

TOWN OF ESSEX, CONNECTICUT



Basic Financial Statements

**For The Year Ended
June 30, 2007**

**TOWN OF ESSEX, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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**TOWN OF ESSEX, CONNECTICUT
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

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Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Essex, Connecticut, as of June 30, 2007, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, the Town has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Carlton, Charnett Rosen, LLP

Glastonbury, Connecticut
December 3, 2007

Management's Discussion and Analysis

TOWN OF ESSEX, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Essex (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2007.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$14,547,147 (net assets). Of this amount, \$2,687,539 (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 \$1,532,899 due primarily to increases in property tax revenue and investment earnings, both of which were offset by increases in education expenses and long-term debt.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,451,290, an increase of \$541,543 in comparison with the prior year. Approximately 81% or \$1,979,508 of this total amount is available for spending at the Town's discretion (unreserved fund balance).
- At the end of the close of the current fiscal year, unreserved fund balance for the general fund was \$2,123,159, or 11.6% of total general fund expenditures.
- The Town's total long-term bonded debt decreased by \$450,000 or 33% during the current fiscal year due to scheduled repayments.
- The Town's long-term liabilities increased by \$1,357,323 during the current fiscal year, primarily due to general obligation bond proceeds received in August 2007, which were used to retire a bond anticipation note payable outstanding at June, 30 2007.

OVERVIEW OF THE 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 the 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).

Both of the government-wide financial statements display information about the Town's governmental activities which include general government, public safety, health and welfare, libraries, highways and transportation, and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 13 - 14 of this report.

TOWN OF ESSEX, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

OVERVIEW OF THE FINANCIAL STATEMENTS (*Continued*)

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 two categories: governmental 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 resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the 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 nine 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, the Capital and Nonrecurring Expenditures Fund, and the EES Renovation Project Fund, all of which are considered to be major funds. Data from the other six 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 basic governmental fund financial statements can be found on pages 15 - 20 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 46 of this report.

Other Information

Combining and individual fund statements and schedules and other supplementary information can be found on pages 47 - 58 of this report.

TOWN OF ESSEX, CONNECTICUT

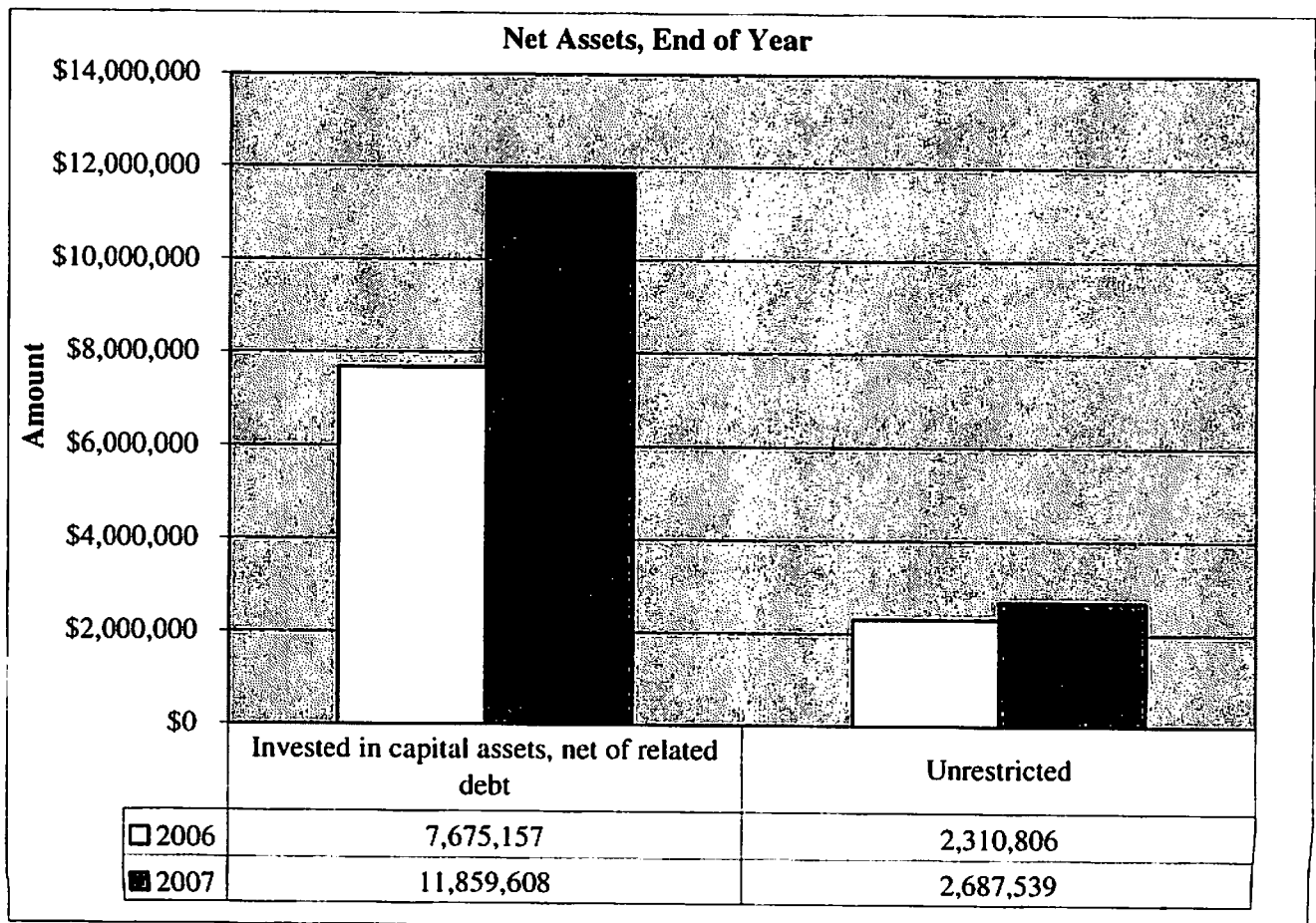
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time, net assets may serve as one measure of a government's financial position. Total net assets of the Town totaled \$14,547,147 and \$9,985,963 as of June 30, 2007 and 2006, respectively and are summarized as follows:

| | Total | |
|---|---------------------|--------------------|
| | 2007 | 2006 |
| Current and other assets | \$ 5,060,959 | \$4,809,680 |
| Capital assets, net | 14,608,213 | 9,077,025 |
| Total assets | <u>19,669,172</u> | <u>13,886,705</u> |
| Long-term liabilities | 641,290 | 1,049,960 |
| Other liabilities | 4,480,735 | 2,850,782 |
| Total liabilities | <u>5,122,025</u> | <u>3,900,742</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 11,859,608 | 7,675,157 |
| Unrestricted | 2,687,539 | 2,310,806 |
| Total net assets | <u>\$14,547,147</u> | <u>\$9,985,963</u> |



TOWN OF ESSEX, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Assets *(Continued)*

81.5% of the Town's net assets reflect its investment in capital assets, 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.

The remainder of the Town's net assets are considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net assets increased by \$1,532,899 or 15.4% in comparison to the prior year.

Changes in Net Assets

Changes in net assets for the years ended June 30, 2007 and 2006 are as follows:

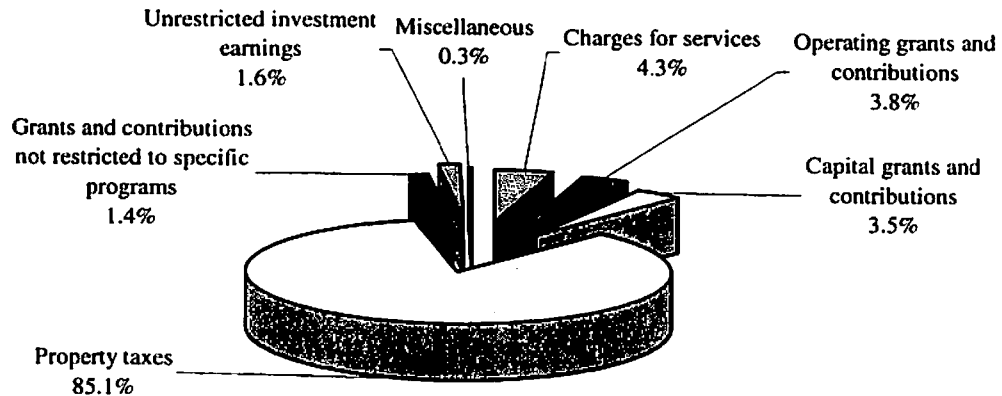
| | Total | |
|--|---------------------|---------------------|
| | 2007 | 2006 |
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 840,684 | \$ 826,389 |
| Operating grants and contributions | 722,362 | 739,414 |
| Capital grants and contributions | 672,977 | 251,894 |
| General revenues: | | |
| Property taxes | 16,340,681 | 15,497,080 |
| Grants and contributions not restricted to specific programs | 260,868 | 230,996 |
| Unrestricted investment earnings | 305,588 | 179,625 |
| Miscellaneous | 51,693 | 23,323 |
| Total revenues | <u>19,194,853</u> | <u>17,748,721</u> |
| Program expenses | | |
| General government | 2,293,496 | 2,269,299 |
| Public safety | 962,229 | 886,544 |
| Health and welfare | 567,131 | 511,154 |
| Libraries | 269,000 | 220,000 |
| Highways and transportation | 891,179 | 718,901 |
| Interest and fiscal charges | 93,971 | 81,509 |
| Miscellaneous | 12,231 | 13,625 |
| Education | 12,572,717 | 11,921,304 |
| Total expenses | <u>17,661,954</u> | <u>16,622,336</u> |
| Change in net assets | <u>\$ 1,532,899</u> | <u>\$ 1,126,385</u> |

TOWN OF ESSEX, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

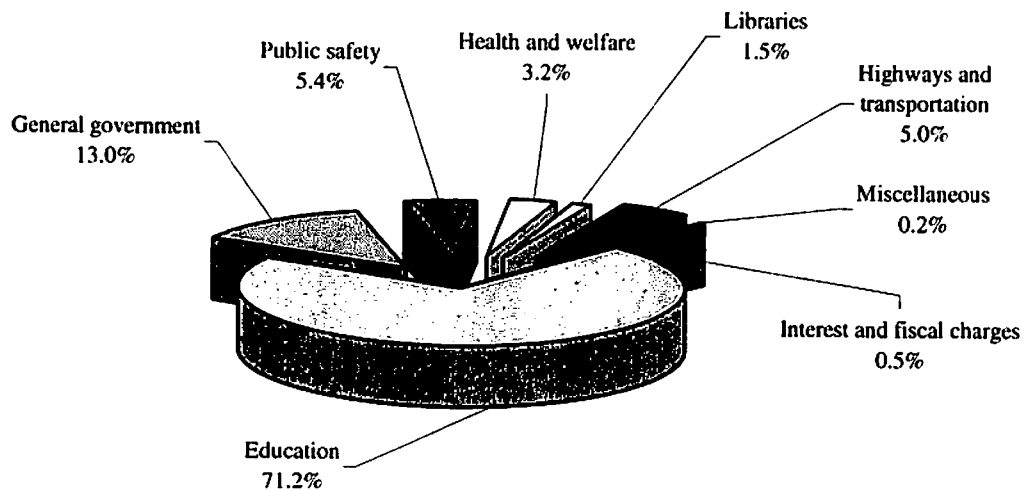
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Assets (Continued)

2007 Revenues by Source - Governmental Activities



2007 Expenses by Function - Governmental Activities



Governmental Activities

Governmental activities increased the Town's net assets by \$1,532,899. Key elements of this increase are as follows:

- An increase in property tax revenue of \$843,601 or 5.4% in comparison to the prior year due to an increase in the mill rate from 15.5 mills to 16.2 mills and an increase in the taxable grand list.

TOWN OF ESSEX, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Governmental Activities *(Continued)*

- An increase in unrestricted investment earnings of \$125,963 or 70%, due to an increase in the average cash and investment balances, as well as an increase in interest rates.
- The increases in property tax revenue and unrestricted investment earnings were offset by an increase in education expenses of \$651,413 or 5.5% in comparison to the prior year. This increase was due primarily to increased salaries and benefits and additional debt service for new facilities paid to the regional school district.

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 the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,451,290, an increase of \$541,543 in comparison with the prior year. Of this amount, \$1,979,508 constitutes unreserved fund balance which is available for spending at the Town's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for specific purposes.

General Fund

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,123,159, while total fund balance was \$2,588,070. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.6% of total general fund expenditures, while total fund balance represents 14.2% of that same amount.

The fund balance of the Town's general fund increased \$654,852 during the current fiscal year. The key factors in this growth was an overall increase in total revenues of \$1,601,220 or 9.1% due to an increase in property tax revenues, coupled with increases in interest income and intergovernmental grant revenues. These factors more than offset normal budgeted increases in education and other expenditures.

Capital and Nonrecurring Expenditures Fund

The fund balance of the Capital and Nonrecurring Expenditures Fund increased by \$773,030 during the current fiscal year. This increase was due primarily to transfers received from the general fund, and proceeds recorded for the issuance of general obligation bonds subsequent to year end.

TOWN OF ESSEX, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (*Continued*)

Governmental Funds (*Continued*)

EES Renovation Project Fund

The EES Renovation Project Fund has a deficit fund balance of \$1,251,133 as of June 30, 2007. This deficit is attributable to expenditures incurred for the renovation of the Essex Elementary School. The Town has funded the deficit through the issuance of general obligation bonds, subsequent to year end.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were an increase in appropriations of \$99,780 related to a project to develop land previously purchased by the Town for a recreational facility at Viney Hill Brook Park, as well as additional legal and pump out boat expenditures not originally budgeted.

During the year, however, revenues exceeded budgetary estimates by \$420,105, while expenditures were less than budgetary estimates by \$159,237, thus eliminating the need to draw upon additional fund balances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2007 totaled \$14,608,213 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure. The total increase in the Town's investment in capital assets was \$5,531,188 or 60.9%, comprised of \$3,028,285 recorded as an adjustment for retroactive infrastructure reporting to comply with provisions of GASB Statement No. 34 and \$2,502,903 in current year additions, net.

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

- An increase in construction in progress of \$2,759,160, primarily due to expenditures incurred in connection with the ongoing renovation of the Essex Elementary School.
- An increase in infrastructure of \$203,979 primarily due to expenditures incurred in connection with completed projects for Town center improvements.
- Capitalization of major general infrastructure assets which were acquired (or received major renovations, restorations, or improvements) in fiscal years ending after June 30, 1980. These depreciable assets accounted for \$3,028,285 or 54.7% of the increase in total capital assets, net of accumulated depreciation and amortization.

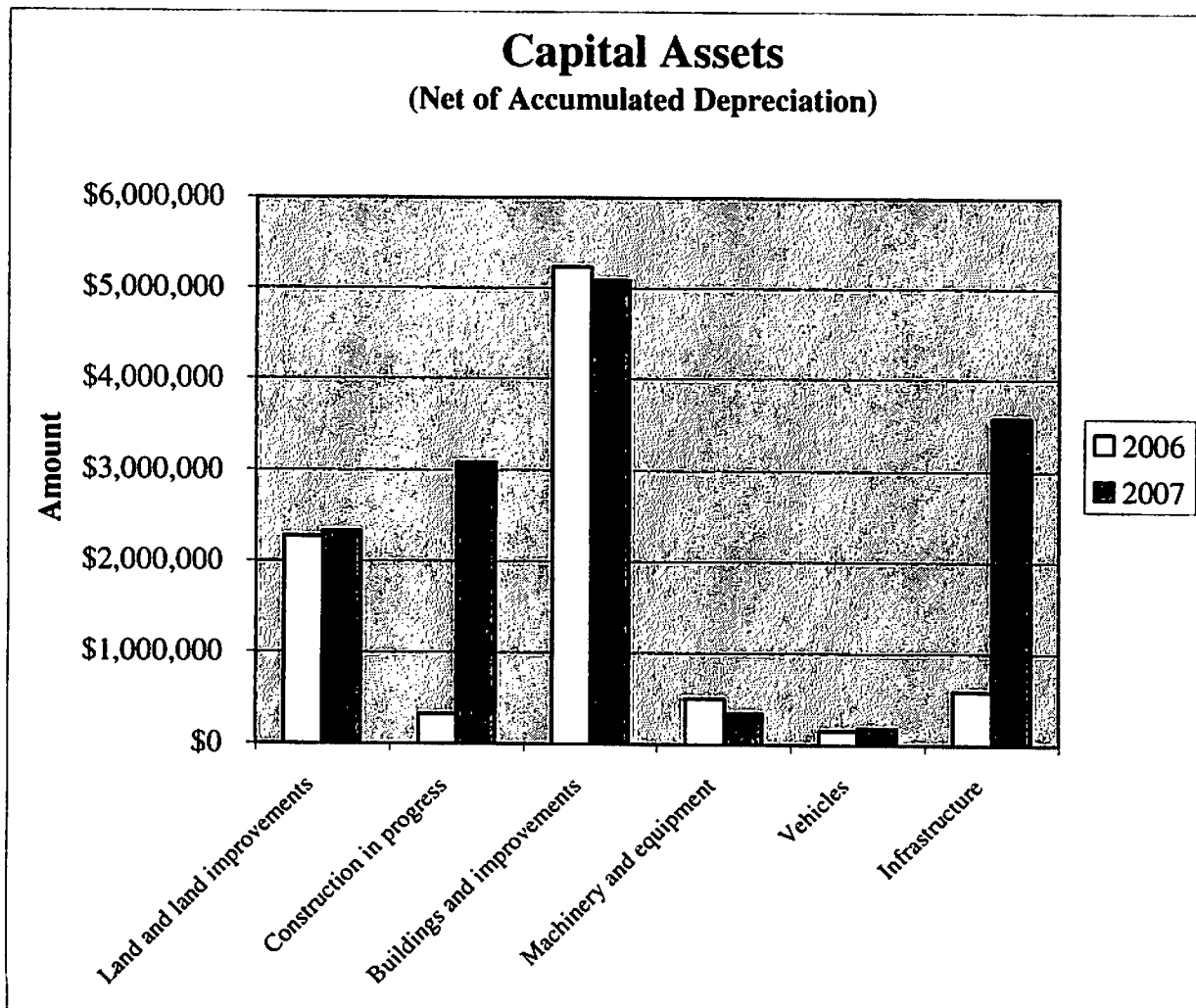
TOWN OF ESSEX, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Capital Assets *(Continued)*

The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

| | Total | |
|----------------------------|---------------------|--------------------|
| | 2007 | 2006 |
| Land and land improvements | \$ 2,329,296 | \$2,273,886 |
| Construction in progress | 3,083,421 | 324,261 |
| Buildings and improvements | 5,085,797 | 5,235,944 |
| Machinery and equipment | 343,240 | 501,936 |
| Vehicles | 183,304 | 155,573 |
| Infrastructure | 3,583,155 | 585,425 |
| Totals | <u>\$14,608,213</u> | <u>\$9,077,025</u> |



Additional information on the Town's capital assets can be found in Note 4 on page 33 of this report.

TOWN OF ESSEX, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

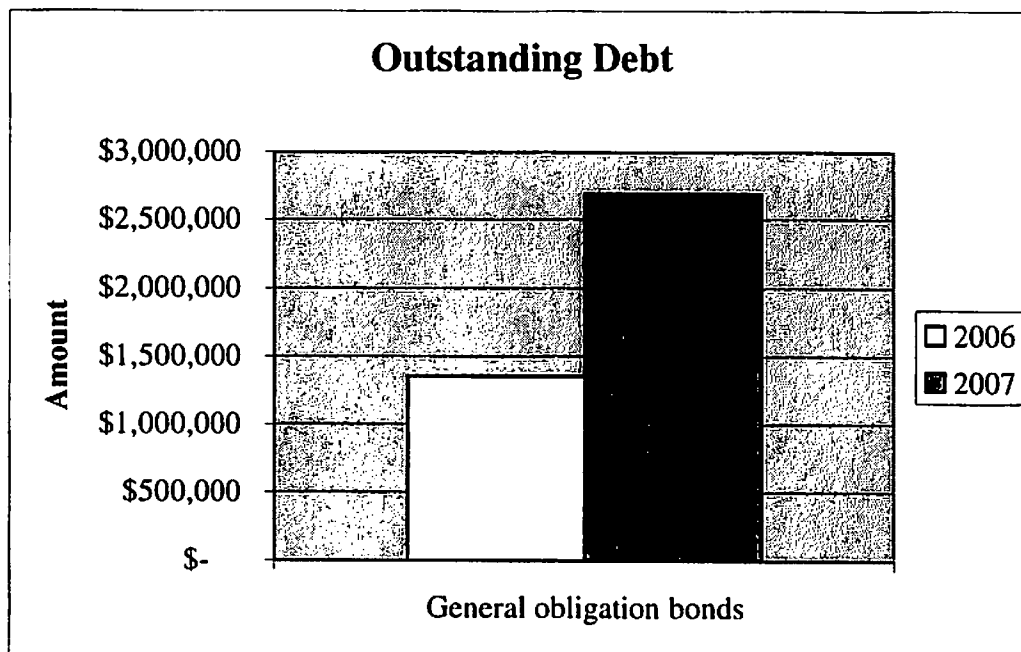
Long-term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$905,000, all of which is backed by the full faith and credit of the government. The Town's total bonded debt decreased by \$450,000 or 33.2% during the current fiscal year due to scheduled repayments. In addition, the Town has recorded an increase in long-term liabilities of \$1,785,000 for bond proceeds which were received in August 2007 and used for the retirement of a bond anticipation note payable outstanding at June 30, 2007.

The Town maintains an "AA3" rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is \$114,514,218, which is significantly in excess of the Town's outstanding general obligation debt.

The following is a two year comparison of long-term bonded debt:



Additional information on the Town's long-term debt can be found in Note 8 on pages 35 - 37 of this report.

TOWN OF ESSEX, CONNECTICUT MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy.
- The unemployment rate for the Town is currently 2.8%, which is a decrease from a rate of 2.9% in the prior year. This compares favorably to the state's average unemployment rate of 4.1% and the national unemployment rate of 4.6%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for fiscal year 2008.

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 Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer, Town of Essex, 29 West Avenue, Essex, Connecticut 06426.

Basic Financial Statements

TOWN OF ESSEX, CONNECTICUT
STATEMENT OF NET ASSETS
JUNE 30, 2007

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 4,062,418 |
| Receivables: | |
| Property taxes, net of allowance for doubtful accounts of \$111,000 | 291,245 |
| Interest, net of allowance for doubtful accounts of \$128,000 | 65,161 |
| Grants and contracts receivable | 398,687 |
| Other | 12,364 |
| Prepaid items | 11,702 |
| Inventories | 6,871 |
| Grants and contracts receivable, long-term portion | 193,664 |
| Net pension asset | 18,847 |
| Capital assets: | |
| Non-depreciable | 5,405,836 |
| Depreciable, net | 9,202,377 |
| Total assets | <u>19,669,172</u> |
| LIABILITIES | |
| Accounts payable | 2,015,188 |
| Accrued interest payable | 14,091 |
| Other accrued liabilities | 4,278 |
| Unearned revenue | 21,147 |
| Claims payable | 18,973 |
| Bond anticipation note payable | 35,000 |
| Noncurrent liabilities: | |
| Due within one year | 2,372,058 |
| Due in more than one year | 641,290 |
| Total liabilities | <u>5,122,025</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | 11,859,608 |
| Unrestricted | 2,687,539 |
| Total net assets | <u>\$ 14,547,147</u> |

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

**TOWN OF ESSEX, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets - Governmental Activities |
|-------------------------------|----------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental activities: | | | | | |
| Board of Selectmen: | | | | | |
| General government | \$ 2,293,496 | \$ 615,504 | \$ 7,460 | \$ 12,231 | \$ (1,658,301) |
| Public safety | 962,229 | 22,321 | 42,269 | - | (897,639) |
| Health and welfare | 567,131 | 94,593 | 44,462 | - | (428,076) |
| Libraries | 269,000 | - | - | - | (269,000) |
| Highways and transportation | 891,179 | - | - | 651,753 | (239,426) |
| Interest and fiscal charges | 93,971 | - | - | - | (93,971) |
| Miscellaneous | 12,231 | - | - | - | (12,231) |
| Education | 12,572,717 | 108,266 | 628,171 | 8,993 | (11,827,287) |
| Total governmental activities | <u>\$ 17,661,954</u> | <u>\$ 840,684</u> | <u>\$ 722,362</u> | <u>\$ 672,977</u> | <u>(15,425,931)</u> |

General revenues:

| | |
|--|----------------------|
| Property taxes, levied for general purposes | 16,340,681 |
| Grants and contributions not restricted to specific programs | 260,868 |
| Unrestricted investment earnings | 305,588 |
| Miscellaneous | 51,693 |
| Total general revenues | <u>16,958,830</u> |
| Change in net assets | 1,532,899 |
| Net assets - beginning, as originally reported | 9,985,963 |
| Adjustment (see Note 10) | 3,028,285 |
| Net assets - beginning, as adjusted | <u>13,014,248</u> |
| Net assets - ending | <u>\$ 14,547,147</u> |

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

TOWN OF ESSEX, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

| | General Fund | Capital and Nonrecurring Expenditures Fund | EES Renovation Project | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---|------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,677,269 | \$ 872,532 | \$ 266,068 | \$ 246,549 | \$ 4,062,418 |
| Receivables: | | | | | |
| Property taxes, net of allowance for uncollectible taxes of \$111,000 | 291,245 | - | - | - | 291,245 |
| Grants and contracts | 293,715 | - | - | 2,934 | 296,649 |
| Other | 6,204 | - | - | 6,160 | 12,364 |
| Prepaid items | 11,702 | - | - | - | 11,702 |
| Due from other funds | 35,740 | 59,130 | - | - | 94,870 |
| Inventories | - | - | - | 6,871 | 6,871 |
| Total assets | <u>\$ 3,315,875</u> | <u>\$ 931,662</u> | <u>\$ 266,068</u> | <u>\$ 262,514</u> | <u>\$ 4,776,119</u> |
| LIABILITIES AND FUND BALANCES (DEFICIT) | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 498,181 | \$ - | \$ 1,515,501 | \$ 1,506 | \$ 2,015,188 |
| Other accrued liabilities | - | - | - | 4,278 | 4,278 |
| Due to other funds | 59,130 | - | 1,700 | 34,040 | 94,870 |
| Unearned/deferred revenue | 170,494 | - | - | 4,999 | 175,493 |
| Bond anticipation note payable | - | 35,000 | - | - | 35,000 |
| Total liabilities | <u>727,805</u> | <u>35,000</u> | <u>1,517,201</u> | <u>44,823</u> | <u>2,324,829</u> |
| Fund Balances (Deficit): | | | | | |
| Reserved for: | | | | | |
| Inventories | - | - | - | 6,871 | 6,871 |
| Encumbrances | 453,209 | - | - | - | 453,209 |
| Prepaid items | 11,702 | - | - | - | 11,702 |
| Unreserved | 2,123,159 | 896,662 | (1,251,133) | - | 1,768,688 |
| Unreserved, reported in nonmajor special revenue funds | - | - | - | 210,820 | 210,820 |
| Total fund balances (deficit) | <u>2,588,070</u> | <u>896,662</u> | <u>(1,251,133)</u> | <u>217,691</u> | <u>2,451,290</u> |
| Total liabilities and fund balances (deficit) | <u>\$ 3,315,875</u> | <u>\$ 931,662</u> | <u>\$ 266,068</u> | <u>\$ 262,514</u> | <u>\$ 4,776,119</u> |

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

TOWN OF ESSEX, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balances for governmental funds \$ 2,451,290

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

| | | |
|---|--------------------|------------|
| Land and land improvements | \$ 2,434,957 | |
| Construction in progress | 3,083,421 | |
| Building and improvements | 8,956,912 | |
| Machinery and equipment | 1,545,221 | |
| Motor vehicles | 574,098 | |
| Infrastructure | 7,350,550 | |
| Less: accumulated depreciation and amortization | <u>(9,336,946)</u> | |
| Total capital assets, net | | 14,608,213 |

The pension assets resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds. 18,847

School construction grants receivable from the State of Connecticut are not available to pay current period expenditures, and therefore are deferred in the funds. 295,702

Some of the Town's taxes will be collected after year end, but are not available soon enough to pay for current period's expenditures, and therefore are reported as deferred revenue in the funds. 154,346

Accrued interest on property taxes is not susceptible to accrual and therefore is not reported in the funds. 65,161

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets.

Long-term debt:

| | | |
|---------------------------------|-------------|--|
| Bonds and notes payable | (939,752) | |
| Bond anticipation note payable | (1,785,000) | |
| Obligations under capital lease | (58,605) | |
| Accrued interest payable | (14,091) | |

Other long-term liabilities:

| | | |
|----------------------|-----------------|--|
| Compensated absences | (229,991) | |
| Claims payable | <u>(18,973)</u> | |

| | | |
|-----------------------------|--|--------------------|
| Total long-term liabilities | | <u>(3,046,412)</u> |
|-----------------------------|--|--------------------|

| | | |
|---------------------------------------|--|-----------------------------|
| Net assets of governmental activities | | <u><u>\$ 14,547,147</u></u> |
|---------------------------------------|--|-----------------------------|

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

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

| | General Fund | Capital and Nonrecurring Expenditures Fund | EES Renovation Project | Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|---|------------------------------|--|--------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ 16,401,807 | \$ - | \$ - | \$ - | \$ 16,401,807 |
| Intergovernmental | 1,666,801 | - | - | 41,294 | 1,708,095 |
| Local revenue | 754,971 | - | - | 173,222 | 928,193 |
| Interest income | 288,641 | 12,399 | - | 4,548 | 305,588 |
| Other revenue | - | - | - | 16,416 | 16,416 |
| Total revenues | <u>19,112,220</u> | <u>12,399</u> | <u>-</u> | <u>235,480</u> | <u>19,360,099</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 2,033,864 | - | - | 58,094 | 2,091,958 |
| Public safety | 918,763 | - | - | - | 918,763 |
| Health and welfare | 565,740 | - | - | - | 565,740 |
| Libraries | 269,000 | - | - | - | 269,000 |
| Highways and transportation | 601,677 | - | - | - | 601,677 |
| Subrecipient expenditures | - | - | - | 12,231 | 12,231 |
| Education | 12,310,835 | - | - | 115,431 | 12,426,266 |
| Debt service: | | | | | |
| Principal payments | 529,550 | - | - | - | 529,550 |
| Interest and fiscal charges | 101,077 | - | - | - | 101,077 |
| Capital outlays | 958,305 | 1,499 | 2,212,188 | - | 3,171,992 |
| Total expenditures | <u>18,288,811</u> | <u>1,499</u> | <u>2,212,188</u> | <u>185,756</u> | <u>20,688,254</u> |
| Excess (deficiency) of revenues over expenditures | 823,409 | 10,900 | (2,212,188) | 49,724 | (1,328,155) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from bond anticipation note | - | 535,000 | 1,250,000 | - | 1,785,000 |
| Capital lease | 84,698 | - | - | - | 84,698 |
| Transfers in | 870 | 228,000 | - | 26,125 | 254,995 |
| Transfers out | (254,125) | (870) | - | - | (254,995) |
| Total other financing sources (uses) | <u>(168,557)</u> | <u>762,130</u> | <u>1,250,000</u> | <u>26,125</u> | <u>1,869,698</u> |
| Net change in fund balances | 654,852 | 773,030 | (962,188) | 75,849 | 541,543 |
| Fund balances (deficit) - beginning | <u>1,933,218</u> | <u>123,632</u> | <u>(288,945)</u> | <u>141,842</u> | <u>1,909,747</u> |
| Fund balances (deficit) - ending | <u>\$ 2,588,070</u> | <u>\$ 896,662</u> | <u>\$ (1,251,133)</u> | <u>\$ 217,691</u> | <u>\$ 2,451,290</u> |

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

TOWN OF ESSEX, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| | |
|--|------------|
| Net change in fund balances for governmental funds | \$ 541,543 |
|--|------------|

Total change in net assets reported for governmental activities in the statement of activities is different because:

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 and amortization expense. The amount by which capital outlays were offset by depreciation and amortization in the current period is as follows:

| | | |
|---------------------------------------|--------------|-----------|
| Expenditures for capital assets | \$ 3,162,806 | |
| Depreciation and amortization expense | (659,903) | |
| Net adjustment | | 2,502,903 |

| | |
|---|----------|
| Interest on property taxes receivable are not susceptible to accrual and therefore are only reported as revenue in the funds when the cash is received by the Town. The change in interest receivable during the year decreased revenues recognized in the funds. | (17,185) |
|---|----------|

| | |
|--|-----------|
| Intergovernmental revenue on school construction grants is not susceptible to accrual and therefore is only reported as revenue in the funds when the cash is received by the Town. The amount received from the State during the year reduced revenues recognized in the funds. | (104,120) |
|--|-----------|

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The net effect of these differences in the treatment of long-term debt is as follows:

| | | |
|---------------------------------|-------------|-------------|
| Debt issued or incurred: | | |
| Bonds anticipation note payable | (1,785,000) | |
| Capital lease financing | (84,698) | |
| Principal repayments: | | |
| Bonds and notes payable | 456,588 | |
| Obligations under capital lease | 72,962 | |
| Net adjustment | | (1,340,148) |

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

TOWN OF ESSEX, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2007

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect on such items is as follows:

| | | |
|----------------------|----------------|------------|
| Compensated absences | \$ (17,175) | |
| Claims payable | 4,964 | |
| Accrued interest | 7,106 | |
| Net pension asset | <u>(1,048)</u> | |
| | | \$ (6,153) |

| | |
|---|-----------------|
| Certain revenues reported in the statement of activities do not provide current financial resources and therefore are reported as deferred revenues in governmental funds. This amount represents the change in deferred revenue. | <u>(43,941)</u> |
|---|-----------------|

| | |
|---|----------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$ 1,532,899</u></u> |
|---|----------------------------|

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

TOWN OF ESSEX, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance With Final Budget Over (Under) |
|--------------------------------------|-------------------------|-------------------|---------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 16,357,316 | \$ 16,357,316 | \$ 16,427,178 | \$ 69,862 |
| Intergovernmental | 720,346 | 1,220,256 | 1,339,559 | 119,303 |
| Local revenues | 692,672 | 692,672 | 754,971 | 62,299 |
| Interest income | 120,000 | 120,000 | 288,641 | 168,641 |
| Total revenues | <u>17,890,334</u> | <u>18,390,244</u> | <u>18,810,349</u> | <u>420,105</u> |
| EXPENDITURES | | | | |
| Board of Selectmen | 5,674,182 | 6,273,872 | 6,218,762 | (55,110) |
| Education | 12,101,152 | 12,101,152 | 11,997,025 | (104,127) |
| Total expenditures | <u>17,775,334</u> | <u>18,375,024</u> | <u>18,215,787</u> | <u>(159,237)</u> |
| Excess of revenues over expenditures | <u>\$ 115,000</u> | <u>\$ 15,220</u> | 594,562 | <u>\$ (579,342)</u> |
| Fund balance - beginning | | | <u>1,540,299</u> | |
| Fund balance - ending | | | <u>\$ 2,134,861</u> | |

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

TOWN OF ESSEX, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

| | Pension Trust Funds | Agency Funds |
|------------------------------------|------------------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 72,925 | \$ 86,986 |
| Investments | 2,703,286 | 7,000 |
| Interest and other receivables | 3,932 | - |
| Total assets | <u>2,780,143</u> | <u>\$ 93,986</u> |
| LIABILITIES | | |
| Due to others | - | 81,038 |
| Due to student groups | - | 12,948 |
| Total liabilities | <u>-</u> | <u>\$ 93,986</u> |
| NET ASSETS | | |
| Held in trust for pension benefits | <u>\$ 2,780,143</u> | |

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

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

| | <u>Pension Trust Funds</u> |
|--|--------------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer | \$ 174,989 |
| Plan members | 7,298 |
| Total contributions | <u>182,287</u> |
| Investment earnings: | |
| Net appreciation in the fair value of investments | 351,471 |
| Interest | 5,585 |
| Total investment earnings | <u>357,056</u> |
| Total additions | <u>539,343</u> |
| DEDUCTIONS | |
| Benefit payments | 134,791 |
| Administrative expenses | 8,128 |
| Total deductions | <u>142,919</u> |
| Change in net assets | 396,424 |
| Net assets - beginning | <u>2,383,719</u> |
| Net assets - ending | <u><u>\$ 2,780,143</u></u> |

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

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Essex, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

FINANCIAL REPORTING ENTITY

The Town of Essex, Connecticut was incorporated as Old Saybrook on September 13, 1852, under the provisions of the Connecticut General Statutes. The Town's name was changed to Essex on July 8, 1854. The Town operates under the Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, education, public improvements, planning and zoning and general administrative services.

The basic financial statements of the Town include only the funds of the Town, as no component units exist based on operational or financial relationships with the Town.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

The statement of net assets presents the Town's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net assets - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This category consists of net assets which do not meet the definition of the two preceding categories.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

Capital and Nonrecurring Expenditures Fund - This fund is used to account for the revenues and expenditures associated with the Town's various long-term capital projects.

EES Renovation Project Fund - This fund is used to account for the revenues and expenditures associated with the renovation of the Essex Elementary School.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: Town of Essex, Connecticut Amended and Restated Retirement Plan, the Town of Essex Merit Service Plan and the Town of Essex Employee's Pension Plan. These plans are discussed more fully in Note 11.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity. The Town utilizes these funds to account for assets of the elementary school activities fund, performance bond fund and special project escrow fund. The elementary school activities fund accounts for monies generated by student activities in the Town's school system. The performance bond fund accounts for monies received to ensure that driveways are installed to correct specifications for new construction. The special project escrow fund accounts for monies received for various events or projects, but do not constitute Town owned funds.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide and Fiduciary Fund Financial Statements

The government-wide and fiduciary fund financial statements (except for Agency Funds) are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Governmental Fund Financial Statements

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected 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 period. Property taxes, grants and contracts, and interest associated with the current period are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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.

ASSETS, LIABILITIES AND FUND EQUITY

Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents as of June 30, 2007 consist of money market accounts and Cooperative Liquid Asset Security Systems Funds (CLASS) which totaled \$72,925 and \$549,083, respectively. CLASS is an investment pool managed by MBIA Municipal Investors Service Corp. The fair value of the Town's position in the pool is the same as the value of the pool shares.

Investments

In accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town presents all investments at fair value.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND FUND EQUITY (Continued)

Inventories

Inventories are reported at cost using the first-in first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories are recorded as expenditures when consumed rather than when purchased.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than 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 a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u> | <u>Years</u> |
|----------------------------|--------------|
| Land improvements | 20 |
| Buildings and improvements | 30-50 |
| Machinery and equipment | 3-12 |
| Vehicles | 3-7 |
| Infrastructure | 25-50 |

During 2007, the Town implemented the provisions of GASB Statement No. 34 related to the recording of infrastructure assets prior to the July 1, 2002 implementation date of the standard. As such, the Town has recorded an adjustment to increase net assets in the government-wide financial statements as of July 1, 2006 by \$3,028,285, representing the net book value of the Town's infrastructure assets (roads, sidewalks and bridges) not previously recorded (See Note 10).

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND FUND EQUITY (*Continued*)

Compensated Absences

It is the Town's policy to permit employees to accumulate unused vacation and sick pay benefits. The Board of Education allows employees to accumulate only unused sick pay.

All compensated absences are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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 funds 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

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.

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reservation in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND ACTIVITIES (Continued)

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY

BUDGETARY INFORMATION

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The Board of Selectmen and the Board of Finance prepare an operating budget for the fiscal year commencing July 1 which is presented at the annual Town meeting for approval. The operating budget includes proposed expenditures and the means of financing them.
- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects for amounts not exceeding \$20,000 or representing a second transfer to a department. Additional appropriations in excess of \$20,000 must be approved at a Town meeting. During the year, the Board of Finance and Town meetings approved additional appropriations from fund balance of \$99,780.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for intergovernmental revenues and encumbrances. Intergovernmental revenues and other reimbursement for certain special education costs are recorded as reductions to expenditures for budgetary purposes and "on behalf" payments made by the State of Connecticut into the State Teacher's Retirement System are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 2 - BUDGETARY INFORMATION AND DEFICIT FUND EQUITY (Continued)

BUDGETARY INFORMATION (Continued)

- All unexpended appropriations lapse at year-end, except those for the Capital and Nonrecurring Expenditures Fund. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2007:

| | <u>Total Revenues</u> | <u>Total Expenditures</u> | <u>Other Financing Sources (Uses)</u> | <u>Net Change In Fund Balance</u> |
|---|---------------------------|-------------------------------|---|---|
| Budgetary basis | \$ 18,810,349 | \$ 18,215,787 | \$ - | \$ 594,562 |
| "On-behalf" payments - State Teachers Retirement Fund (see Note 11) | 284,558 | 284,558 | - | - |
| Adjustment for encumbrances | - | (60,290) | - | 60,290 |
| Reimbursement for certain special education costs recorded as a reduction to expenditures for budgetary purposes | 42,684 | 42,684 | - | - |
| Reimbursement for certain public safety costs recorded as an increase to property tax revenue for budgetary purposes | (25,371) | (25,371) | - | - |
| Certain transfers recorded as expenditures for budgetary purposes | - | (253,255) | (253,255) | - |
| Capital lease not recorded for budgetary purposes | - | 84,698 | 84,698 | - |
| GAAP basis | <u>\$ 19,112,220</u> | <u>\$ 18,288,811</u> | <u>\$ (168,557)</u> | <u>\$ 654,852</u> |

DEFICIT FUND EQUITY

The EES Renovation Project Fund has a deficit fund balance as of June 30, 2007 of \$1,251,133, which does not constitute a violation of statutory provisions. The deficit arose due to expenditures related to the renovation of the Essex Elementary School. The Town has funded the deficit through the issuance of general obligation bonds, subsequent to June 30, 2007 (see Note 16).

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2007:

Government-wide statement of net assets:

| | |
|------------------|------------------|
| Cash deposits | \$ 3,513,335 |
| Cash equivalents | 549,083 |
| | <u>4,062,418</u> |

Statement of fiduciary net assets:

| | |
|--|---------------------|
| Cash deposits - Agency Funds | 86,986 |
| Cash equivalents - Pension Trust Funds | 72,925 |
| | <u>159,911</u> |
| | <u>\$ 4,222,329</u> |

CASH DEPOSITS - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town's policy provides for uninsured demand and time deposits with banks and savings and loan institutions to be collateralized as prescribed in the Connecticut state statutes, as described below. In addition, in order to anticipate market changes and provide for a level of security for all funds, all public deposits shall be held in qualified public depositories. As of June 30, 2007, \$3,595,863 of the Town's bank balance of \$3,781,314 was exposed to custodial credit risk as follows:

| | |
|--|---------------------|
| Uninsured and uncollateralized | \$ 3,226,277 |
| Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name | 369,586 |
| | <u>\$ 3,595,863</u> |

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

As of June 30, 2007, the Town's investments consisted of the following:

| Investment type | Fair Value | Investment Maturities (In Years) | | | |
|--|--------------|----------------------------------|--------|---------|--------------|
| | | Less Than 1 | 1 to 5 | 6 to 10 | More Than 10 |
| Debt Securities: | | | | | |
| Cooperative Liquid Asset Security System (CLASS) | \$ 549,083 | \$ 549,083 | \$ - | \$ - | \$ - |
| Bond mutual fund | 903,947 | 903,947 | - | - | - |
| Certificates of deposit | 7,000 | 7,000 | - | - | - |
| | 1,460,030 | \$ 1,460,030 | \$ - | \$ - | \$ - |
| Other investments: | | | | | |
| Equity mutual funds | 1,872,265 | | | | |
| Total | \$ 3,332,295 | | | | |

Because the CLASS and bond mutual fund had weighted average maturities of less than 90 days, they were presented as investments with maturities of less than one year.

A reconciliation of the Town's investments as of June 30, 2007 is as follows:

| | |
|---|----------------------------|
| Total investments | \$ 3,332,294 |
| Less cash equivalents considered investments under GASB Statement No. 40: | |
| Statement of net assets | 549,083 |
| Statement of fiduciary net assets | <u>72,925</u> |
| Investments - Pension Trust and Agency Funds | <u><u>\$ 2,710,286</u></u> |

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides for the Town to maintain significant balances in cash equivalents or other short term maturity investments, as changing interest rates have limited impact on these types of investments. In addition, the Town has established an asset allocation policy that is responsive to the expected cash flows of the Town.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

Credit Risk

Connecticut state statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

The Town's investment policy regarding credit risk is to limit investments to those specified in the Connecticut state statutes, to pre-qualify the financial institutions used by the Town and to diversify the Town's portfolio so that the failure of one issuer will not place undue financial burden on the Town.

The Town's investments in debt securities were rated by Fitch Ratings as follows at June 30, 2007:

| <u>Debt Securities</u> | <u>Fair Value</u> | <u>AAA</u> | <u>Unrated</u> |
|---|-----------------------|-------------------|-------------------|
| Cooperative Liquid Asset Security System (CLASS) | \$ 549,083 | \$ 549,083 | \$ - |
| Bond mutual fund | 903,947 | - | 903,947 |
| Certificates of deposit | 7,000 | - | 7,000 |
| | <u>\$ 1,460,030</u> | <u>\$ 549,083</u> | <u>\$ 910,947</u> |

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments consist solely of investments in an external investment pool and a bond mutual fund and are therefore not exposed to custodial credit risk, because they are not evidenced by securities that exist in physical or book entry form. The Town's investment policy does not address custodial credit risk with respect to investments.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. The Town's investments consist solely of investments in an external investment pool and a bond mutual fund and are therefore not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 consisted of the following:

| | <u>Beginning Balance</u> | <u>Adjustment (see Note 10)</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|-------------------------------------|--------------------|-------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and land improvements | \$2,272,415 | \$ - | \$ 50,000 | \$ - | \$ 2,322,415 |
| Construction in progress | 324,261 | - | 2,759,160 | - | 3,083,421 |
| Total capital assets, not being depreciated | <u>2,596,676</u> | <u>-</u> | <u>2,809,160</u> | <u>-</u> | <u>5,405,836</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 106,042 | - | 6,500 | - | 112,542 |
| Buildings and improvements | 8,956,912 | - | - | - | 8,956,912 |
| Machinery and equipment | 1,511,039 | - | 53,780 | (19,598) | 1,545,221 |
| Vehicles | 484,711 | - | 89,387 | - | 574,098 |
| Infrastructure | 665,160 | 6,481,411 | 203,979 | - | 7,350,550 |
| Total capital assets, being depreciated | <u>11,723,864</u> | <u>6,481,411</u> | <u>353,646</u> | <u>(19,598)</u> | <u>18,539,323</u> |
| Less accumulated depreciation and amortization for: | | | | | |
| Land improvements | 104,571 | - | 1,090 | - | 105,661 |
| Buildings and improvements | 3,720,968 | - | 150,147 | - | 3,871,115 |
| Machinery and equipment | 1,009,103 | - | 212,476 | (19,598) | 1,201,981 |
| Vehicles | 329,138 | - | 61,656 | - | 390,794 |
| Infrastructure | 79,735 | 3,453,126 | 234,534 | - | 3,767,395 |
| Total accumulated depreciation and amortization | <u>5,243,515</u> | <u>3,453,126</u> | <u>659,903</u> | <u>(19,598)</u> | <u>9,336,946</u> |
| Total capital assets, being depreciated, net | <u>6,480,349</u> | <u>3,028,285</u> | <u>(306,257)</u> | <u>(39,196)</u> | <u>9,202,377</u> |
| Governmental activities capital assets, net | <u>\$9,077,025</u> | <u>\$ 3,028,285</u> | <u>\$2,502,903</u> | <u>\$(39,196)</u> | <u>\$14,608,213</u> |

Depreciation and amortization expense was charged to functions of the Town as follows:

| | |
|--|-------------------|
| Governmental Activities: | |
| General government | \$ 189,751 |
| Public safety | 39,880 |
| Highways and transportation | 282,391 |
| Education | 147,881 |
| Total depreciation expense - governmental activities | <u>\$ 659,903</u> |

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2007 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|------------------------|-------------------------|
| Governmental Funds | | |
| General Fund | EES Renovation Project | \$ 1,700 |
| | Other Funds | 34,040 |
| | | <u>35,740</u> |
| Capital and Nonrecurring Expenditures Fund | General Fund | 59,130 |
| | | <u>59,130</u> |
| Total interfund receivables/payables | | <u><u>\$ 94,870</u></u> |

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

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007 consisted of the following:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|---|---|--------------------------|
| Governmental Funds | | |
| Capital and Nonrecurring Expenditures Fund | General Fund | \$ 228,000 |
| | | <u>228,000</u> |
| Other Funds | General Fund | 26,125 |
| | | <u>26,125</u> |
| General Fund | Capital and Nonrecurring Expenditures Fund | 870 |
| | | <u>870</u> |
| Total transfers | | <u><u>\$ 254,995</u></u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expand them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - SHORT-TERM DEBT

During 2007, the Town retired two existing bond anticipation notes payable in the amounts of \$605,000 and \$1,250,000 through principal payments and the issuance of a \$1,820,000 bond anticipation note payable. The note bears a coupon rate of 4.0% and matures in August 2007. As discussed more fully in Note 16, this note was subsequently retired through the issuance of a general obligation bond.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 7 - SHORT-TERM DEBT (Continued)

The purpose of the bond anticipation note payable is to provide interim financing until general obligation bonds are issued. The following is a summary of changes in short-term debt for the year ended June 30, 2007:

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--------------------------------|------------------------------|------------------|------------------|---------------------------|
| Bond anticipation note payable | \$ 1,855,000 | \$ 1,820,000 | \$ (3,640,000) | \$ 35,000 |

The above represents the portion of the bond anticipation note payable which was not retired through the issuance of general obligation bonds in August 2007 (see Note 16), but was retired through principal payments made by the Town.

NOTE 8 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2007:

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|--------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| General obligation bonds | \$ 1,355,000 | \$ - | \$ (450,000) | \$ 905,000 | \$ 440,000 |
| Bond anticipation note payable | - | 1,785,000 | - | 1,785,000 | 1,785,000 |
| Other liabilities: | | | | | |
| Note payable | 41,340 | - | (6,588) | 34,752 | 7,326 |
| Capital leases | 46,869 | 84,698 | (72,962) | 58,605 | 30,399 |
| Compensated absences | 212,816 | 129,368 | (112,193) | 229,991 | 109,333 |
| | <u>\$ 1,656,025</u> | <u>\$ 1,999,066</u> | <u>\$ (641,743)</u> | <u>\$ 3,013,348</u> | <u>\$ 2,372,058</u> |

The above liabilities have typically been liquidated by the General Fund.

GENERAL OBLIGATION BONDS AND NOTE PAYABLE

A summary of general obligation bonds outstanding at June 30, 2007 is as follows:

| Purpose of Bonds | Final Maturity Dates | Interest Rates | Amount Outstanding |
|--|---------------------------------|---------------------------|-------------------------------|
| Governmental Activities | | | |
| Bonds Payable | | | |
| General obligation bonds issued August 1997 original amount \$1,995,000 | 8/15/07 | 3.75% - 4.65% | \$ 195,000 |
| School bonds issued December 1998, original amount \$2,890,000 | 8/15/09 | 3.3% - 4.1% | 710,000 |
| | | | <u>905,000</u> |
| Note Payable | | | |
| Clean Water Fund note payable issued 1992, original amount \$132,079 | 12/31/11 | 2.00% | 34,752 |
| | | | <u>\$ 939,752</u> |

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 8 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATIONS BONDS AND NOTE PAYABLE (Continued)

Annual debt service requirements to maturity on general obligation bonds and the note payable are as follows as of June 30, 2007:

| Year ending June 30: | Governmental Activities | | | | | |
|-------------------------|--------------------------|------------------|------------------|-----------------|-------------------|------------------|
| | General Obligation Bonds | | Note Payable | | Totals | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2008 | \$ 440,000 | \$ 28,203 | \$ 7,326 | \$ 617 | \$ 447,326 | \$ 28,820 |
| 2009 | 235,000 | 14,130 | 7,474 | 469 | 242,474 | 14,599 |
| 2010 | 230,000 | 4,715 | 7,626 | 317 | 237,626 | 5,032 |
| 2011 | - | - | 7,780 | 163 | 7,780 | 163 |
| 2012 | - | - | 4,546 | 23 | 4,546 | 23 |
| | <u>\$ 905,000</u> | <u>\$ 47,048</u> | <u>\$ 34,752</u> | <u>\$ 1,589</u> | <u>\$ 939,752</u> | <u>\$ 48,637</u> |

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$114,514,218 as of June 30, 2007. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2007.

As of June 30, 2007, the Town has authorized, unissued bonds of \$17,979,625.

SHARED DEBT

The Town of Essex is a member of Regional School District #4 which also provides education for the Towns of Chester and Deep River. As of June 30, 2007, the outstanding indebtedness of the District was \$26,225,000. The Town of Essex's share will be approximately 40.19% of the total, or \$10,539,828. Such outstanding indebtedness represents general obligations of the Regional School District #4 and its member towns. However, the Town is not required to record its share in the accompanying statement of net assets.

SCHOOL BOND REIMBURSEMENTS

The State of Connecticut reimburses the Town for eligible school bond principal and interest costs. The amount of reimbursement for the year ended June 30, 2007 was \$113,113. Additional reimbursements of principal and interest aggregating \$307,154 are expected to be received through the applicable bonds' maturity dates. The Town has recorded a receivable of \$295,702 relating to the principal portion of these payments in the accompanying statement of net assets. The long term portion of \$193,664 will be realized by the Town through fiscal year 2010.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 8 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2007:

| | Governmental Activities |
|--------------------------------|------------------------------------|
| Vehicles | \$ 84,698 |
| Equipment | 60,947 |
| | <u>145,645</u> |
| Less: accumulated amortization | 64,972 |
| | <u><u>\$ 80,673</u></u> |

Amortization expense relative to leased property under capital leases totaled \$29,391 for the year ended June 30, 2007 and is included in depreciation and amortization expense disclosed in Note 4.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 are as follows:

| | Governmental Activities |
|--|------------------------------------|
| Year Ending June 30: | |
| 2008 | \$ 33,375 |
| 2009 | 29,722 |
| Total minimum lease payments | <u>63,097</u> |
| Less: amount representing interest | 4,492 |
| Present value of minimum lease payments | <u><u>\$ 58,605</u></u> |

NOTE 9 - UNEARNED/DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds 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:

| | Unavailable | Unearned |
|---|--------------------------|-------------------------|
| Delinquent property taxes receivable | \$ 154,346 | \$ - |
| Grant drawdowns prior to meeting all eligibility requirements | - | 9,999 |
| Park and Recreation Program Fees | - | 11,148 |
| | <u><u>\$ 154,346</u></u> | <u><u>\$ 21,147</u></u> |

NOTE 10 - ADJUSTMENT

Net assets in the government-wide financial statements as of July 1, 2006 have been increased to properly reflect capital asset balances as of that date. The effect of the adjustments on the changes in the net assets for the year ended June 30, 2006 is not readily determinable.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
JUNE 30, 2007

NOTE 11 - PENSION PLANS

DEFINED BENEFIT PLANS

The Town maintains three single-employer, defined benefit pension plans: the Town of Essex, Connecticut Amended and Restated Retirement Plan (the "Employees' Retirement Plan"), the Town of Essex Merit Service Plan (the "Merit Service Plan") and the Town of Essex Employees' Pension Plan (the "Police Retirement Plan"). The Plans cover substantially all full time employees except professional personnel at the Board of Education who are covered by the State of Connecticut Teacher's Retirement System. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Plan Descriptions

Employees' Retirement Plan

All regularly employed employees (elected, appointed or hired) of the Town, excluding part-time employees, temporary employees and teachers eligible for the State of Connecticut Teachers' Retirement System, are eligible to participate in the plan. Employees are eligible to participate provided they have attained age 21 and have completed three years of credited service. The plan provides retirement benefits as well as death and disability benefits and vested termination benefits. Annual retirement benefits for plan participants are 1.25% to 1.4% of an employees' final average compensation multiplied by the number of years of credited service, to a maximum of 40 years. The State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Essex.

Merit Service Plan

All volunteers of the Town of Essex Fire Engine Company #1 become participants in the plan as of July 1st following the date at which they have completed one year of eligible service. The plan provides retirement benefits as well as death and disability benefits and vested termination benefits. Annual retirement benefits for service prior to July 1, 1993 is \$15 per month for each year of credited service up to a maximum of 15 years. Annual retirement for service after July 1, 1990 is \$15 per month for each year of credited service. Maximum past service plus future service is 30 years. The State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town of Essex.

Police Retirement Plan

All regular full-time sworn employees of the Essex Police Department are eligible to participate. However, supernumeraries, school guards, dog wardens/animal control officers, auxiliary police, fire police and police boat drivers are not considered "regular members" and are not eligible to participate in this plan. An employee whose regular work week is less than 30 hours or whose regular period of employment is less than 12 months in the year shall not be considered a full-time employee. The normal retirement date will be the first day of the month following the earlier of the date on which the vested employee attains his or her 55th birthday or completes 20 years of credited service. Retirement is mandatory for all employees at age 60. The plan provides retirement benefits as well as death and disability benefits and vested termination benefits. The amount of pension for normal retirement is 2.5% of the compensation base of the employee. For credited service beyond the original 20 years, 2% of compensation base of the employee is multiplied by the number of additional full years of the credit service of the employee per year and will be added to the full retirement percentage.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Membership

Membership of the Plans consisted of the following at the date of the latest actuarial valuations:

| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan |
|---|----------------------------------|--------------------------|------------------------------|
| Retirees and beneficiaries receiving benefits | 12 | 11 | - |
| Terminated employees entitled to benefits but not yet receiving them | 11 | 6 | - |
| Active plan members | 19 | 46 | 4 |
| | <u>42</u> | <u>63</u> | <u>4</u> |

Summary of Significant Accounting Policies

The Plans' are accounted for using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Investments are recorded at fair value. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned and gains and losses on sales or exchanges are recognized on the transaction date.

Administrative costs of all plans are funded through investment earnings of the plans.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Board of Selectmen. The Town's funding policy provides for periodic employer contributions at rates that, when expressed as a percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rates for normal costs for all plans were actuarially determined.

For the year ended June 30, 2007, employer contributions to the Employees' Retirement Plan represented 9.9% of covered payroll.

For the year ended June 30, 2007, employer contributions to the Police Retirement Plan represented 14.6% of covered payroll.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Concentrations

The following investments represent five percent or more of each respective Plan's net assets:

| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan |
|--------------------------------------|-------------------------------|-----------------------|---------------------------|
| Equity Mutual Funds: | | | |
| Columbia Large Cap Value Fund | \$ 392,161 | \$ 103,972 | \$ 61,381 |
| Columbia Multi-Advisor International | 219,681 | 55,280 | 34,002 |
| Columbia Large Cap Growth Fund | 475,151 | 120,542 | 74,254 |
| Bond mutual fund | 636,311 | 166,616 | 101,020 |

Schedules of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) - Entry Age (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|-----------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| Employees' Retirement Plan | | | | | | |
| July 1, 2005 | \$ 1,556,254 | \$ 1,628,479 | \$ 72,225 | 96% | \$ 746,135 | 10% |
| July 1, 2004 | 1,518,885 | 1,569,811 | 50,926 | 97% | 868,343 | 6% |
| July 1, 2003 | 1,467,603 | 1,378,651 | (88,952) | 106% | 731,567 | -12% |
| July 1, 2002 | 1,489,326 | 1,250,943 | (238,383) | 119% | 811,825 | -29% |
| July 1, 2001 | 1,548,745 | 1,157,667 | (391,078) | 134% | 749,512 | -52% |
| July 1, 2000 | 1,564,623 | 1,088,924 | (475,699) | 144% | 735,057 | -65% |
| Merit Service Plan | | | | | | |
| July 1, 2005 | \$ 379,018 | \$ 705,067 | \$ 326,049 | 54% | N/A | N/A |
| July 1, 2004 | 350,825 | 672,874 | 322,049 | 52% | N/A | N/A |
| July 1, 2003 | 297,814 | 599,088 | 301,274 | 50% | N/A | N/A |
| July 1, 2002 | 277,515 | 563,789 | 286,274 | 49% | N/A | N/A |
| July 1, 2001 | 272,564 | 505,056 | 232,492 | 54% | N/A | N/A |
| July 1, 2000 | 253,783 | 449,555 | 195,772 | 56% | N/A | N/A |
| Police Retirement Plan | | | | | | |
| July 1, 2005 | \$ 210,164 | \$ 317,984 | \$ 107,820 | 66% | \$ 258,055 | 42% |
| July 1, 2004 | 162,788 | 277,276 | 114,488 | 59% | 269,402 | 42% |
| July 1, 2003 | 115,938 | 221,368 | 105,430 | 52% | 238,051 | 44% |
| July 1, 2002 | 74,614 | 185,513 | 110,899 | 40% | 227,381 | 49% |
| July 1, 2001* | 38,493 | 148,320 | 109,827 | 26% | 228,816 | 48% |

* Information prior to 2001 is not available.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Schedule of Employer Contributions

| Year Ended June 30 | Employees' Retirement Plan | | Merit Service Plan | | Police Retirement Plan | |
|-----------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Annual Required Contributions | Percentage Contributed | Annual Required Contributions | Percentage Contributed | Annual Required Contributions | Percentage Contributed |
| 2007 | \$ 74,225 | 99% | \$ 63,087 | 99% | \$ 37,677 | 100% |
| 2006 | 81,085 | 99% | 60,452 | 99% | 36,135 | 100% |
| 2005 | 54,276 | 99% | 54,713 | 99% | 31,834 | 100% |
| 2004 | 41,408 | 100% | 50,991 | 100% | 29,510 | 100% |
| 2003 | 15,401 | 100% | 41,713 | 100% | 28,591 | 100% |
| 2002 | 3,943 | 113% | 39,871 | 100% | * | * |

* Information prior to 2003 is not available.

Additional Information and Actuarial Assumptions

| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan |
|--|--------------------------------------|--------------------------|--------------------------------------|
| Valuation date | July 1, 2005 | July 1, 2005 | July 1, 2005 |
| Actuarial cost method | Projected Unit Credit | Unit Credit | Projected Unit Credit |
| Amortization method | Level dollar, closed | Level dollar, closed | Level percent, closed |
| Remaining amortization period | 10 | 10 | 14 |
| Asset valuation method | Average of book and market values | Market value | Average of book and market values |
| Actuarial assumptions (includes inflation rate): | | | |
| Investment rate of return | 8.00% | 8.00% | 8.00% |
| Projected salary increases | 4.50% | N/A | 4.50% |

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Annual Pension Cost and Net Pension Asset

| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan |
|--|----------------------------------|--------------------------|------------------------------|
| Annual required contribution | \$ 74,225 | \$ 63,087 | \$ 37,677 |
| Interest on net pension obligation | (1,069) | (522) | - |
| Adjustment to annual required contribution | 1,773 | 866 | - |
| Annual pension cost | 74,929 | 63,431 | 37,677 |
| Contributions made | 74,225 | 63,087 | 37,677 |
| Decrease in net pension asset | 704 | 344 | - |
| Net pension asset, beginning of year | (13,365) | (6,530) | - |
| Net pension asset, end of year | \$ (12,661) | \$ (6,186) | \$ - |

Three-Year Trend Information

| Year Ended June 30 | Annual Pension Cost (APC) | Actual Contribution | Percentage of APC Contributed | Net Pension Asset |
|-----------------------------------|---------------------------------|------------------------|-------------------------------------|----------------------|
| Employees' Retirement Plan | | | | |
| 2005 | \$ 54,879 | \$ 54,276 | 99% | \$ (14,017) |
| 2006 | 81,737 | 81,085 | 99% | (13,365) |
| 2007 | 74,929 | 74,225 | 99% | (12,661) |
| Merit Service Plan | | | | |
| 2005 | \$ 55,008 | \$ 54,713 | 99% | \$ (6,849) |
| 2006 | 60,771 | 60,452 | 99% | (6,530) |
| 2007 | 63,431 | 63,087 | 99% | (6,186) |
| Police Retirement Plan | | | | |
| 2005 | \$ 31,834 | \$ 31,834 | 100% | \$ - |
| 2006 | 36,135 | 36,135 | 100% | - |
| 2007 | 37,677 | 37,677 | 100% | - |

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Financial Statements

TOWN OF ESSEX, CONNECTICUT
STATEMENT OF PLAN NET ASSETS
JUNE 30, 2007

| | Pension Trust Funds | | | Total |
|------------------------------------|---|-----------------------------------|---------------------------------------|----------------------------|
| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan | |
| ASSETS | | | | |
| Cash equivalents | \$ 46,298 | \$ 10,917 | \$ 15,710 | \$ 72,925 |
| Investments, at fair value | 1,908,712 | 495,587 | 298,987 | 2,703,286 |
| Interest and other receivables | 2,747 | 714 | 471 | 3,932 |
| Total assets | <u>1,957,757</u> | <u>507,218</u> | <u>315,168</u> | <u>2,780,143</u> |
| NET ASSETS | | | | |
| Held in trust for pension benefits | <u>1,957,757</u> | <u>507,218</u> | <u>315,168</u> | <u>2,780,143</u> |
| Total net assets | <u><u>\$ 1,957,757</u></u> | <u><u>\$ 507,218</u></u> | <u><u>\$ 315,168</u></u> | <u><u>\$ 2,780,143</u></u> |

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

DEFINED BENEFIT PLANS (Continued)

Plan Financial Statements (Continued)

TOWN OF ESSEX, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

| | Pension Trust Funds | | | Total |
|--|----------------------------------|--------------------------|------------------------------|--------------|
| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan | |
| ADDITIONS | | | | |
| Contributions: | | | | |
| Employer | \$ 74,225 | \$ 63,087 | \$ 37,677 | \$ 174,989 |
| Plan members | - | - | 7,298 | 7,298 |
| Total contributions | 74,225 | 63,087 | 44,975 | 182,287 |
| Investment earnings: | | | | |
| Net appreciation in fair value of investments | 251,877 | 63,668 | 35,926 | 351,471 |
| Interest | 3,122 | 1,190 | 1,273 | 5,585 |
| Total investment earnings | 254,999 | 64,858 | 37,199 | 357,056 |
| Total additions | 329,224 | 127,945 | 82,174 | 539,343 |
| DEDUCTIONS | | | | |
| Benefit payments | 87,598 | 47,193 | - | 134,791 |
| Administrative expenses | 3,244 | 3,189 | 1,695 | 8,128 |
| Total deductions | 90,842 | 50,382 | 1,695 | 142,919 |
| NET INCREASE | 238,382 | 77,563 | 80,479 | 396,424 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| Beginning of year | 1,719,375 | 429,655 | 234,689 | 2,383,719 |
| End of year | \$ 1,957,757 | \$ 507,218 | \$ 315,168 | \$ 2,780,143 |

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 11 - PENSION PLANS (Continued)

TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board.

Certain part-time and all full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not and is not legally responsible to contribute to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. The State of Connecticut contributes based on actuarially determined amounts. The funding level was determined based on an actuarial valuation of the plan as a whole, which does not provide actuarial information on an individual Town basis. For the year ended June 30, 2007, Town teachers contributed \$164,255 to the plan and covered payroll for the year was \$2,265,589.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 24, the Town has reported "on behalf" payments of \$284,558 made by the State of Connecticut into the plan as intergovernmental revenues and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of governmental funds.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Employees covered under various union contracts are eligible to receive post-retirement benefits. Employees are only eligible to receive these benefits after having been employed with the Town for twenty-five years and after having attained age sixty-five.

As of June 30, 2007, there were three retired employees receiving benefits and one other employee that is eligible for these benefits. The Town finances the plan on a pay-as-you-go basis. For the year ended June 30, 2007, the Town recorded \$11,964 in expenditures for these benefits.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

NOTE 14 - RISK MANAGEMENT

The Town is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. eq. of Connecticut General Statutes, for workers compensation and employer liability coverage. The Town pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$750,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

TOWN OF ESSEX, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
JUNE 30, 2007

NOTE 14 - RISK MANAGEMENT (Continued)

The Town is a member of CIRMA's liability-automobile-property pool, a risk-sharing pool, which was begun on July 1, 1986. The Town pays premiums to CIRMA for the provision of general liability, automobile liability, law enforcement liability, public official's liability, school leaders liability, auto physical damage, property, and boiler and machinery coverages. The premium is subject to audit after the close of the coverage period. Various deductibles applied to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's pool retains \$750,000 for each insured liability/auto occurrence.

A liability is reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability includes an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, the claims liability is reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay outs) and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for salvage or subrogation, are another component of the claims liability estimated. The claims liability included in the accompanying statement of net assets totaled \$18,973 as of June 30, 2007.

NOTE 15 - PRONOUNCEMENT ISSUED BUT NOT YET EFFECTIVE

The Town has not completed the process of implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Town is therefore unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statements are adopted. GASB Statement No. 45 is effective for the Town for fiscal periods beginning after December 15, 2007.

NOTE 16 - SUBSEQUENT EVENT

In August 2007, the Town retired a \$1,785,000 bond anticipation note payable through the issuance of \$10,485,000 in general obligation bonds. The bonds mature in August 2027 and have interest rates ranging from 4.0% to 5.25%. The portion of the bond anticipation note payable which was retired through the issuance of the general obligations bonds has been recorded as long-term debt in the Town's financial statements as of June 30, 2007, in accordance with accounting principles generally accepted in the United States of America.

Combining and Individual Fund Statements and Schedules

General Fund

TOWN OF ESSEX, CONNECTICUT
SCHEDULE OF REVENUES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance With Final Budget Over (Under) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| PROPERTY TAXES | | | | |
| Property taxes | \$ 16,307,316 | \$ 16,307,316 | \$ 16,345,105 | \$ 37,789 |
| Interest and lien fees | 50,000 | 50,000 | 82,073 | 32,073 |
| Total property taxes | 16,357,316 | 16,357,316 | 16,427,178 | 69,862 |
| INTERGOVERNMENTAL | | | | |
| Veterans tax relief | 3,240 | 3,240 | 3,970 | 730 |
| School construction grant | 124,727 | 124,727 | 113,113 | (11,614) |
| Education cost sharing grant | 275,152 | 275,152 | 275,368 | 216 |
| Small town economic assistance program | - | 499,910 | 500,582 | 672 |
| Town aid road grant | 96,993 | 96,993 | 109,233 | 12,240 |
| LOCIP | 41,748 | 41,748 | 41,938 | 190 |
| PILOT grant | 29,905 | 29,905 | 22,030 | (7,875) |
| Homeowners tax relief | 27,000 | 27,000 | 42,462 | 15,462 |
| Boating registration | 25,331 | 25,331 | 25,331 | - |
| Transit district | 1,501 | 1,501 | 858 | (643) |
| Manufacturing equipment | 62,500 | 62,500 | 86,404 | 23,904 |
| Pequot grant | 22,249 | 22,249 | 28,437 | 6,188 |
| Pump out boat reimbursement | - | - | 36,122 | 36,122 |
| Miscellaneous State and Federal | 10,000 | 10,000 | 53,711 | 43,711 |
| Total intergovernmental | 720,346 | 1,220,256 | 1,339,559 | 119,303 |
| LOCAL REVENUES | | | | |
| Miscellaneous permits | 500 | 500 | 2,455 | 1,955 |
| Phone "access line" tax share | 49,472 | 49,472 | 47,757 | (1,715) |
| Sanitary permits | 60,000 | 60,000 | 73,329 | 13,329 |
| Building permit fees | 150,000 | 150,000 | 199,773 | 49,773 |
| Circuit court fines | 500 | 500 | 4,420 | 3,920 |
| Gas tax refunds | 450 | 450 | 805 | 355 |
| Zoning permits | 2,500 | 2,500 | 6,637 | 4,137 |
| Zoning board of appeals | 1,000 | 1,000 | 2,730 | 1,730 |
| Planning commission receipts | 500 | 500 | 5,055 | 4,555 |
| Conveyance tax | 200,000 | 200,000 | 192,935 | (7,065) |
| Park and recreation | 35,000 | 35,000 | 21,264 | (13,736) |
| Miscellaneous receipts | 12,000 | 12,000 | 35,119 | 23,119 |
| Town clerk fees | 145,000 | 145,000 | 123,914 | (21,086) |
| Inland wetlands permits | 1,000 | 1,000 | 1,296 | 296 |
| Regional recycling fees | 30,000 | 30,000 | 30,000 | - |
| Health department fees | 4,750 | 4,750 | 7,482 | 2,732 |
| Total local revenues | 692,672 | 692,672 | 754,971 | 62,299 |
| INTEREST INCOME | 120,000 | 120,000 | 288,641 | 168,641 |
| Total revenues | \$ 17,890,334 | \$ 18,390,244 | \$ 18,810,349 | \$ 420,105 |

TOWN OF ESSEX, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | | Variance With |
|---------------------------------|------------------|------------|------------|------------------------------|
| | Original | Final | Actual | Final Budget Over (Under) |
| BOARD OF SELECTMEN | | | | |
| GENERAL GOVERNMENT | | | | |
| Selectmen | \$ 149,810 | \$ 149,810 | \$ 156,181 | \$ 6,371 |
| Assessor | 96,489 | 96,489 | 87,827 | (8,662) |
| Central services | 187,157 | 198,891 | 198,891 | - |
| Elections | 32,738 | 32,738 | 30,475 | (2,263) |
| Probate court | 2,450 | 2,450 | 2,422 | (28) |
| Tax collector | 85,914 | 86,455 | 86,455 | - |
| Town clerk | 153,465 | 153,465 | 172,978 | 19,513 |
| Treasurer | 81,674 | 81,674 | 82,404 | 730 |
| Zoning enforcement agent | 65,434 | 65,434 | 65,100 | (334) |
| Fringe benefits | 540,320 | 540,320 | 539,559 | (761) |
| General insurance | 136,900 | 136,900 | 144,348 | 7,448 |
| Legal services | 61,900 | 84,491 | 84,491 | - |
| Public restroom facilities | 21,950 | 21,950 | 21,212 | (738) |
| Technology | 100,900 | 100,900 | 113,921 | 13,021 |
| Board of assessment appeals | 1,670 | 1,670 | 1,493 | (177) |
| Board of finance | 91,700 | 50,086 | 46,006 | (4,080) |
| Conservation commission | 7,825 | 7,825 | 5,152 | (2,673) |
| Economic development commission | 3,550 | 3,550 | 915 | (2,635) |
| IWWC commission | 7,420 | 7,420 | 12,613 | 5,193 |
| Parks and recreation | 169,586 | 227,144 | 215,994 | (11,150) |
| Planning commission | 25,752 | 25,752 | 22,697 | (3,055) |
| Tree committee | 1,200 | 1,200 | 1,205 | 5 |
| Zoning board of appeals | 6,600 | 6,600 | 9,207 | 2,607 |
| Zoning commission | 33,477 | 36,716 | 36,716 | - |
| Clean energy task force | - | - | 250 | 250 |
| Total general government | 2,065,881 | 2,119,930 | 2,138,512 | 18,582 |
| PUBLIC SAFETY | | | | |
| Ambulance Association | 19,151 | 19,151 | 19,151 | - |
| Animal control | 16,125 | 16,125 | 16,557 | 432 |
| Building department | 83,732 | 83,732 | 87,370 | 3,638 |
| Emergency management | 4,250 | 4,250 | 3,848 | (402) |
| Emergency 911 | 80,578 | 80,578 | 80,578 | - |
| Fire department | 227,650 | 227,650 | 218,281 | (9,369) |
| Fire marshal | 45,562 | 45,562 | 46,293 | 731 |
| Harbor patrol | 21,802 | 21,802 | 14,868 | (6,934) |
| Police services | 273,339 | 273,339 | 284,475 | 11,136 |
| Resident state trooper | 68,000 | 68,000 | 71,409 | 3,409 |
| Water | 128,620 | 128,620 | 121,967 | (6,653) |
| Total public safety | 968,809 | 968,809 | 964,797 | (4,012) |

(Continued)

TOWN OF ESSEX, CONNECTICUT
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS -
GENERAL FUND (Concluded)
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance With Final Budget Over (Under) |
|------------------------------------|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| HEALTH AND WELFARE | | | | |
| Director of health | \$ 4,500 | \$ 4,500 | \$ 4,920 | \$ 420 |
| Estuary transit | 6,555 | 6,555 | 6,555 | - |
| Sanitarian | 191,300 | 191,300 | 204,346 | 13,046 |
| Sanitary waste commission | 185,207 | 185,207 | 178,889 | (6,318) |
| Social services | 70,868 | 70,868 | 71,136 | 268 |
| Visiting nurses | 59,603 | 59,603 | 59,603 | - |
| Pump out boat | - | 32,631 | 32,631 | - |
| Water pollution control | 11,900 | 11,900 | 6,701 | (5,199) |
| Total health and welfare | <u>529,933</u> | <u>562,564</u> | <u>564,781</u> | <u>2,217</u> |
| LIBRARIES | <u>269,000</u> | <u>269,000</u> | <u>269,000</u> | <u>-</u> |
| HIGHWAYS AND TRANSPORTATION | | | | |
| Highways | 730,903 | 1,236,813 | 1,168,259 | (68,554) |
| Town garage | 32,862 | 32,862 | 30,204 | (2,658) |
| Total highways and transportation | <u>763,765</u> | <u>1,269,675</u> | <u>1,198,463</u> | <u>(71,212)</u> |
| DEBT SERVICE | | | | |
| Principal payments | 457,182 | 457,182 | 456,588 | (594) |
| Interest and fiscal charges | 110,612 | 110,612 | 99,365 | (11,247) |
| Total debt service | <u>567,794</u> | <u>567,794</u> | <u>555,953</u> | <u>(11,841)</u> |
| CAPITAL AND SINKING FUNDS | <u>509,000</u> | <u>516,100</u> | <u>527,256</u> | <u>11,156</u> |
| Total board of selectmen | <u>5,674,182</u> | <u>6,273,872</u> | <u>6,218,762</u> | <u>(55,110)</u> |
| EDUCATION | <u>12,101,152</u> | <u>12,101,152</u> | <u>11,997,025</u> | <u>(104,127)</u> |
| Total expenditures | <u>\$ 17,775,334</u> | <u>\$ 18,375,024</u> | <u>\$ 18,215,787</u> | <u>\$ (159,237)</u> |

TOWN OF ESSEX, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2007

| Grand List Year | Balance Uncollected June 30, 2006 | Current Levy | Lawful Corrections | | Transfers to Suspense | Balance To Be Collected | Collections | | | | Balance Uncollected June 30, 2007 |
|-----------------------|---|----------------------|--------------------|------------------|--------------------------|-------------------------------|----------------------|------------------|---------------|----------------------|---|
| | | | Additions | Deductions | | | Taxes | Interest | Lien Fees | Total | |
| 2005 | \$ - | \$ 16,332,199 | \$ 32,346 | \$ 53,971 | \$ - | \$ 16,310,574 | \$ 16,114,739 | \$ 52,579 | \$ 72 | \$ 16,167,390 | \$ 195,835 |
| 2004 | 152,857 | - | 13,453 | 6,918 | - | 159,392 | 92,978 | 17,488 | 624 | 111,090 | 66,414 |
| 2003 | 54,832 | - | 9,980 | 3,371 | - | 61,441 | 24,298 | 7,067 | 120 | 31,485 | 37,143 |
| 2002 | 25,073 | - | 733 | 220 | - | 25,586 | 6,764 | 3,157 | 48 | 9,969 | 18,822 |
| 2001 | 19,426 | - | - | - | - | 19,426 | 822 | 640 | - | 1,462 | 18,604 |
| 2000 | 13,796 | - | - | - | - | 13,796 | 773 | 704 | - | 1,477 | 13,023 |
| 1999 | 11,598 | - | - | - | - | 11,598 | 318 | 355 | - | 673 | 11,280 |
| 1998 | 7,595 | - | - | - | - | 7,595 | 57 | 81 | - | 138 | 7,538 |
| 1997 | 8,646 | - | - | - | - | 8,646 | 119 | 182 | - | 301 | 8,527 |
| 1996 and prior | 26,504 | - | - | - | 1,358 | 25,146 | 87 | 151 | - | 238 | 25,059 |
| | <u>\$ 320,327</u> | <u>\$ 16,332,199</u> | <u>\$ 56,512</u> | <u>\$ 64,480</u> | <u>\$ 1,358</u> | <u>\$ 16,643,200</u> | <u>\$ 16,240,955</u> | <u>\$ 82,404</u> | <u>\$ 864</u> | <u>\$ 16,324,223</u> | <u>\$ 402,245</u> |

**TOWN OF ESSEX, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2007**

Total cash collections for the year ended
June 30, 2007:

| | |
|------------------------|-------------------|
| Taxes | \$ 16,240,955 |
| Interest and lien fees | 83,268 |
| | <u>16,324,223</u> |

Reimbursement for revenue loss:

| | |
|--------------------------------------|--------|
| Tax relief for elderly (CGS 12-129d) | 34,951 |
|--------------------------------------|--------|

Base \$ 16,359,174

| | <u>General Purposes</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban Renewal</u> | <u>Pension Deficit</u> |
|---|-----------------------------|----------------------|----------------------|--------------------------|----------------------------|
| Debt limitation: | | | | | |
| 2-1/4 times base | \$ 36,808,142 | \$ - | \$ - | \$ - | \$ - |
| 4-1/2 times base | - | 73,616,283 | - | - | - |
| 3-3/4 times base | - | - | 61,346,903 | - | - |
| 3-1/4 times base | - | - | - | 53,167,316 | - |
| 3 times base | - | - | - | - | 49,077,522 |
| | <u>36,808,142</u> | <u>73,616,283</u> | <u>61,346,903</u> | <u>53,167,316</u> | <u>49,077,522</u> |
| Total debt limitation | | | | | |
| | <u>36,808,142</u> | <u>73,616,283</u> | <u>61,346,903</u> | <u>53,167,316</u> | <u>49,077,522</u> |
| Indebtedness: | | | | | |
| Bonds payable | 195,000 | 710,000 | - | - | - |
| Shared debt - Regional School District No. 4 | - | 10,539,828 | - | - | - |
| Note payable | - | - | 34,752 | - | - |
| Bond anticipation note payable | 570,000 | 1,250,000 | - | - | - |
| Authorized, unissued bonds | 4,679,625 | 13,300,000 | - | - | - |
| Less: school building grants to be provided by State | - | 295,702 | - | - | - |
| | <u>5,444,625</u> | <u>25,504,126</u> | <u>34,752</u> | <u>-</u> | <u>-</u> |
| Total indebtedness | | | | | |
| | <u>5,444,625</u> | <u>25,504,126</u> | <u>34,752</u> | <u>-</u> | <u>-</u> |
| Debt limitation in excess of outstanding and authorized debt | <u>\$ 31,363,517</u> | <u>\$ 48,112,157</u> | <u>\$ 61,312,151</u> | <u>\$ 53,167,316</u> | <u>\$ 49,077,522</u> |
| Total capacity of borrowing (7 times base) | \$ 114,514,218 | | | | |
| Total present indebtedness | <u>30,983,503</u> | | | | |
| Margin for additional borrowing | <u>\$ 83,530,715</u> | | | | |

***Capital and Nonrecurring
Expenditures Fund***

TOWN OF ESSEX, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BY PROJECT
CAPITAL AND NONRECURRING EXPENDITURES FUND
FOR THE YEAR ENDED JUNE 30, 2007

| Capital and Nonrecurring Expenditures Fund | | | | | | | | | | | | | | |
|--|-------------------|------------------------|-------------------|---------------------------|------------------|---------------------|-------------------------|-------------------|----------------------|----------------------|---------------------|---------------------------------------|---------------------|-------------------|
| | Fire Truck | Truck and Equipment | Constable Cars | Assessor's Revaluation | Harbor Patrol | Wastewater Study | Parks and Recreation | Tree Committee | Veterans Memorial | Open Space | Essex Elementary | Grove Street Playground Project | Un- Appropriated | Total |
| REVENUES | | | | | | | | | | | | | | |
| Interest income | \$ 4,776 | \$ 40 | \$ 372 | \$ 2,799 | \$ 170 | \$ 135 | \$ 1 | \$ 29 | \$ - | \$ - | \$ 2,565 | \$ 48 | \$ 1,464 | \$ 12,399 |
| Total revenues | <u>4,776</u> | <u>40</u> | <u>372</u> | <u>2,799</u> | <u>170</u> | <u>135</u> | <u>1</u> | <u>29</u> | <u>-</u> | <u>-</u> | <u>2,565</u> | <u>48</u> | <u>1,464</u> | <u>12,399</u> |
| EXPENDITURES | | | | | | | | | | | | | | |
| Capital outlays | - | - | 1,499 | - | - | - | - | - | - | - | - | - | - | 1,499 |
| Total expenditures | <u>-</u> | <u>-</u> | <u>1,499</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,499</u> |
| Excess (deficiency) of revenues over expenditures | 4,776 | 40 | (1,127) | 2,799 | 170 | 135 | 1 | 29 | - | - | 2,565 | 48 | 1,464 | 10,900 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | |
| Proceeds from bond anticipation notes | - | - | - | - | - | - | - | - | - | 535,000 | - | - | - | 535,000 |
| Transfers in | 100,000 | - | 15,000 | 20,000 | 3,000 | - | - | - | - | 5,000 | 20,000 | - | 65,000 | 228,000 |
| Transfers out | - | - | - | - | - | - | - | (870) | - | - | - | - | - | (870) |
| Total other financing sources (uses) | <u>100,000</u> | <u>-</u> | <u>15,000</u> | <u>20,000</u> | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>(870)</u> | <u>-</u> | <u>540,000</u> | <u>20,000</u> | <u>-</u> | <u>65,000</u> | <u>762,130</u> |
| Net change in fund balances | 104,776 | 40 | 13,873 | 22,799 | 3,170 | 135 | 1 | (841) | - | 540,000 | 22,565 | 48 | 66,464 | 773,030 |
| Fund balances (deficit) - beginning | <u>221,553</u> | <u>2,688</u> | <u>11,514</u> | <u>168,470</u> | <u>8,432</u> | <u>9,119</u> | <u>69</u> | <u>2,802</u> | <u>19</u> | <u>(490,522) (1)</u> | <u>152,685</u> | <u>3,259</u> | <u>33,544</u> | <u>123,632</u> |
| Fund balances - ending | <u>\$ 326,329</u> | <u>\$ 2,728</u> | <u>\$ 25,387</u> | <u>\$ 191,269</u> | <u>\$ 11,602</u> | <u>\$ 9,254</u> | <u>\$ 70</u> | <u>\$ 1,961</u> | <u>\$ 19</u> | <u>\$ 49,478</u> | <u>\$ 175,250</u> | <u>\$ 3,307</u> | <u>\$ 100,008</u> | <u>\$ 896,662</u> |

(1) Deficit fund balance arose due to borrowing under a bond anticipation note payable for acquisition of property. The Town has funded the deficit through the issuance of general obligation bonds.

*Nonmajor
Governmental
Funds*

**TOWN OF ESSEX, CONNECTICUT
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

| Nonmajor Special Revenue Funds | | | | | | | |
|--|---------------------|-----------------------------|------------------------------|-----------------------------------|--|-------------------------------|-------------------|
| | Dog Fund | School Cafeteria | Harbor Commission | Constable Private Duty | Senior Housing Renovation | Historic Documents | Total |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 60,274 | \$ 9,921 | \$ 121,917 | \$ 36,826 | \$ 4,999 | \$ 12,612 | \$ 246,549 |
| Grants and contracts receivable | - | 2,934 | - | - | - | - | 2,934 |
| Other receivables | - | - | - | 6,160 | - | - | 6,160 |
| Inventories | - | 6,871 | - | - | - | - | 6,871 |
| Total assets | \$ 60,274 | \$ 19,726 | \$ 121,917 | \$ 42,986 | \$ 4,999 | \$ 12,612 | \$ 262,514 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 229 | \$ - | \$ - | \$ 1,277 | \$ - | \$ - | \$ 1,506 |
| Due to State of Connecticut | 4,278 | - | - | - | - | - | 4,278 |
| Due to other funds | 13,094 | - | 4,534 | 16,412 | - | - | 34,040 |
| Deferred revenue | - | - | - | - | 4,999 | - | 4,999 |
| Total liabilities | 17,601 | - | 4,534 | 17,689 | 4,999 | - | 44,823 |
| Fund Balances: | | | | | | | |
| Reserved for inventories | - | 6,871 | - | - | - | - | 6,871 |
| Unreserved and undesignated: | | | | | | | |
| Special revenue funds | 42,673 | 12,855 | 117,383 | 25,297 | - | 12,612 | 210,820 |
| Total fund balances | 42,673 | 19,726 | 117,383 | 25,297 | - | 12,612 | 217,691 |
| Total liabilities and fund balances | \$ 60,274 | \$ 19,726 | \$ 121,917 | \$ 42,986 | \$ 4,999 | \$ 12,612 | \$ 262,514 |

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

| Nonmajor Special Revenue Funds | | | | | | | |
|--|---------------------|-----------------------------|------------------------------|-----------------------------------|--|-------------------------------|-------------------|
| | Dog Fund | School Cafeteria | Harbor Commission | Constable Private Duty | Senior Housing Renovation | Historic Documents | Total |
| REVENUES | | | | | | | |
| Intergovernmental | \$ - | \$ 22,063 | \$ - | \$ - | \$ 12,231 | \$ 7,000 | \$ 41,294 |
| Local revenue | 6,661 | 108,266 | 19,700 | 22,321 | - | 16,274 | 173,222 |
| Interest income | - | - | 4,548 | - | - | - | 4,548 |
| Other revenue | 6,600 | - | 9,816 | - | - | - | 16,416 |
| Total revenues | <u>13,261</u> | <u>130,329</u> | <u>34,064</u> | <u>22,321</u> | <u>12,231</u> | <u>23,274</u> | <u>235,480</u> |
| EXPENDITURES | | | | | | | |
| General government | 24,310 | - | 10,076 | 13,046 | - | 10,662 | 58,094 |
| Subrecipient expenditures | - | - | - | - | 12,231 | - | 12,231 |
| Education | - | 115,431 | - | - | - | - | 115,431 |
| Total expenditures | <u>24,310</u> | <u>115,431</u> | <u>10,076</u> | <u>13,046</u> | <u>12,231</u> | <u>10,662</u> | <u>185,756</u> |
| Excess (deficiency) of revenues over expenditures | (11,049) | 14,898 | 23,988 | 9,275 | - | 12,612 | 49,724 |
| OTHER FINANCING SOURCES | | | | | | | |
| Transfers in | 16,125 | - | 10,000 | - | - | - | 26,125 |
| Total other financing sources | <u>16,125</u> | <u>-</u> | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,125</u> |
| Net change in fund balances | 5,076 | 14,898 | 33,988 | 9,275 | - | 12,612 | 75,849 |
| Fund balances - beginning | <u>37,597</u> | <u>4,828</u> | <u>83,395</u> | <u>16,022</u> | <u>-</u> | <u>-</u> | <u>141,842</u> |
| Fund balances - ending | <u>\$ 42,673</u> | <u>\$ 19,726</u> | <u>\$ 117,383</u> | <u>\$ 25,297</u> | <u>\$ -</u> | <u>\$ 12,612</u> | <u>\$ 217,691</u> |

***Fiduciary
Funds***

TOWN OF ESSEX, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
JUNE 30, 2007

| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan | Total |
|------------------------------------|---|-----------------------------------|---------------------------------------|---------------------|
| ASSETS | | | | |
| Cash equivalents | \$ 46,298 | \$ 10,917 | \$ 15,710 | \$ 72,925 |
| Investments | 1,908,712 | 495,587 | 298,987 | 2,703,286 |
| Interest and other receivables | 2,747 | 714 | 471 | 3,932 |
| Total assets | <u>1,957,757</u> | <u>507,218</u> | <u>315,168</u> | <u>2,780,143</u> |
| NET ASSETS | | | | |
| Held in trust for pension benefits | <u>\$ 1,957,757</u> | <u>\$ 507,218</u> | <u>\$ 315,168</u> | <u>\$ 2,780,143</u> |

TOWN OF ESSEX, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PENSION TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | Employees' Retirement Plan | Merit Service Plan | Police Retirement Plan | Total |
|--|---|-----------------------------------|---------------------------------------|---------------------|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Employer | \$ 74,225 | \$ 63,087 | \$ 37,677 | \$ 174,989 |
| Plan members | - | - | 7,298 | 7,298 |
| Total contributions | <u>74,225</u> | <u>63,087</u> | <u>44,975</u> | <u>182,287</u> |
| Investment earnings: | | | | |
| Net appreciation in the fair value of investments | 251,877 | 63,668 | 35,926 | 351,471 |
| Interest | <u>3,122</u> | <u>1,190</u> | <u>1,273</u> | <u>5,585</u> |
| Total investment earnings | <u>254,999</u> | <u>64,858</u> | <u>37,199</u> | <u>357,056</u> |
| Total additions | <u>329,224</u> | <u>127,945</u> | <u>82,174</u> | <u>539,343</u> |
| DEDUCTIONS | | | | |
| Benefit payments | 87,598 | 47,193 | - | 134,791 |
| Administrative expenses | <u>3,244</u> | <u>3,189</u> | <u>1,695</u> | <u>8,128</u> |
| Total deductions | <u>90,842</u> | <u>50,382</u> | <u>1,695</u> | <u>142,919</u> |
| Change in net assets | 238,382 | 77,563 | 80,479 | 396,424 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| Beginning of year | <u>1,719,375</u> | <u>429,655</u> | <u>234,689</u> | <u>2,383,719</u> |
| Ending of year | <u>\$ 1,957,757</u> | <u>\$ 507,218</u> | <u>\$ 315,168</u> | <u>\$ 2,780,143</u> |

TOWN OF ESSEX, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

| | Elementary School Activities | Performance Bonds | Special Project Escrow Funds | Total Agency Funds |
|-----------------------|------------------------------------|----------------------|------------------------------------|--------------------------|
| ASSETS | | | | |
| Cash | \$ 12,948 | \$ 56,900 | \$ 17,138 | \$ 86,986 |
| Investments | - | 7,000 | - | 7,000 |
| Total assets | <u>\$ 12,948</u> | <u>\$ 63,900</u> | <u>\$ 17,138</u> | <u>\$ 93,986</u> |
| LIABILITIES | | | | |
| Due to others | \$ - | \$ 63,900 | \$ 17,138 | \$ 81,038 |
| Due to student groups | 12,948 | - | - | 12,948 |
| Total liabilities | <u>\$ 12,948</u> | <u>\$ 63,900</u> | <u>\$ 17,138</u> | <u>\$ 93,986</u> |

**TOWN OF ESSEX, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

| | Balance, July 1, 2006 | Additions | Deletions | Balance, June 30, 2007 |
|-------------------------------------|--------------------------|------------------|------------------|---------------------------|
| Elementary School Activities | | | | |
| Assets | | | | |
| Cash | \$ 16,597 | \$ 11,823 | \$ 15,472 | \$ 12,948 |
| Investments | - | - | - | - |
| Total assets | <u>\$ 16,597</u> | <u>\$ 11,823</u> | <u>\$ 15,472</u> | <u>\$ 12,948</u> |
| Liabilities | | | | |
| Due to others | \$ - | \$ - | \$ - | \$ - |
| Due to student groups | 16,597 | 11,823 | 15,472 | 12,948 |
| Total liabilities | <u>\$ 16,597</u> | <u>\$ 11,823</u> | <u>\$ 15,472</u> | <u>\$ 12,948</u> |
| Performance Bonds | | | | |
| Assets | | | | |
| Cash | \$ 89,040 | \$ 13,500 | \$ 45,640 | \$ 56,900 |
| Investments | - | 7,000 | - | 7,000 |
| Total assets | <u>\$ 89,040</u> | <u>\$ 20,500</u> | <u>\$ 45,640</u> | <u>\$ 63,900</u> |
| Liabilities | | | | |
| Due to others | \$ 89,040 | \$ 20,500 | \$ 45,640 | \$ 63,900 |
| Due to student groups | - | - | - | - |
| Total liabilities | <u>\$ 89,040</u> | <u>\$ 20,500</u> | <u>\$ 45,640</u> | <u>\$ 63,900</u> |
| Special Project Escrow Funds | | | | |
| Assets | | | | |
| Cash | \$ 11,077 | \$ 6,722 | \$ 661 | \$ 17,138 |
| Investments | - | - | - | - |
| Total assets | <u>\$ 11,077</u> | <u>\$ 6,722</u> | <u>\$ 661</u> | <u>\$ 17,138</u> |
| Liabilities | | | | |
| Due to others | \$ 11,077 | \$ 6,722 | \$ 661 | \$ 17,138 |
| Due to student groups | - | - | - | - |
| Total liabilities | <u>\$ 11,077</u> | <u>\$ 6,722</u> | <u>\$ 661</u> | <u>\$ 17,138</u> |
| Total All Agency Funds | | | | |
| Assets | | | | |
| Cash | \$ 116,714 | \$ 32,045 | \$ 61,773 | \$ 86,986 |
| Investments | - | 7,000 | - | 7,000 |
| Total assets | <u>\$ 116,714</u> | <u>\$ 39,045</u> | <u>\$ 61,773</u> | <u>\$ 93,986</u> |
| Liabilities | | | | |
| Due to others | \$ 100,117 | \$ 27,222 | \$ 46,301 | \$ 81,038 |
| Due to student groups | 16,597 | 11,823 | 15,472 | 12,948 |
| Total liabilities | <u>\$ 116,714</u> | <u>\$ 39,045</u> | <u>\$ 61,773</u> | <u>\$ 93,986</u> |