets	<u>87,232,965</u>
Total assets	<u>99,536,082</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	2,613,450
Due to Regional School District No. 9 and Town of Redding	539,068
Unamortized bond premiums	26,931
Bond anticipation notes	3,900,000
Total current liabilities	<u>7,079,449</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,884,389
Long-term liabilities due in more than one year	35,555,728
Total noncurrent liabilities	<u>38,440,117</u>
Total liabilities	<u>45,519,566</u>
Net Assets:	
Invested in capital assets, net of related debt	47,642,649
Unrestricted	6,373,867
Total Net Assets	<u>\$ 54,016,516</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Program Revenues				Net Expenses and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 2,926,556	\$ 579,579	\$ 15,683	\$	\$ (2,331,294)
Public safety	2,823,585	190,786	173,507		(2,459,292)
Public works	3,165,723	268,491	8,663		(2,888,569)
Health and welfare	332,090	149,327	7,315		(175,448)
Education	22,573,745	95,161	1,706,687		(20,771,897)
Library	724,807		12,996		(711,811)
Parks and recreation	771,168	307,699			(463,469)
Interest expense	1,630,197				(1,630,197)
Total governmental activities	<u>\$ 34,947,871</u>	<u>\$ 1,591,043</u>	<u>\$ 1,924,851</u>	<u>\$ -</u>	<u>(31,431,977)</u>
General revenues:					
Property taxes					32,903,341
Grants and contributions not restricted to specific programs					255,731
Investment income					929,359
Miscellaneous					17,216
Total general revenues					<u>34,105,647</u>
Change in net assets					2,673,670
Net Assets - Beginning of Year, as restated					<u>51,342,846</u>
Net Assets - End of Year					<u>\$ 54,016,516</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2007

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,123,695	\$	\$ 1,024,267	\$ 6,147,962
Investments	3,768,897		963,607	4,732,504
Receivables:				
Property taxes	469,207			469,207
Accounts	52,906			52,906
Intergovernmental	670,152		9,863	680,015
Due from other funds	<u>840,541</u>	<u>713,081</u>	<u>1,742,035</u>	<u>3,295,657</u>
Total Assets	\$ <u>10,925,398</u>	\$ <u>713,081</u>	\$ <u>3,739,772</u>	\$ <u>15,378,251</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 617,495	\$ 643,343	\$ 2,584	\$ 1,263,422
Accrued liabilities	878,818			878,818
Due to Regional School District No. 9	403,260			403,260
Due to other funds	2,605,116	361,560	478,981	3,445,657
Unearned revenue	1,057,045			1,057,045
Bond anticipation notes		3,900,000		3,900,000
Total liabilities	<u>5,561,734</u>	<u>4,904,903</u>	<u>481,565</u>	<u>10,948,202</u>
Fund balances:				
Unreserved, reported in:				
Designated for subsequent year's budget	332,000			332,000
Designated for potential claims	140,000			140,000
Designated for debt service	97,200			97,200
General Fund	4,794,464			4,794,464
Special revenue funds			2,222,815	2,222,815
Capital projects funds		(4,191,822)	1,035,392	(3,156,430)
Total fund balances	<u>5,363,664</u>	<u>(4,191,822)</u>	<u>3,258,207</u>	<u>4,430,049</u>
Total Liabilities and Fund Balances	\$ <u>10,925,398</u>	\$ <u>713,081</u>	\$ <u>3,739,772</u>	\$ <u>15,378,251</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

**RECONCILIATION OF FUND BALANCES -
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

JUNE 30, 2007

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different from the governmental funds balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit III)	\$ 4,430,049
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning net capital assets and current additions	88,192,406
Depreciation expense	(1,268,025)
Disposal of capital assets	(29,918)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Property tax interest and lien accrual	311,185
Property tax receivable - accrual basis change	428,136
School building grant receivable	628,909
Allowance for doubtful accounts	(100,000)
Bond issue costs	113,978
Net pension asset	233,862
Internal service funds are used by management to charge the cost of medical insurance to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	(113,166)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Beginning long-term liabilities and current year additions	(41,520,170)
Long-term liability payments	2,928,924
Accrued interest payable	(343,852)
Deferred charges	151,129
Bond premium	<u>(26,931)</u>
Net Assets of Governmental Activities (Exhibit I)	\$ <u><u>54,016,516</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	General	Bonded Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 32,999,225	\$	\$	\$ 32,999,225
Intergovernmental	1,807,967		349,659	2,157,626
Charges for services	759,269	4,676	814,136	1,578,081
Investment income	804,328	2,473	83,097	889,898
Contributions			76,346	76,346
Total revenues	<u>36,370,789</u>	<u>7,149</u>	<u>1,323,238</u>	<u>37,701,176</u>
Expenditures:				
Current:				
General government	1,835,318		265,065	2,100,383
Public safety	1,871,189		118,012	1,989,201
Public works	1,952,296		243,074	2,195,370
Health and welfare	283,541		23,427	306,968
Education	21,625,026		180,554	21,805,580
Library	484,827		19,494	504,321
Parks and recreation	317,421		330,550	647,971
Employee benefits	2,079,832			2,079,832
Insurance	432,406			432,406
Debt service	4,390,424			4,390,424
Capital outlay		1,130,382	75,496	1,205,878
Total expenditures	<u>35,272,280</u>	<u>1,130,382</u>	<u>1,255,672</u>	<u>37,658,334</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,098,509</u>	<u>(1,123,233)</u>	<u>67,566</u>	<u>42,842</u>
Other Financing Sources (Uses):				
Sale of capital assets	16,249			16,249
Transfers in	122,219		332,078	454,297
Transfers out	(332,078)		(122,219)	(454,297)
Net other financing sources (uses)	<u>(193,610)</u>	<u>-</u>	<u>209,859</u>	<u>16,249</u>
Net Change in Fund Balances	904,899	(1,123,233)	277,425	59,091
Fund Balances - Beginning of Year	<u>4,458,765</u>	<u>(3,068,589)</u>	<u>2,980,782</u>	<u>4,370,958</u>
Fund Balances - End of Year	<u>\$ 5,363,664</u>	<u>\$ (4,191,822)</u>	<u>\$ 3,258,207</u>	<u>\$ 4,430,049</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

RECONCILIATION OF CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the statement of activities (Exhibit II) are due to:

Net change in fund balances - total governmental funds (Exhibit IV) \$ 59,091

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	974,460
Depreciation expense	(1,268,025)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold

(29,918)

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 fund financial statements are not recognized in the statement of activities:

School building grant receipts	(33,249)
Increase in property tax receivable - accrual basis change	(65,121)
Decrease in property tax interest and lien revenue	(39,364)
Increase in property tax allowance for doubtful accounts	8,541

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, however, 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 deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:

Debt issued or incurred:	
General obligation bonds and bond anticipation notes	2,745,000

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 governmental funds:

Landfill postclosure care	6,560
Heart and hypertension claims	(48,538)
Compensated absences	107,045
Accrued interest payable	40,090
Amortization of bond premium	3,366
Amortization of bond issue costs	(9,338)
Amortization of deferred charges	(18,891)
Net pension asset	86,076

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net revenue of the activities of the Internal Service Fund is reported with governmental activities	<u>155,885</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 2,673,670</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2007

	Governmental Activities
	Internal Service Fund
Assets:	
Current asset:	
Due from other funds	\$ <u>150,000</u>
Liabilities:	
Current liabilities:	
Claims payable	127,358
Due to Town of Redding	<u>135,808</u>
Total liabilities	<u>263,166</u>
Net Assets:	
Unrestricted	\$ <u><u>(113,166)</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Activities Internal Service Fund
Operating Revenue:	
Premiums	\$ 1,785,017
Operating Expenses:	
Claims	1,468,563
Administration	165,390
Total Operating Expenses	1,633,953
Operating Income Before Nonoperating Revenue	151,064
Nonoperating Revenue:	
Investment income	4,821
Change in Net Assets	155,885
Total Net Assets - Beginning of year	(269,051)
Total Net Assets - End of Year	\$ (113,166)

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2007

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 1,635,017
Receipts from quasi-external transactions	(39,867)
Claim payments	(1,490,167)
Cash payments to contractor	(165,390)
Net cash used in operating activities	<u>(60,407)</u>
Cash Flows from Investing Activities:	
Income from investments	<u>4,821</u>
Net Decrease in Cash	(55,586)
Cash - Beginning of Year	<u>55,586</u>
Cash - End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash	
Used in Operating Activities:	
Operating income	\$ 151,064
Adjustments to reconcile operating income (loss) to net cash	
used in operating activities:	
Increase (decrease):	
Claims payable	(21,604)
Due to Town of Redding	(39,867)
Due from other funds	<u>(150,000)</u>
Net Cash Used in Operating Activities	<u><u>\$ (60,407)</u></u>

The accompany notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2007

	Pension Trust Fund	Agency Funds
	<hr/>	<hr/>
Assets:		
Cash and cash equivalents	\$ 384,977	\$ 1,867,619
Investments, at fair value:		
Mutual funds	11,717,172	
Accounts receivable - employee	10,167	
Prepaid benefits	<hr/> 36,356	<hr/>
Total assets	<hr/> 12,148,672	\$ <u><u>1,867,619</u></u>
Liability:		
Accounts payable	<hr/>	\$ <u><u>1,867,619</u></u>
Net Assets:		
Net assets held in trust for pension benefits	\$ <u><u>12,148,672</u></u>	

The accompany notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 415,000
Plan members	151,167
Total contributions	<u>566,167</u>
Investment income:	
Net appreciation in fair value of investments	915,968
Interest and dividends	664,091
Total investment income	<u>1,580,059</u>
Total additions	2,146,226
Deductions:	
Benefits	<u>441,958</u>
Changes in Net Assets	1,704,268
Net Assets - Beginning of Year	<u>10,444,404</u>
Net Assets - End of Year	<u><u>\$ 12,148,672</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Easton (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated in 1845. The Town governs itself by majority vote of the Town Meeting, its legislative body. The executive body is the Board of Selectmen. The Town provides the following services: public safety (police and fire), public works, parks and recreation, education and library.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers 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 by the Town.

The Town reports the following major governmental funds:

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

The Bonded Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

The Pension Trust Fund accounts for the activities of the Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for monies held on behalf of students and amounts held for performance related activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide financial and proprietary fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 all taxes.

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisitions.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer.

Receivables and Payables

Interfunds - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Property Taxes and Other Receivables - For the government-wide financial statements, all trade, property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8 to 20 percent of outstanding receivable balances at June 30, 2007 and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2007 that have not been collected within 60 days of June 30 have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported 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 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Building improvements	30-50
Land improvements	6-25
Vehicles	4-28
Equipment	4-28
Infrastructure	75

Compensated Absences

Employees are paid by prescribed formulas for absence due to vacation or sickness. The eligibility for vacation pay vests when earned for all Town employees except the Police Department, Highway Department, Fire Department and certified employees of the Easton Board of Education employees.

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 the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

Invested in Capital Assets, Net of Related Debt - This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for noncapital purpose is excluded.

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

Unrestricted Net Assets - This category presents the net assets of the Town which are not restricted.

Estimates

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in April, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of

Finance or Town Meeting approved additional appropriations of \$175,600 from fund balance.

- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2007:

Special Revenue:	
Police Grants	\$ 54,832
Senior Center	9,759
Records Preservation	1,090
Bonded Capital Projects	4,191,822

The special revenue fund deficits will be eliminated in future charges for services and contributions, and the Bonded Capital Projects Fund when the bond anticipation notes are permanently financed.

C. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2007:

<u>Capital Project Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2007</u>
Bonded Capital Projects:				
Water main extension	\$ 363,164	\$ 1,001	\$ 274,725	\$ 88,439
School building committee "2001"	31,239,088	1,090,271	31,006,697	232,391
Staples elementary	1,643,500		1,614,554	28,946
HKMS school building commission	11,168,617	6,171	11,163,221	5,396
Open space:				
Morehouse road fields	214,000	380	380	213,620
Capital nonrecurring:				
Wells hill bridge	31,186	6,675	19,685	11,501
Town improvement trust fund	42,932			42,932
Fire truck	623,600		504,063	119,537
Haines/church	130,660		112,996	17,664
EMS ambulance	211,400		127,053	84,347
Heat and smoke systems	6,500			6,500
Toth park pavilion	29,111		1,251	27,860
Senior center van	43,000		42,981	19
Parks and recreation truck	18,000		18,000	
Band stand site	5,000			5,000
Fire code work	24,730		4,925	19,805
Subdivision funds	89,410		11,210	78,200
Unimproved town aid road	65,138			65,138
Planning and zoning town plans	33,000	13,621	16,184	16,816
Town garage	122,285		110,981	11,304
Highway salt shed	415,500		7,410	408,090
EMS defibrillator	43,000		33,141	9,859
EMS	6,375		5,683	692
Toth park	6,725		6,180	545
Revaluation	343,926	49,004	315,773	28,153
Fire department breathing apparatus	77,500		74,785	2,715
Park and recreation veterans park	46,050		44,810	1,240
Senior center renovation	500,000	53,680	57,026	442,974
UST/line upgrade	47,301			47,301
Highway trucks	50,000			50,000
Old Samuel Staples renovation	20,000			20,000
EMS Building renovations	21,000			21,000
Financials	5,038			5,038
Animal shelter	30,000	1,520	1,520	28,480

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:	
Demand accounts	\$ 1,900,254
Certificates of deposit	109,616
Total deposits	<u>2,009,870</u>
Petty cash	1,900
Cash equivalents:	
State Short-Term Investment Fund (STIF)	4,409,464
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	1,609,106
Money market funds	479,834
Less certificates of deposit classified as investments	<u>(109,616)</u>
Total Cash and Cash Equivalents	<u>\$ 8,400,558</u>

Deposits

At June 30, 2007 the carrying amount of the Town's deposits was \$2,009,870 and the bank balance was \$2,608,919.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2007 bank balance, \$488,752 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$212,017, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$1,908,150 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007 the Town's cash equivalents amounted to \$6,498,404. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard and Poor's	Moody's Investor Service	Fitch Ratings
State Short-Term Investment Fund (STIF)	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA	Aaa	AAA
Money market funds*			

*not rated

B. Investments

Investments as of June 30, 2007 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Certificates of deposit*	\$ 109,616	.81
U.S. Government and agency obligations	4,098,303	4.38
Corporate bonds	193,841	5.03
Other investments:		
Pooled open-end mutual fund accounts	11,950,392	
Preferred stock funds	<u>97,524</u>	
Total	\$ <u>16,449,676</u>	
Portfolio weighted average maturity for interest bearing Investments		4.31

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

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>
Corporate bonds	AA

Concentration of Credit Risk - The Town does not have a formalized investment policy that restricts investments in any one issuer that is in excess of five percent of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007 the Town had uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's individual major fund and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 469,207	\$	\$	\$ 469,207
Accounts	52,906		10,167	63,073
Intergovernmental	<u>670,152</u>	<u>9,863</u>	<u></u>	<u>680,015</u>
Gross Receivables	<u>\$ 1,192,265</u>	<u>\$ 9,863</u>	<u>\$ 10,167</u>	<u>\$ 1,212,295</u>

*Accrued interest on property taxes in the amount of \$311,185 is not included in the fund financial statements.

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 428,136	\$
School building grants	<u>628,909</u>	<u></u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,057,045</u>	<u>\$ -</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,878,656	\$	\$	\$ 12,878,656
Construction in progress	30,597,845		(30,597,845)	-
Total capital assets not being depreciated	<u>43,476,501</u>	<u>-</u>	<u>(30,597,845)</u>	<u>12,878,656</u>
Capital assets being depreciated:				
Land improvements	113,900			113,900
Buildings	36,476,031	31,006,697		67,482,728
Building improvements	22,560			22,560
Machinery and equipment	971,061	216,767		1,187,828
Vehicles	3,274,031	348,841	(60,139)	3,562,733
Infrastructure*	24,759,573			24,759,573
Total capital assets being depreciated	<u>65,617,156</u>	<u>31,572,305</u>	<u>(60,139)</u>	<u>97,129,322</u>
Total capital assets	<u>109,093,657</u>	<u>31,572,305</u>	<u>(30,657,984)</u>	<u>110,007,978</u>
Less accumulated depreciation for:				
Land improvements	(92,674)	(4,894)		(97,568)
Buildings	(11,320,294)	(659,126)		(11,979,420)
Building improvements	(6,482)	(450)		(6,932)
Machinery and equipment	(733,267)	(103,086)		(836,353)
Vehicles	(1,906,874)	(160,694)	30,221	(2,037,347)
Infrastructure*	(7,816,120)	(339,775)		(8,155,895)
Total accumulated depreciated	<u>(21,875,711)</u>	<u>(1,268,025)</u>	<u>30,221</u>	<u>(23,113,515)</u>
Total capital assets being depreciated, net	<u>43,741,445</u>	<u>30,304,280</u>	<u>(29,918)</u>	<u>74,015,807</u>
Governmental Activities Capital Assets, Net	\$ <u>87,217,946</u>	\$ <u>30,304,280</u>	\$ <u>(30,627,763)</u>	\$ <u>86,894,463</u>

* The Town has implemented the provisions of Governmental Accounting Standards Board Statement No. 34 which relate to recording infrastructure acquired prior to July 1, 2002, the implementation date of the standard. The beginning balance of the infrastructure account was increased by \$23,793,423 and accumulated depreciation for infrastructure by \$7,790,596.

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

Governmental Activities:	
General government	\$ 123,365
Public safety	113,694
Public works	406,527
Education	549,376
Library	<u>75,063</u>
Total Depreciation Expense - Governmental Activities	\$ <u>1,268,025</u>

6. INTERFUND ACCOUNTS

At June 30, 2007 the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Bonded Capital Projects	\$ 361,560
General Fund	Other Governmental Funds	478,981
Bonded Capital Projects	General Fund	713,081
Other Governmental Funds	General Fund	1,742,035
Internal Service Funds	General Fund	<u>150,000</u>
Total		<u>\$ 3,445,657</u>

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

Interfund transfers:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:			
General Fund	\$	\$ 332,078	\$ 332,078
Nonmajor Governmental	<u>122,219</u>	<u></u>	<u>122,219</u>
Totals	<u>\$ 122,219</u>	<u>\$ 332,078</u>	<u>\$ 454,297</u>

Transfers are used for regularly recurring transactions.

7. SHORT-TERM OBLIGATIONS - BOND ANTICIPATION NOTES

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2007 was as follows:

<u>Description</u>	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Bond Anticipation Notes:				
New elementary school	\$ 3,500,000	\$	(3,500,000)	\$
Elementary school construction		3,536,836		3,536,836
Water main improvements		<u>363,164</u>		<u>363,164</u>
Total	<u>\$ 3,500,000</u>	<u>\$ 3,900,000</u>	<u>\$ (3,500,000)</u>	<u>\$ 3,900,000</u>

On February 8, 2007, the Town issued \$3,900,000 of bond anticipation notes. These bond anticipation notes bear interest at 4%, mature on February 7, 2008 and are for elementary school construction and water main improvements.

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations during the fiscal year:

Description	Original Amount	Date of Issue	Date Maturity	Interest Rate (%)	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Current Portion
Bonds:									
General purpose:									
Refunding bond	\$ 720,000	02/01/99	02/01/10	3.4-5.0	\$ 242,000	\$	\$ 62,000	\$ 180,000	\$ 61,750
Improvement bond	6,730,000	10/15/01	10/15/21	3.25-4.75	5,384,000		336,500	5,047,500	333,450
Refunding bond	3,311,000	01/15/03	06/01/15	1.6-4.0	2,219,000		263,000	1,956,000	259,600
Total general purpose					7,845,000		661,500	7,183,500	654,800
Schools:									
Refunding bond	4,900,000	02/01/99	02/01/10	3.4-5.0	1,628,000		423,000	1,205,000	413,250
Improvement bond	10,370,000	10/15/01	10/15/21	3.25-4.75	8,296,000		518,500	7,777,500	521,550
Refunding bond	454,000	01/15/03	06/01/15	1.6-4.0	301,000		37,000	264,000	35,400
Improvement bond	12,500,000	11/01/04	11/01/24	2.75-4.3	11,875,000		625,000	11,250,000	625,000
Improvement bond	9,600,000	11/01/05	11/01/25	3.75-5.0	9,600,000		480,000	9,120,000	480,000
Total schools					31,700,000		2,083,500	29,616,500	2,075,200
Total bonds/notes					39,545,000		2,745,000	36,800,000	2,730,000
Deferred charge on refunding issue					(170,020)		(18,891)	(151,129)	
Bond premium					30,297		3,366	26,931	
Total bonds and related liabilities					39,405,277		2,729,475	36,675,802	2,730,000
Compensated absences					878,988	70,319	177,364	771,943	154,389
Heart and hypertension					970,765	48,538		1,019,303	
Landfill closure and postclosure care					6,560		6,560	-	
Total General Long-Term Debt					\$ 41,261,590	\$ 118,857	\$ 2,913,399	\$ 38,467,048	\$ 2,884,389

All long-term liabilities are generally liquidated by the General Fund.

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

Year Ending June 30,	To Be Provided By State		Bond Principal		Interest
	For Principal	For Interest	General Purpose	Schools	Bonds
2008	\$ 154,512	\$ 8,330	\$ 654,800	\$ 2,075,200	\$ 1,434,912
2009	154,186	5,283	655,200	2,054,800	1,333,160
2010	149,066	2,448	646,500	2,048,500	1,238,028
2011	145,741	926	583,500	1,656,500	1,140,289
2012	5,269	753	578,500	1,656,500	1,059,436
2013	5,175	560	574,500	1,655,500	972,143
2014	5,081	369	574,500	1,655,500	883,277
2015	5,081	179	560,500	1,654,500	795,175
2016	4,798		336,500	1,623,500	706,000
2017			336,500	1,623,500	625,388
2018			336,500	1,623,500	543,141
2019			336,500	1,623,500	459,932
2020			336,500	1,623,500	375,868
2021			336,500	1,623,500	290,969
2022			336,500	1,623,500	205,087
2023				1,105,000	138,431
2024				1,105,000	91,313
2025				1,105,000	44,037
2026				480,000	10,200
Total	\$ 628,909	\$ 18,848	\$ 7,183,500	\$ 29,616,500	\$ 12,346,786

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each town. Total outstanding debt of the District at June 30, 2007, which matures through 2025, amounted to \$25,575,000. The related school building grant amounts due from the State of Connecticut were \$13,392 and \$722, respectively, for principal and interest. The Town's share of the debt, net of the related grant, was \$11,201,246.

Heart and Hypertension

The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments, based on current actuarial valuation.

Legal Debt Limitation

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

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 74,479,097	\$ 7,546,664	\$ 66,932,433
Schools	148,958,195	52,774,861	96,183,334
Sewers	124,131,829	363,164	123,768,665
Urban renewal	107,580,918		107,580,918
Pension deficit	99,305,463		99,305,463

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$231,712,747.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$628,909 for bond principal is reflected as deductions in the computation of net indebtedness.

Authorized/Unissued Bonds

The amount of authorized/unissued bonds is \$363,164 for general purposes and \$9,049,188 for school purposes.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or natural disasters. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims.

The Easton Board of Education, along with the Redding Board of Education and Regional School District No. 9, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The medical claims fund is substantially funded by the Town's General Fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

		Claims Payable July 1	Current Year Claims And Changes In Estimates	Claims Payments	Claims Payable June 30
2005-2006	\$	137,824	\$ 1,388,245	\$ 1,377,107	\$ 148,962
2006-2007		148,962	1,468,563	1,490,167	127,358

10. PENSION PLANS

The Town has a contributory pension plan covering substantially all full-time employees and noncertified Board of Education employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

Town of Easton Retirement Plan I and II

A. Plan Description

The Town is administrator of the Town of Easton Retirement Plan I and II, a single employer defined benefit pension plan established and maintained by the Town to provide pension benefits for its full-time employees other than police officers, fire department employees and teachers. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plan does not issue separate, stand-alone financial reports.

The Town of Easton Retirement Plan I and II provide retirement benefits. Benefits vest after 10 years of service. Members may retire at various ages as determined by employee group. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are financed from investment earnings.

1. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The Pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

b. Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

2. Classes of Employees Covered

As of July 1, 2007, the plan's membership consisted of:

Retires and beneficiaries currently receiving benefits	48
Terminated members entitled to benefits but not yet receiving them	31
Current active members	<u>101</u>
Total	<u><u>180</u></u>

3. Benefit Provisions

Contributions

The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission. The Pension and Employee Benefit Commission Members serve as plan trustees, as well as hiring the plan actuary. The Town's contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for Board of Education employees to 6.58% for Highway Management employees.

4. Schedule of Employer Contributions and Net Pension Obligation

<u>Year Ended June 30,</u>	<u>Actual Contribution</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset (Obligation)</u>
2002	\$ 125,000	\$ 178,608	70.0	\$ 191,184	65.4	\$ 186,203
2003	190,000	312,322	60.8	321,600	59.1	54,603
2004	420,000	510,074	82.3	512,907	81.9	(38,304)
2005	500,000	432,663	115.6	430,579	116.1	31,117
2006	469,000	350,716	133.7	352,331	133.1	147,786
2007	415,000	320,622	129.4	328,926	126.2	233,862

5. Actuarial Assumptions

The data presented in the schedule of funding progress and schedule of employer contributions were determined as part of the actuarial valuation at the date indicated.

Additional information as of the actuarial valuation within the current year is as follows:

Actuarial valuation date	July 1, 2007
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar
Remaining amortization periods	3.7 Years
Asset valuation methods	Fair Value

Actuarial Assumptions:

Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	3%

6. Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 320,622
Interest on net pension asset	(10,345)
Adjustment to annual required contribution	<u>18,649</u>
Annual pension cost	328,926
Contributions made	<u>415,000</u>
Increase in net pension asset	86,076
Net pension asset - July 1, 2006	<u>147,786</u>
Net Pension Asset - June 30, 2007	<u>\$ 233,862</u>

7. Schedule of Funding Progress

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) Projected Unit Credit (b)	Over (Under) Funded AAL (a-b)	Funded AAL Ratio (a/b)	Covered Payroll (c)	Over (Under) Funded AAL as a Percentage of Covered Payroll ((a-b)/c)
2002	\$ 7,415,350	\$ 7,945,338	\$ (529,988)	93.3%	\$ 3,091,220	(17.1)%
2003	7,517,671	9,710,132	(2,192,461)	77.4	3,284,168	(66.8)
2004	8,905,793	10,385,613	(1,479,820)	85.8	3,075,804	(48.1)
2005	9,136,909	10,048,650	(911,741)	90.9	3,101,427	(29.4)
2006	10,393,040	10,919,909	(526,869)	95.2	3,457,793	(15.2)
2007	12,148,662	11,932,419	216,243	101.8	3,653,568	5.9

8. Municipal Employees' Retirement Fund

A. Plan Description

Police officers and fire department employees of the Town participate in the Municipal Employees' Retirement System (MERS). MERS is 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 pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The MERS issue a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 year of continuous service or after 25 years of service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life.

B. Funding Policy

Covered employees are required by State Statute to contribute 2¼% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contribution for the years ended June 30, 2005, 2006 and 2007 were \$100,321, \$126,896 and \$145,862, respectively.

C. On-Behalf Payments

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on behalf of the Town's teachers was \$815,112.

11. OTHER POST-EMPLOYMENT BENEFITS

The Town provides postretirement health and life insurance benefits to Police and Fire Department retirees who retire on heart and hypertension or workers' compensation. The State of Connecticut Workers' Compensation has awarded to certain individuals that their health and life insurance benefits be paid by the Town for the life of the retirees and spouse. Currently, there are four retirees receiving healthcare benefits and four retirees receiving life insurance benefits. The cost of the retirees' benefits is appropriated each year and was \$57,021 for healthcare and \$361 for life insurance for the year ended June 30, 2007.

12. CONTINGENT LIABILITIES

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount, if any, of expenditures which may be disallowed cannot be determined at this time, although the Town's management believes such disallowance, if any, will be immaterial.

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Property Taxes:				
Property taxes, current and prior	\$ 32,529,851	\$ 32,529,851	\$ 32,779,477	\$ 249,626
Interest and lien fees	100,000	100,000	178,397	78,397
Telephone access	38,992	38,992	41,351	2,359
Total property taxes	<u>32,668,843</u>	<u>32,668,843</u>	<u>32,999,225</u>	<u>330,382</u>
Intergovernmental:				
Educational assistance:				
Special education and education cost share	405,842	405,842	537,216	131,374
Regional School District No. 9	20,041	20,041	19,747	(294)
School building grant	419,807	419,807	168,931	(250,876)
Other			861	861
Total educational assistance	<u>845,690</u>	<u>845,690</u>	<u>726,755</u>	<u>(118,935)</u>
Town Assistance:				
Town aid roads	108,693	108,693	113,827	5,134
Infrastructure	445,613	445,613		(445,613)
In lieu of tax loss - boats	4,814	4,814	4,814	-
Elderly tax relief	54,238	54,238	36,976	(17,262)
Tax relief for the totally disabled			266	266
State owned property	56,279	56,279	58,618	2,339
Mashantucket Pequot grant	16,359	16,359	22,702	6,343
Civil preparedness	2,052	2,052	1,361	(691)
Property tax relief (veterans)	5,735	5,735	9,359	3,624
Tax relief - elderly freeze	2,000	2,000	3,966	1,966
Miscellaneous	3,966	3,966	14,211	10,245
Total Town assistance	<u>699,749</u>	<u>699,749</u>	<u>266,100</u>	<u>(433,649)</u>
Total intergovernmental	<u>1,545,439</u>	<u>1,545,439</u>	<u>992,855</u>	<u>(552,584)</u>
Investment Income	<u>375,000</u>	<u>375,000</u>	<u>804,328</u>	<u>429,328</u>
Charges for Services:				
Town clerk	315,000	315,000	288,647	(26,353)
Building inspection fees and permits	125,000	125,000	159,185	34,185
Health department	18,000	18,000	18,625	625
Planning and zoning	22,000	22,000	18,668	(3,332)
Conservation commission	24,000	24,000	17,138	(6,862)
Police department	39,100	39,100	80,963	41,863

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Charges for Services (Continued):				
First selectman	\$ 203,167	\$ 203,167	\$ 150,605	\$ (52,562)
Fire marshall	200	200	100	(100)
Parks and recreation	2,930	2,930	3,545	615
Region 9 tuition	2,910	2,910	5,084	2,174
BOE tuition	1,946	1,946	4,185	2,239
Recycling bins			807	807
Highway department	1,400	1,400	1,419	19
Other	2,000	2,000	10,298	8,298
Total charges for services	<u>757,653</u>	<u>757,653</u>	<u>759,269</u>	<u>1,616</u>
Total Revenues	<u>35,346,935</u>	<u>35,346,935</u>	<u>35,555,677</u>	<u>208,742</u>
Other Financing Sources:				
Sale of capital assets			16,249	16,249
Transfers in	80,000	80,000	122,219	42,219
Total other financing sources	<u>80,000</u>	<u>80,000</u>	<u>138,468</u>	<u>58,468</u>
Total Revenues and Other Financing Sources	<u>\$ 35,426,935</u>	<u>\$ 35,426,935</u>	35,694,145	<u>\$ 267,210</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

815,112

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

\$ 36,509,257

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Government:					
Town clerk	\$ 131,466	\$ 20,000	\$ 151,466	\$ 148,833	\$ 2,633
First selectman	147,540	5,000	152,540	152,308	232
Probate court	4,115		4,115	3,248	867
Registrar of voters	43,451	2,379	45,830	41,572	4,258
Board of finance	7,000		7,000	5,543	1,457
Auditors	35,050		35,050	32,390	2,660
Treasurer	204,962	4,962	209,924	204,576	5,348
Assessor	118,053	(19,500)	98,553	98,509	44
Board of assessment appeals	925		925	707	218
Tax collector	86,781		86,781	83,367	3,414
Town attorney	100,000	60,000	160,000	150,625	9,375
Planning and zoning commission	105,173		105,173	97,667	7,506
Zoning board of appeals	6,504		6,504	5,657	847
Building department	90,016		90,016	83,158	6,858
Town hall	138,199		138,199	131,345	6,854
Communication dispatchers	202,425		202,425	186,259	16,166
Commission for the elderly	49,417		49,417	48,837	580
Senior center	137,778	3,000	140,778	140,722	56
SSS building	206,000		206,000	204,824	1,176
Cemetery		15,200	15,200	14,600	600
Public celebrations	700		700	571	129
Total general government	<u>1,815,555</u>	<u>91,041</u>	<u>1,906,596</u>	<u>1,835,318</u>	<u>71,278</u>
Public Safety:					
Police department	1,366,174		1,366,174	1,332,711	33,463
Fire department	544,024	(76,758)	467,266	442,876	24,390
Fire marshal	26,692		26,692	18,454	8,238
Emergency management	9,957		9,957	7,943	2,014
Firehouse rent	40,000		40,000	40,000	-
Conservation commission	36,554		36,554	29,205	7,349
Total public safety	<u>2,023,401</u>	<u>(76,758)</u>	<u>1,946,643</u>	<u>1,871,189</u>	<u>75,454</u>
Public Works:					
Recycling	114,602	9,982	124,584	124,584	-
Highway department	2,024,680	(35,117)	1,989,563	1,791,842	197,721
Street lights	1,667		1,667	1,489	178
Engineering and professional services	55,500		55,500	34,381	21,119
Total public works	<u>2,196,449</u>	<u>(25,135)</u>	<u>2,171,314</u>	<u>1,952,296</u>	<u>219,018</u>
Health and Welfare:					
PHNA	1,115		1,115	100	1,015
Health director	73,970		73,970	72,716	1,254
EMS commission	305,023	(50,000)	255,023	207,968	47,055
Welfare	3,940		3,940	2,757	1,183
Total health and welfare	<u>384,048</u>	<u>(50,000)</u>	<u>334,048</u>	<u>283,541</u>	<u>50,507</u>

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Education:					
Easton Board of Education:					
General instruction	\$ 6,689,975	\$ (109,145)	\$ 6,580,830	\$ 6,646,586	\$ (65,756)
Kindergarten	8,700		8,700	8,639	61
Humanities	26,368	2,436	28,804	26,922	1,882
Integrated language arts	25,987	3,500	29,487	28,979	508
Curriculum	32,320	1,468	33,788	33,855	(67)
Industrial technology	8,064	51	8,115	8,115	-
Science/math technology	31,416	2,470	33,886	33,415	471
Physical education/health	3,986		3,986	3,884	102
Special services	15,420		15,420	4,050	11,370
Special education	2,664,734	(20,704)	2,644,030	2,612,635	31,395
Guidance	6,206		6,206	6,882	(676)
Health services	141,997	(1,369)	140,628	139,958	670
Psychological services	34,085	(19,630)	14,455	9,348	5,107
Speech services	12,200	(1,000)	11,200	8,555	2,645
Educational media services	45,073		45,073	53,173	(8,100)
Technology plan	114,549		114,549	110,105	4,444
Board of education	47,055	(8,000)	39,055	51,863	(12,808)
Central administration	441,938		441,938	441,938	-
School administration	798,690	572	799,262	806,158	(6,896)
Operation/maintenance physical plant	1,147,696	64,630	1,212,326	1,176,815	35,511
Student transportation	735,973	84,721	820,694	820,557	137
Total Easton Board of Education	13,032,432		13,032,432	13,032,432	-
Regional School District No. 9	7,777,482		7,777,482	7,777,482	-
Total education	20,809,914	-	20,809,914	20,809,914	-
Library	500,959		500,959	484,827	16,132
Parks and Recreation:					
Parks and recreation commission	297,521		297,521	291,503	6,018
Tree warden	17,250	15,000	32,250	25,918	6,332
Total parks and recreation	314,771	15,000	329,771	317,421	12,350
Employee Benefits:					
Pensions	575,682	980	576,662	576,662	-
Fringe benefits	1,413,275		1,413,275	1,182,206	231,069
Social Security and Medicare	350,000		350,000	320,964	29,036
Total employee benefits	2,338,957	980	2,339,937	2,079,832	260,105

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Insurance	\$ 435,800	\$	\$ 435,800	\$ 432,406	\$ 3,394
Other	150,000	(21,704)	128,296	-	128,296
Debt Service:					
Principal retirement	2,745,000		2,745,000	2,745,000	-
Interest	1,640,429		1,640,429	1,640,429	-
Fiscal agent fees	750	150	900	900	-
Legal costs	11,000	(150)	10,850	4,095	6,755
Total debt service	<u>4,397,179</u>	<u>-</u>	<u>4,397,179</u>	<u>4,390,424</u>	<u>6,755</u>
Total expenditures	<u>35,367,033</u>	<u>(66,576)</u>	<u>35,300,457</u>	<u>34,457,168</u>	<u>843,289</u>
Other Financing Uses:					
Transfers out:					
Dog fund	89,902	(30,000)	59,902	59,902	-
Capital nonrecurring		272,176	272,176	272,176	-
Total other financing uses	<u>89,902</u>	<u>242,176</u>	<u>332,078</u>	<u>332,078</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 35,456,935</u>	<u>\$ 175,600</u>	<u>\$ 35,632,535</u>	34,789,246	<u>\$ 843,289</u>

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

815,112

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

\$ 35,604,358

TOWN OF EASTON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 5,123,695	\$ 3,928,409
Investments	3,768,897	4,004,052
Property taxes receivable	469,207	513,105
Accounts receivable	52,906	144,870
Intergovernmental receivable	670,152	679,922
Due from other funds	<u>840,541</u>	<u>1,159,238</u>
Total Assets	\$ <u><u>10,925,398</u></u>	\$ <u><u>10,429,596</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 617,495	\$ 482,907
Accrued liabilities	878,818	783,240
Due to Regional School District No. 9	403,260	313,914
Due to other funds	2,605,116	3,265,604
Unearned revenue	<u>1,057,045</u>	<u>1,125,166</u>
Total liabilities	<u>5,561,734</u>	<u>5,970,831</u>
Fund balance:		
Unreserved, reported in:		
Designated for subsequent year's budget	332,000	
Designated for potential claims	140,000	140,000
Designated for debt service	97,200	97,200
General Fund	<u>4,794,464</u>	<u>4,221,565</u>
Total fund balance	<u>5,363,664</u>	<u>4,458,765</u>
Total Liabilities and Fund Balance	\$ <u><u>10,925,398</u></u>	\$ <u><u>10,429,596</u></u>

TOWN OF EASTON, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2007

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Grand List Year	Uncollected Taxes	Current Year	Lawful Corrections		Transfers to	Adjusted Taxes	Collections			Uncollected	
	July 1, 2006	Levy	Additions	Deductions	Suspense	Collectible	Taxes	Interest and Liens	Total	Taxes June 30, 2007	
2005	\$	\$ 32,787,753	\$ 57,372	\$ 96,439	\$	\$ 32,748,686	\$ 32,583,227	\$ 65,806	\$ 32,649,033	\$ 165,459	
2004		184,445	493	11,960		172,978	72,807	20,063	92,870	100,171	
2003		87,576	196	2,381	13,720	71,671	33,916	10,495	44,411	37,755	
2002		40,010	7	54		39,963	13,893	8,845	22,738	26,070	
2001		26,200	3			26,203	6,405	4,846	11,251	19,798	
2000		19,350				19,350	6,193	5,597	11,790	13,157	
1999		20,303				20,303	5,863	6,485	12,348	14,440	
1998		18,358				18,358	5,891	7,474	13,365	12,467	
1997		18,870				18,870	5,697	8,048	13,745	13,173	
1996		25,794				25,794	10,172	15,001	25,173	15,622	
1995		18,963				18,963	5,139	9,274	14,413	13,824	
1994		15,871				15,871	4,875	9,676	14,551	10,996	
1993		13,737				13,737	4,176	3,664	7,840	9,561	
1992		8,270				8,270			-	8,270	
1991		8,444				8,444			-	8,444	
1990		6,852		6,852		-		3,123	3,123	-	
Total	\$	513,043	\$ 32,787,753	\$ 58,071	\$ 117,686	\$ 13,720	\$ 33,227,461	32,758,254	\$ 178,397	\$ 32,936,651	\$ 469,207

Property taxes receivable considered available:

June 30, 2006

(19,848)

June 30, 2007

41,071

Property Tax Revenues

\$ 32,779,477

TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007

48

	Special Revenue Funds								
	Education Grants	Easton Day	Police Donations	Police Grants	Police COPS Fast	Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund
ASSETS									
Cash	\$ 5,656	\$ 4,552	\$	\$	\$	\$	61,326	\$ 24,757	\$
Investments									
Intergovernmental receivable									
Due from other funds			7,371		91,254			120	93,673
Total Assets	\$ 5,656	\$ 4,552	\$ 7,371	\$ -	\$ 91,254	\$ -	\$ 61,326	\$ 24,877	\$ 93,673
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 2,584	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds				54,832		9,759		1,650	
Total liabilities	2,584	-	-	54,832	-	9,759	-	1,650	-
Fund Balances:									
Unreserved and undesignated	3,072	4,552	7,371	(54,832)	91,254	(9,759)	61,326	23,227	93,673
Total Liabilities and Fund Balances	\$ 5,656	\$ 4,552	\$ 7,371	\$ -	\$ 91,254	\$ -	\$ 61,326	\$ 24,877	\$ 93,673

(Continued on next page)

TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2007

<u>Special Revenue Funds</u>							
<u>D.A.R.E.</u>	<u>Park and Recreation Activity Fund</u>	<u>Solid Waste Program</u>	<u>Library</u>	<u>Open Space</u>	<u>EMS Special Services</u>	<u>Police Asset</u>	<u>Records Preservation</u>
ASSETS							
Cash	\$	\$	\$	\$ 154,548	\$ 379,144	\$	\$ 231,765
Investments				664,264	299,343		
Intergovernmental receivable					9,863		
Due from other funds	<u>34,996</u>	<u>181,596</u>	<u>11,714</u>		<u>47,639</u>		
Total Assets	<u>\$ 34,996</u>	<u>\$ 181,596</u>	<u>\$ 11,714</u>	<u>\$ 818,812</u>	<u>\$ 688,350</u>	<u>\$ 47,639</u>	<u>\$ 231,765</u>
							<u>\$ -</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Due to other funds						45,714	1,090
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,714</u>	<u>1,090</u>
Fund Balances:							
Unreserved and undesignated	<u>34,996</u>	<u>181,596</u>	<u>11,714</u>	<u>818,812</u>	<u>47,639</u>	<u>186,051</u>	<u>(1,090)</u>
Total Liabilities and Fund Balances	<u>\$ 34,996</u>	<u>\$ 181,596</u>	<u>\$ 11,714</u>	<u>\$ 818,812</u>	<u>\$ 688,350</u>	<u>\$ 47,639</u>	<u>\$ 231,765</u>
							<u>\$ -</u>

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	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Town Clerk Community Fee	Total	Capital Nonrecurring	
ASSETS								
Cash	\$ 7,563	\$	\$	\$	\$	\$ 869,311	\$ 154,956	\$ 1,024,267
Investments						963,607		963,607
Intergovernmental receivable						9,863		9,863
Due from other funds		4,249	14,084	5,180	5,740	497,616	1,244,419	1,742,035
Total Assets	\$ 7,563	\$ 4,249	\$ 14,084	\$ 5,180	\$ 5,740	\$ 2,340,397	\$ 1,399,375	\$ 3,739,772
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	2,584	\$	2,584
Due to other funds			1,953			114,998	363,983	478,981
Total liabilities	-	-	1,953	-	-	117,582	363,983	481,565
Fund Balances:								
Unreserved and undesignated	7,563	4,249	12,131	5,180	5,740	2,222,815	1,035,392	3,258,207
Total Liabilities and Fund Balances	\$ 7,563	\$ 4,249	\$ 14,084	\$ 5,180	\$ 5,740	\$ 2,340,397	\$ 1,399,375	\$ 3,739,772

TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue Funds									
	Education Grants	Easton Day	Police Donations	Police Grants	Police COPS Fast	Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund
Revenues:									
Intergovernmental	\$ 178,212	\$	\$	\$	\$ 149,349	\$	\$	\$	\$
Charges for services						130,702			18,905
Investment income		2					1,861	1,182	
Contributions			5,360	6,882			675	2,120	
Total revenues	<u>178,212</u>	<u>2</u>	<u>5,360</u>	<u>6,882</u>	<u>149,349</u>	<u>130,702</u>	<u>2,536</u>	<u>3,302</u>	<u>18,905</u>
Expenditures:									
Current:									
General government						130,702		1,650	57,666
Public safety				14,969	64,448				
Public works									
Health and welfare									
Education	180,554								
Library									
Parks and recreation									
Capital outlay									
Total expenditures	<u>180,554</u>	<u>-</u>	<u>-</u>	<u>14,969</u>	<u>64,448</u>	<u>130,702</u>	<u>-</u>	<u>1,650</u>	<u>57,666</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,342)</u>	<u>2</u>	<u>5,360</u>	<u>(8,087)</u>	<u>84,901</u>	<u>-</u>	<u>2,536</u>	<u>1,652</u>	<u>(38,761)</u>
Other Financing Sources (Uses):									
Transfers in									59,902
Transfers out									
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,902</u>
Net Change in Fund Balances	(2,342)	2	5,360	(8,087)	84,901	-	2,536	1,652	21,141
Fund Balances - Beginning of Year	<u>5,414</u>	<u>4,550</u>	<u>2,011</u>	<u>(46,745)</u>	<u>6,353</u>	<u>(9,759)</u>	<u>58,790</u>	<u>21,575</u>	<u>72,532</u>
Fund Balances - End of Year	<u>\$ 3,072</u>	<u>\$ 4,552</u>	<u>\$ 7,371</u>	<u>\$ (54,832)</u>	<u>\$ 91,254</u>	<u>\$ (9,759)</u>	<u>\$ 61,326</u>	<u>\$ 23,227</u>	<u>\$ 93,673</u>

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue Funds							
D.A.R.E.	Park and Recreation Activity Fund	Solid Waste Program	Library	Open Space	EMS Special Services	Police Asset	Records Preservation
Revenues:							
Intergovernmental	\$	\$	\$	\$ 2,449	\$	\$	\$
Charges for services		304,154	261,589		92,585		2,013
Investment income			41,236	23,304		12,158	
Contributions	7,670		10,547			33,114	
Total revenues	<u>7,670</u>	<u>304,154</u>	<u>261,589</u>	<u>54,232</u>	<u>23,304</u>	<u>45,272</u>	<u>2,013</u>
Expenditures:							
Current:							
General government							17,111
Public safety	3,275					35,320	
Public works		242,694		380			
Health and welfare					18,170		
Education							
Library			19,494				
Parks and recreation		330,550					
Capital outlay							
Total expenditures	<u>3,275</u>	<u>330,550</u>	<u>242,694</u>	<u>19,494</u>	<u>18,170</u>	<u>35,320</u>	<u>17,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,395</u>	<u>(26,396)</u>	<u>18,895</u>	<u>34,738</u>	<u>22,924</u>	<u>9,952</u>	<u>(15,098)</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out					(122,219)		
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,219)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,395	(26,396)	18,895	34,738	22,924	(47,804)	(15,098)
Fund Balances - Beginning of Year	<u>30,601</u>	<u>207,992</u>	<u>(7,181)</u>	<u>784,074</u>	<u>665,426</u>	<u>176,099</u>	<u>14,008</u>
Fund Balances - End of Year	<u>\$ 34,996</u>	<u>\$ 181,596</u>	<u>\$ 11,714</u>	<u>\$ 818,812</u>	<u>\$ 688,350</u>	<u>\$ 186,051</u>	<u>\$ (1,090)</u>

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TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Town Clerk Community Fee	Capital Nonrecurring	
Revenues:							
Intergovernmental	\$	\$	\$ 13,649	\$	\$	\$ 6,000	\$ 349,659
Charges for services					4,188		814,136
Investment income	255				79,998	3,099	83,097
Contributions		1,315			67,683	8,663	76,346
Total revenues	<u>255</u>	<u>1,315</u>	<u>13,649</u>	<u>-</u>	<u>4,188</u>	<u>17,762</u>	<u>1,323,238</u>
Expenditures:							
Current:							
General government			2,848	5,698	386	49,004	265,065
Public safety							118,012
Public works							243,074
Health and welfare		1,480	3,777				23,427
Education							180,554
Library							19,494
Parks and recreation							330,550
Capital outlay						75,496	75,496
Total expenditures	<u>-</u>	<u>1,480</u>	<u>6,625</u>	<u>5,698</u>	<u>386</u>	<u>124,500</u>	<u>1,255,672</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>255</u>	<u>(165)</u>	<u>7,024</u>	<u>(5,698)</u>	<u>3,802</u>	<u>(106,738)</u>	<u>67,566</u>
Other Financing Sources (Uses):							
Transfers in					1,938	270,238	332,078
Transfers out						(122,219)	(122,219)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938</u>	<u>270,238</u>	<u>209,859</u>
Net Change in Fund Balances	255	(165)	7,024	(5,698)	5,740	163,500	277,425
Fund Balances - Beginning of Year	<u>7,308</u>	<u>4,414</u>	<u>5,107</u>	<u>10,878</u>	<u>-</u>	<u>871,892</u>	<u>2,980,782</u>
Fund Balances - End of Year	<u>\$ 7,563</u>	<u>\$ 4,249</u>	<u>\$ 12,131</u>	<u>\$ 5,180</u>	<u>\$ 5,740</u>	<u>\$ 1,035,392</u>	<u>\$ 3,258,207</u>

TOWN OF EASTON, CONNECTICUT

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
ASSETS				
Cash:				
Performance and road bonds	\$ 1,873,834	\$ 120,782	\$ 163,414	\$ 1,831,202
Student activity	<u>51,350</u>	<u>221,325</u>	<u>236,258</u>	<u>36,417</u>
Total Assets	<u>\$ 1,925,184</u>	<u>\$ 342,107</u>	<u>\$ 399,672</u>	<u>\$ 1,867,619</u>
LIABILITIES				
Accounts Payable:				
Performance and road bonds	\$ 1,873,834	\$ 120,782	\$ 163,414	\$ 1,831,202
Student activity	<u>51,350</u>	<u>221,325</u>	<u>236,258</u>	<u>36,417</u>
Total Liabilities	<u>\$ 1,925,184</u>	<u>\$ 342,107</u>	<u>\$ 399,672</u>	<u>\$ 1,867,619</u>

TOWN OF EASTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2007

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2007:

Town of Easton	\$ 32,936,651
Easton Fire District	161,204

Reimbursement for Revenue Loss:

Tax relief for elderly freeze	3,966
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Base for Debt Limitation Computation	\$ 33,101,821
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	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2 1/4 times base	\$ 74,479,097	\$	\$	\$	\$
4 1/2 times base		148,958,195			
3 3/4 times base			124,131,829		
3 1/4 times base				107,580,918	
3 times base					99,305,463
Total debt limitation	74,479,097	148,958,195	124,131,829	107,580,918	99,305,463
Indebtedness:					
Bonds payable	7,183,500	29,616,500			
Bonds anticipation notes payable		3,536,836	363,164		
Authorized, unissued debt	363,164	9,049,188			
Easton portion of Regional School District No. 9 bonds, net of school building grants		11,201,246 (628,909)			
School building grants					
Net indebtedness	7,546,664	52,774,861	363,164	-	-
Debt Limitation in Excess of Indebtedness	\$ 66,932,433	\$ 96,183,334	\$ 123,768,665	\$ 107,580,918	\$ 99,305,463

The total of the above net indebtedness amounts to:	\$ 60,684,689
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In no event shall total indebtedness exceed \$231,712,747 or seven times the base for debt limitation computation