Town of Windsor



Annual Financial Report

For the Year Ended

June 30, 2009

With

Independent Auditor's Report

And

Supplementary Information

TOWN OF WINDSOR

TOWN OF WINDSOR
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Town Council of
the Town of Windsor
Windsor, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor (the "Town") as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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 disclosure 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor as of June 30, 2009, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2009 on our consideration of the Town of Windsor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Windsor's basic financial statements. The combining and individual nonmajor fund financial statements 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.

Mann Urrutia Nelson CPAs

Sacramento, California
November 2, 2009

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

As management of the Town of Windsor (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the accompanying Independent Auditor's Report, the basic financial statements, and the accompanying notes to the financial statements.

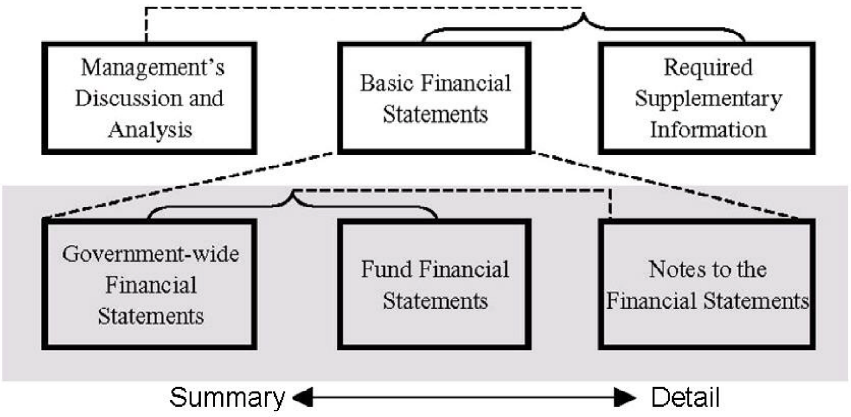
FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by $271,346,842 (net assets). Of this amount, $75,018,305 (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 $10,431,051 as a result of the year's operations.
- At the close of this fiscal year, the Town's governmental funds reported total ending fund balances of $51,332,863, an increase of $5,874,701, after expenditures for capital projects. Approximately $40,838,783 or 80% of the ending fund balances are available for spending at the Town's discretion (unreserved fund balance).
- The Town's total long-term liabilities increased by $6,145,371 (20%) during the fiscal year. The increase was due to the addition of new fire station debt ($8,400,000), net of normal maturity of existing debt.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

REQUIRED COMPONENTS OF THE ANNUAL FINANCIAL REPORT



Government-wide financial statements - The government-wide financial statements are comprised of the Statement of Net Assets and Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances utilizing the full accrual method of accounting, in a manner similar to a private-sector business. Under the full accrual method of accounting, transactions are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, liabilities, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected revenues and accrued but unpaid interest expense).

The Statement of Net Assets presents information on all of the Town's assets and liabilities, including capital assets and long-term 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 as a whole is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, community development and recreation, parks, streets and roads, drainage and housing. The business-type activities of the Town include the water and water reclamation (sewer) operations.

The government-wide financial statements include the Town itself, but also the Windsor Redevelopment Agency, the Windsor Public Financing Authority, and the Windsor Water District. Although these entities are legally separate, they function for all practical purposes as a part of the Town, and therefore have been included as blended component units as an integral part of the primary government.

Fund financial statements - The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual method of accounting, which focuses on near-term inflow and outflow 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 financial requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the 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 government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds 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 twenty-five individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Replacement Fund, Traffic Mitigation Capital Projects Fund, RDA Capital Projects Fund, and the RDA Debt Service Fund, all of which are considered to be major funds. Data from the other 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 supplementary combining statements.

The Town adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements for the General Fund and all major special revenue funds are required and included in the basic financial statements.

Proprietary funds: The Town maintains one type of proprietary fund: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its water and water reclamation (sewer) operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Town.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the government-wide and fund financial statements.

Other supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with nonmajor governmental funds and the internal service funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table reflects the condensed net assets for both governmental and business-type activities.

NET ASSETS

JUNE 30, 2009 and 2008

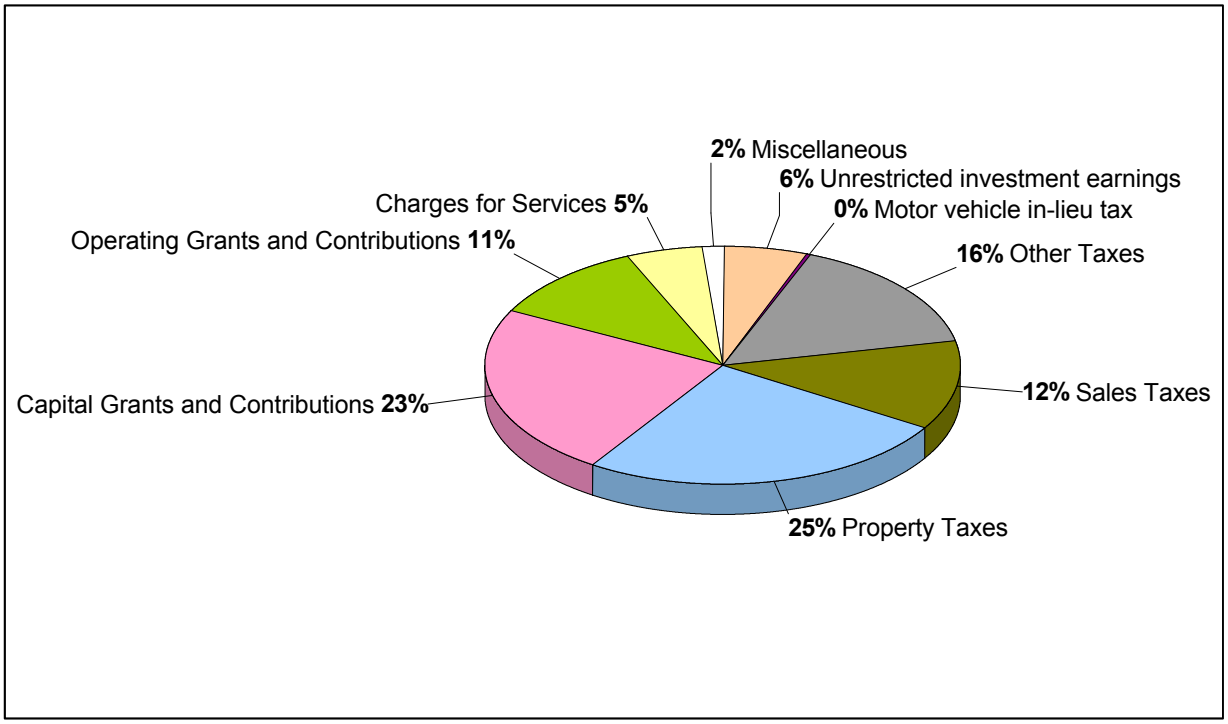
	Governmental Activities		Business-type Activities		Total Government	
ASSETS	2009	2008	2009	2008	2009	2008
Current and other assets	$ 59,067,524	$ 52,917,241	$ 36,782,396	$ 35,624,232	$ 95,849,920	$ 88,541,473
Capital assets	141,232,366	132,470,593	75,686,171	75,683,792	216,918,537	208,154,385
Total assets	200,299,890	185,387,834	112,468,567	111,308,024	312,768,457	296,695,858
LIABILITIES						
Current liabilities	3,563,423	3,650,794	2,397,837	2,804,306	5,961,260	6,455,100
Long-term liabilities	20,256,041	13,197,062	15,204,314	16,127,905	35,460,355	29,324,967
Total liabilities	23,819,464	16,847,856	17,602,151	18,932,211	41,421,615	35,780,067
NET ASSETS						
Invested in capital assets, net of related debt	120,642,366	118,905,593	75,686,171	75,683,792	196,328,537	194,589,385
Unrestricted	55,838,060	49,634,385	19,180,245	16,692,021	75,018,305	66,326,406
Total net assets	$176,480,426	$168,539,978	$ 94,866,416	$ 92,375,813	$271,346,842	$260,915,791

By far the largest portion of the Town's net assets (72%) reflects its investment in capital assets (e.g. land, buildings, utility plant, machinery, equipment, vehicles, and infrastructure), net of any related outstanding debt used to acquire those assets. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in 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.

Governmental activities assets increased primarily due to the cash proceeds and capital assets constructed in relation to a new $8.4 million bond issuance for a new fire station. Accordingly, there was a net increase in long-term liabilities due to the new bond and normal maturity of existing debt.

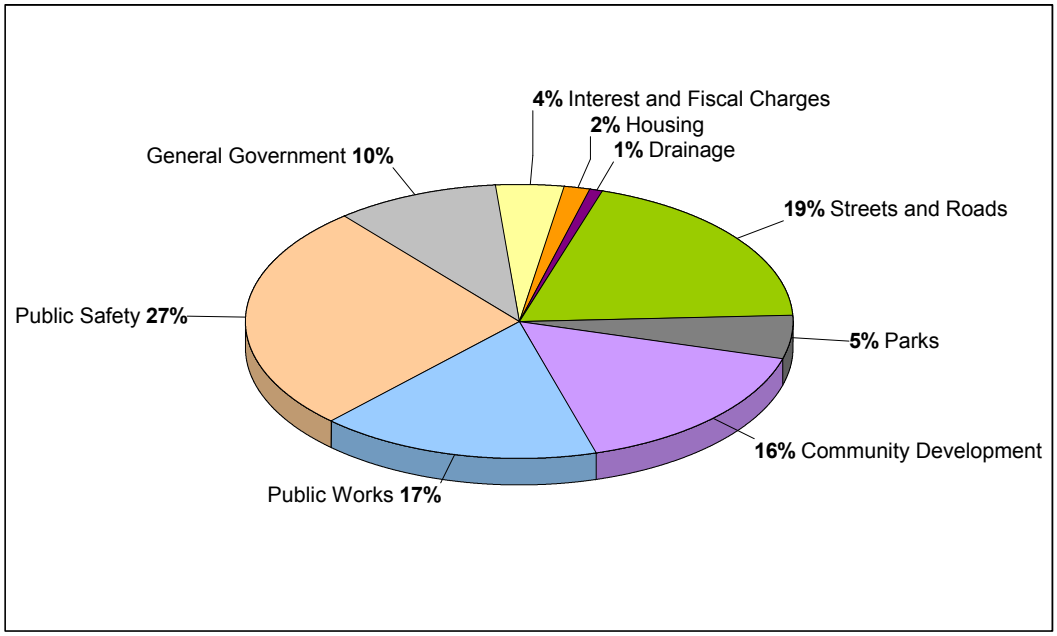
Governmental activities: Significant revenues of the governmental activities are taxes (53%), which include property taxes, sales taxes, and other taxes. Program revenues are 39% of the total revenues of the governmental activities, which include charges for services, operating contributions and grants, and capital contributions and grants. Tax revenues declined by 2% due a reduction in property tax values and a reduction in sales tax. Operating grants and contributions increased by 23% primarily due to new Proposition 1b funding. Capital grants and contributions increased by 103% due to donated infrastructure.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009

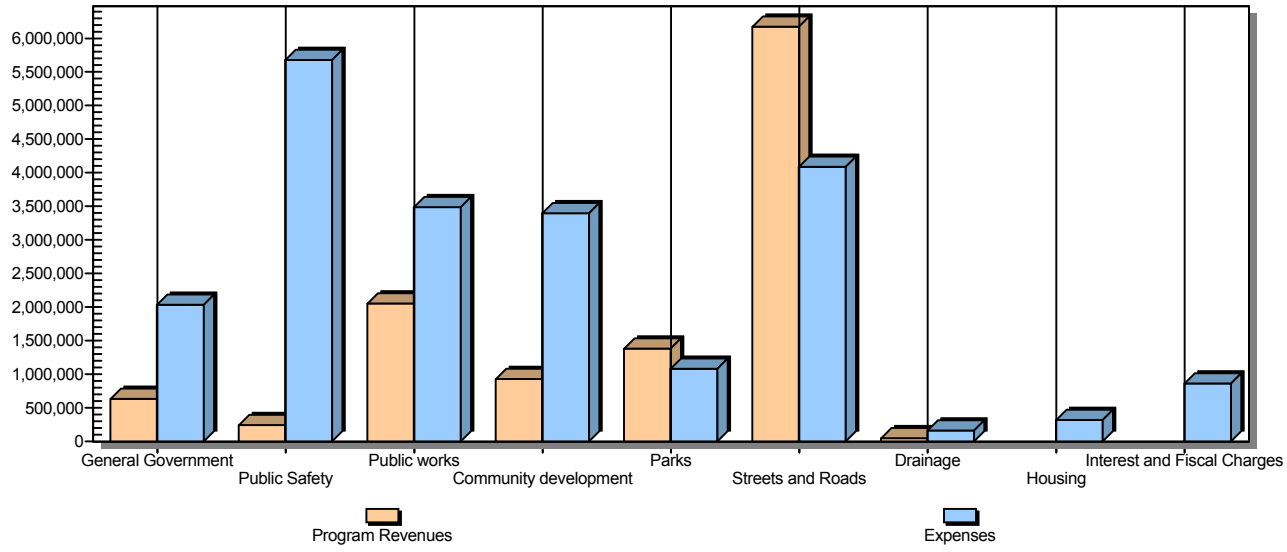


As for expenses, public safety are the most significant (27%) of all governmental activities expenses, followed by streets and roads (19%), public works (17%), community development and recreation (16%), general government (10%), parks (5%), interest on long-term liabilities (4%), and various other programs (3%). Included in these amounts is depreciation expense, which is 16% of the total expenses for governmental activities.

EXPENSES BY FUNCTION/PROGRAM - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009



COMPARISON OF EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009
(in dollars)



Business-type activities: In the fiscal year ended June 30, 2009 business-type activities increased the Town's net assets by $2,490,603. This represents a small increase in net assets over last year of $7,897. Key elements of this change are as follows:

Charges for services decreased by $332,543 due to a large decrease in sewer connection fees which coincide with a reduction in new development.

Capital grants and contributions increased by $1,115,845 due primarily to increases of infrastructure (utility systems) for the water and water reclamation systems.

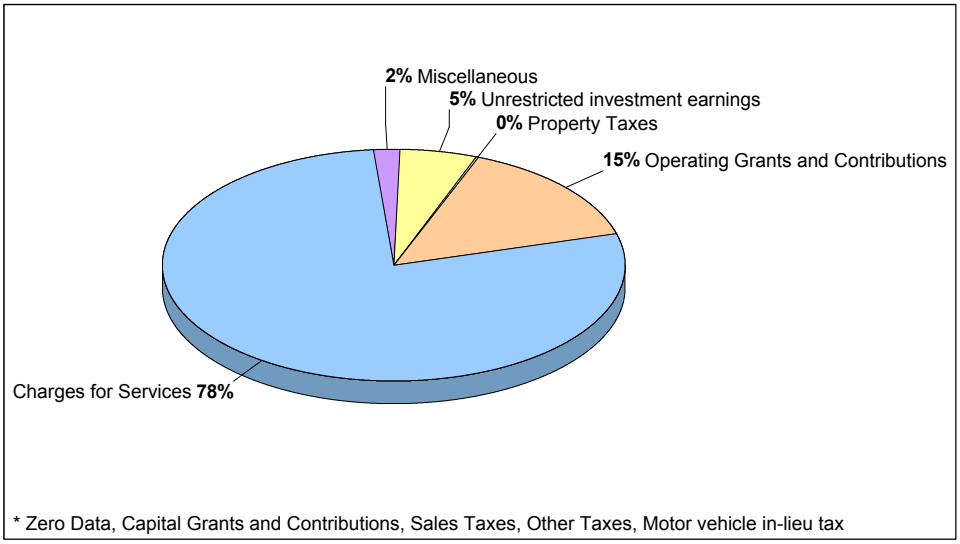
Operating expenses increased by $327,984. Salaries, benefits, contractual services, and depreciation increased while supplies and maintenance showed a decrease.

Unrestricted investment earnings decreased by $542,734 primarily due to a $3,202,030 decrease in the fund invested and a lower rate of return over the previous year.

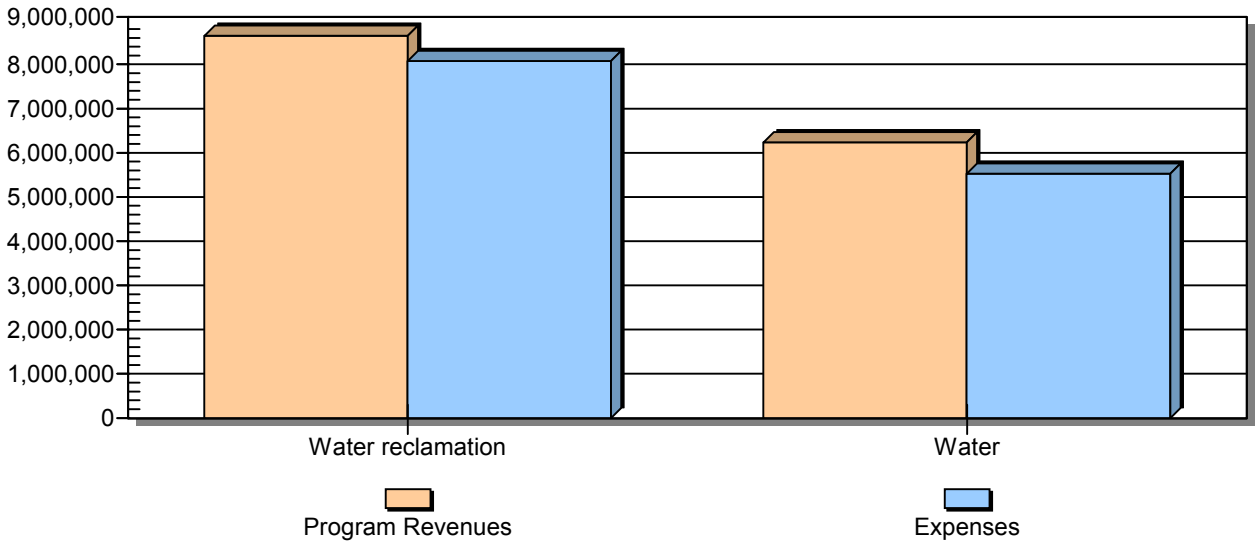
CHANGE IN NET ASSETS - BUSINESS - TYPE ACTIVITIES

REVENUES	2009	2008
Program revenues:		
Charges for services	$ 12,529,804	$ 12,862,347
Capital grants and contributions	2,350,418	1,234,573
General revenues:		
Property taxes	28,397	28,437
Unrestricted investment earnings	861,628	1,404,362
Miscellaneous	299,352	255,048
Total Revenues	16,069,599	15,784,767
EXPENSES		
Water reclamation	8,078,283	7,865,161
Water utility	5,530,628	5,415,766
Total Expenses	13,608,911	13,280,927
Excess before transfer	2,460,688	2,503,840
Transfer out	29,915	(21,134)
Increase in net assets	$ 2,490,603	$ 2,482,706

REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009



COMPARISON OF EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES
FOR FISCAL YEAR ENDED JUNE 30, 2009
(in dollars)



FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

As of June 30, 2009, the Town's governmental funds reported total ending fund balance of $51,332,863, an increase of $5,874,701 from the prior fiscal year. Cash increased by $8.6 million while investments decreased by $2.8 million, resulting in a net increase in cash and investments. There was an overall decrease of approximately $949,000 in expenditures which mostly related to capital outlay projects as the Town cut back on overall spending and activities from the prior year. The Town did issue new debt in the current year, which resulted in an increase of $8.4 million of proceeds that were recorded in the funds. Approximately 68% of the total ending fund balances constituted unreserved fund balances, which are considered available for appropriation. The remaining fund balance is reserved to indicate that it is not available for new spending because it has already been committed. The most significant portion of the reserved fund balances is to pay debt service.

General fund revenues were $450,966 less than in the prior fiscal year, and expenditures decreased by $290,529. A decrease in tax revenues accounted for a significant portion of the decrease in revenues. Licenses, permits, & fees also saw a decrease. General administration and pubic works accounted for most of the decrease in general fund expenditures.

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

The Water Utility's net assets increased $1,268,012 in the 2008-09 fiscal year. This increase was primarily attributable to an increase in operating revenue of $588,294 due to an increase in service related charges and an increase of capital contributions of $519,454.

The Water Reclamation Utility's net assets increased $1,222,591 in the current fiscal year which was primarily due to the increase in capital contributions of $596,391.

CAPITAL ASSETS

Capital assets - The Town's investment in capital assets for its governmental and business-type activities at June 30, 2009, amounted to $216,918,537 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, infrastructure, and construction in progress. Depreciation expense for the year totaled $6,418,599.

CAPITAL ASSETS
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
Land	$ 32,310,417	$ 32,310,417	$ 6,893,707	$ 6,893,707
Rights of way	402	377	-	-
Construction in progress	19,718,848	14,579,486	4,820,878	4,140,412
Buildings	5,323,501	4,957,402	-	-
Improvements other than buildings	8,897,267	8,477,442	-	-
Equipment and machinery	176,461	260,734	335,326	513,863
Infrastructure	74,568,566	71,518,473	63,207,309	63,594,453
Vehicles	236,904	366,262	428,951	541,357
Total	$ 141,232,366	$ 132,470,593	$ 75,686,171	$ 75,683,792

Additional information on the Town's capital assets can be found in note 5 of the notes to the financial statements.

DEBT ADMINISTRATION

Long-term liabilities - The Town's outstanding long-term liabilities, including bonds, loans payable, and compensated absences totaled $36,988,974 at June 30, 2009. Of this total $20,818,041, or 56% was in governmental activities and $16,170,933, or 44% was in business-type activities. The Town's outstanding long-term liabilities increased by $6,145,371 or 20% in fiscal year 2009. The increase was due to the additional debt incurred in the construction of the new fire station.

LONG-TERM LIABILITIES

	Governmental Activities		Business-type Activities	
	2009	2008	2009	2008
General obligation bonds	$ -	$ -	$ 95,000	$ 125,000
Revenue bonds	13,815,000	5,635,000	9,550,000	10,035,000
Tax allocation bonds	6,775,000	7,930,000	-	-
Notes and loans payable	-	-	6,342,146	6,739,250
Compensated absences	228,041	219,074	183,787	160,279
Total	$ 20,818,041	$ 13,784,074	$ 16,170,933	$ 17,059,529

Additional information on the Town's long-term liabilities can be found in note 6 of the notes to the financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

There was a $247,236 decrease in appropriations between the original budget and the final amended budget for the fiscal year ended June 30, 2009. Additional budget figures are shown on page 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the Town budget for the fiscal year 2009-10, the Town Council and management were conservative as to the projected growth of revenues and expenditures. The local economy is forecasted to continue to decline through 2009 with initial signs of a gradual recovery no earlier than 2010. Unemployment will continue to climb through 2009 and is expected to remain at a high level through 2010. In turn, the Town's principle revenues including sales tax, property tax and all development-related fees will continue to decline or flatten, with gradual regrowth beginning in 2011. In view of the inherent uncertainty and volatility of the current economy, it is especially difficult to predict how deep the current recession will go or how long it will linger. Therefore, staff will continue to monitor actual revenues in all funds to adjust current spending plans as necessary to maintain a balanced budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide general overview 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 Administrative Services Director, Town of Windsor, P.O. Box 100, Windsor, CA 95492-0100.

TOWN OF WINDSOR
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents (Note 2)	$ 37,589,528	$ 27,222,807	$ 64,812,335
Investments (Note 2)	5,559,311	4,230,586	9,789,897
Accounts receivable	1,775,983	2,079,579	3,855,562
Interest receivable	88,621	60,006	148,627
Notes receivable (Note 3)	3,576,126	-	3,576,126
Internal balances	(913,000)	913,000	-
Prepaid expenses	24,510	11,896	36,406
Inventory	111,481	56,990	168,471
Restricted cash and cash equivalents	9,853,716	1,875,901	11,729,617
Deferred charges, net of accumulated amortization (Note 6)	1,401,248	331,631	1,732,879
Capital assets (Note 5)			
Land and construction in progress	52,029,667	11,714,585	63,744,252
Other capital assets, net of depreciation	89,202,699	63,971,586	153,174,285
Total capital assets	141,232,366	75,686,171	216,918,537
Total Assets	$ 200,299,890	$ 112,468,567	$ 312,768,457
LIABILITIES			
Accounts payable	$ 2,510,080	$ 990,417	$ 3,500,497
Accrued liabilities	172,156	96,577	268,733
Accrued interest payable	192,136	236,888	429,024
Deposits payable	75,051	107,336	182,387
Accrued compensated absences (Note 6):			
Due within one year	34,000	26,000	60,000
Due in more than one year	194,041	157,787	351,828
Long-term liabilities (Note 6):			
Due within one year	580,000	940,619	1,520,619
Due in more than one year	20,010,000	15,046,527	35,056,527
Net OPEB obligation (Note 10)	52,000	-	52,000
Total Liabilities	23,819,464	17,602,151	41,421,615
NET ASSETS			
Invested in capital assets, net of related debt	120,642,366	75,686,171	196,328,537
Unrestricted	55,838,060	19,180,245	75,018,305
Total Net Assets	176,480,426	94,866,416	271,346,842
Total Liabilities and Net Assets	$ 200,299,890	$ 112,468,567	$ 312,768,457

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 2,032,219	$ 48,680	$ 580,742	$ -	$ (1,402,797)	$ -	$ (1,402,797)
Public safety	5,678,190	142,020	100,807	-	(5,435,363)	-	(5,435,363)
Public works	3,485,458	437,827	1,448	1,610,339	(1,435,844)	-	(1,435,844)
Community development	3,393,885	634,545	-	292,451	(2,466,889)	-	(2,466,889)
Parks	1,079,390	32,209	349,339	999,995	302,153	-	302,153
Streets and roads	4,085,543	157,865	2,127,650	3,887,337	2,087,309	-	2,087,309
Drainage	160,662	47,503	-	-	(113,159)	-	(113,159)
Housing	317,263	-	-	-	(317,263)	-	(317,263)
Interest and fiscal charges	859,579	-	-	-	(859,579)	-	(859,579)
Total governmental activities	21,092,189	1,500,649	3,159,986	6,790,122	(9,641,432)	-	(9,641,432)
Business-type activities:							
Water reclamation	8,078,283	7,346,762	1,299,590	-	-	568,069	568,069
Water	5,530,628	5,183,042	1,050,828	-	-	703,242	703,242
Total business-type activities	13,608,911	12,529,804	2,350,418	-	-	1,271,311	1,271,311
Total primary government	$ 34,701,100	$ 14,030,453	$ 5,510,404	$ 6,790,122	$ (9,641,432)	$ 1,271,311	$ (8,370,121)
General revenues:							
Property taxes					$ 7,363,667	$ 28,397	$ 7,392,064
Sales taxes					3,523,028	-	3,523,028
Other taxes					4,557,116	-	4,557,116
Motor vehicle in-lieu tax					76,342	-	76,342
Unrestricted investment earnings					1,642,515	861,628	2,504,143
Miscellaneous					449,127	299,352	748,479
Transfers					(29,915)	29,915	-
Total general revenues and transfers					17,581,880	1,219,292	18,801,172
Change in net assets					7,940,448	2,490,603	10,431,051
Net assets - July 1, 2008					168,539,978	92,375,813	260,915,791
Net assets - June 30, 2009					$ 176,480,426	$ 94,866,416	$ 271,346,842

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Capital Replace-ment Fund	Traffic Mitigation Fund	RDA - Capital Projects	RDA - Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS							
Cash and cash equivalents	$ 6,739,484	$ 8,520,418	$ 1,410,405	$ 2,010,997	$ 7,613,561	$ 11,294,663	$ 37,589,528
Restricted cash and cash equivalents	381,949	747,749	209,548	5,879,308	267,831	2,367,331	9,853,716
Investments	768,892	1,066,263	323,329	-	-	3,400,827	5,559,311
Accounts receivable	1,406,270	-	-	-	25,945	343,768	1,775,983
Interest receivable	13,096	15,316	2,238	29,621	12,545	15,805	88,621
Due from other funds	453,422	-	-	265,010	-	1,100,000	1,818,432
Prepaid expenses	19,939	-	-	212	1,565	2,794	24,510
Inventory	78,612	-	-	-	-	32,869	111,481
Notes receivable	-	-	-	-	-	3,576,126	3,576,126
Total Assets	$ 9,861,664	$ 10,349,746	$ 1,945,520	$ 8,185,148	$ 7,921,447	$ 22,134,183	$ 60,397,708
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	$ 1,257,013	$ 19,235	$ 260,782	$ 538,793	$ -	$ 434,257	$ 2,510,080
Accrued liabilities	101,550	-	2,946	9,262	-	58,398	172,156
Deferred revenue	-	-	-	-	-	3,576,126	3,576,126
Deposits payable	75,051	-	-	-	-	-	75,051
Due to other funds	-	-	1,100,000	-	913,000	718,432	2,731,432
Total Liabilities	1,433,614	19,235	1,363,728	548,055	913,000	4,787,213	9,064,845
FUND BALANCES:							
Reserved for:							
Low and moderate housing	-	-	-	-	-	3,137,012	3,137,012
Debt service	-	-	-	-	7,006,882	(239,227)	6,767,655
Advances to other funds	453,422	-	-	-	-	-	453,422
Inventory	78,612	-	-	-	-	32,869	111,481
Prepaid expenditures	19,939	-	-	212	1,565	2,794	24,510
Unreserved:							
General fund	7,876,077	-	-	-	-	-	7,876,077
Special revenue funds	-	10,330,511	-	-	-	2,398,333	12,728,844
Capital projects funds	-	-	581,792	7,636,881	-	12,015,189	20,233,862
Total Fund Balances	8,428,050	10,330,511	581,792	7,637,093	7,008,447	17,346,970	51,332,863
Total Liabilities and Fund Balances	$ 9,861,664	$ 10,349,746	$ 1,945,520	$ 8,185,148	$ 7,921,447	$ 22,134,183	$ 60,397,708

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances of governmental funds	$ 51,332,863
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of $47,263,855.	141,232,366
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.	3,576,126
Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.	
Long-term liabilities	(20,590,000)
Compensated absences	(228,041)
Net OPEB obligation	(52,000)
Deferred charges, net of accumulated amortization of $92,235 for debt issuance costs and discounts on long-term liabilities are expensed when incurred, and therefore are not reported in the governmental funds.	1,401,248
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(192,136)
Net assets of governmental activities	$ 176,480,426

See accompanying notes to the basic financial statements.

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

	General Fund	Capital Replacement Fund	Traffic Mitigation Fund	RDA - Capital Projects	RDA - Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
REVENUES							
Property taxes	$ 4,006,256	$ -	$ -	$ -	$2,684,849	$ 672,562	$ 7,363,667
Sales taxes	3,523,028	-	-	-	-	-	3,523,028
Other taxes	3,727,754	-	-	-	-	905,704	4,633,458
License, permits, and fees	449,823	-	-	-	-	-	449,823
Fines and forfeitures	51,904	-	-	-	-	-	51,904
Rental income	84,211	-	-	-	-	1	84,212
Investment earnings	208,729	260,288	68,304	284,469	157,340	663,385	1,642,515
Intergovernmental	125,049	-	425,141	-	-	2,609,796	3,159,986
Charges for services	623,171	-	157,130	-	-	134,408	914,709
Other revenues	234,023	-	-	79,526	-	135,578	449,127
Total Revenues	13,033,948	260,288	650,575	363,995	2,842,189	5,121,434	22,272,429
EXPENDITURES							
General administration	1,412,237	60,405	-	-	-	260,750	1,733,392
Public safety	5,305,422	-	14,795	-	-	72,077	5,392,294
Public works	680,707	-	542	-	-	2,036,722	2,717,971
Community development	2,940,392	-	-	427,530	-	1,420	3,369,342
Parks	93	-	-	-	-	123,407	123,500
Streets and roads	14,553	-	177,126	-	-	1,744,364	1,936,043
Drainage	-	-	-	-	-	137,840	137,840
Housing	-	-	-	3,690	-	313,573	317,263
Capital outlay	281,451	8,426	371,059	4,528,262	-	1,621,803	6,811,001
Debt service:							
Principal	-	-	-	-	1,155,000	220,000	1,375,000
Interest and fiscal charges	-	-	-	-	338,883	515,284	854,167
Total Expenditures	10,634,855	68,831	563,522	4,959,482	1,493,883	7,047,240	24,767,813
Excess (deficiency) of revenues over expenditures	2,399,093	191,457	87,053	(4,595,487)	1,348,306	(1,925,806)	(2,495,384)
OTHER FINANCING SOURCES (USES)							
Transfers in	874,663	51,500	-	767,034	-	1,987,642	3,680,839
Transfers out	(2,672,794)	-	-	-	(775,284)	(262,676)	(3,710,754)
Proceeds from debt issuance	-	-	-	8,400,000	-	-	8,400,000
Total other financing sources (uses)	(1,798,131)	51,500	-	9,167,034	(775,284)	1,724,966	8,370,085
Net change in fund balance	600,962	242,957	87,053	4,571,547	573,022	(200,840)	5,874,701
Fund balances - July 1, 2008	7,827,088	10,087,554	494,739	3,065,546	6,435,425	17,547,810	45,458,162
Fund balances - June 30, 2009	$ 8,428,050	$ 10,330,511	$ 581,792	$ 7,637,093	$7,008,447	$ 17,346,970	$ 51,332,863

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds	$	5,874,701
Governmental funds report capital outlays as expenditures while governmental activities report depreciation as expense to allocate those expenditures over the life of the assets:		
Capital asset purchases		5,347,731
Depreciation expense		(3,376,080)
Governmental funds do not report donated capital assets. However, in the Statement of Activities, the cost of those capital assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of the donated capital assets.		6,790,122
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Bond principal payments		1,375,000
Proceeds from debt issues are an other financing source in governmental funds, but an increase in long-term liabilities in the Statement of Net Assets.		
Proceeds from bond issuance		(8,400,000)
Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.		(8,967)
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increase the assets in the Statement of Net Assets.		
Bond issuance costs		159,380
Amortization of bond issuance costs		(92,235)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Assets.		395,352
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.		(72,556)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Other post employment benefits		(52,000)
Change in net assets of governmental activities	$	7,940,448

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	$ 18,176,677	$ 9,046,130	$ 27,222,807
Investments	908,480	3,322,106	4,230,586
Accounts receivable	1,346,867	732,712	2,079,579
Interest receivable	36,699	23,307	60,006
Prepaid expenses	6,324	5,572	11,896
Inventory	4,569	52,421	56,990
Total Current Assets	20,479,616	13,182,248	33,661,864
Non-Current Assets			
Due from other funds	913,000	-	913,000
Restricted cash and cash equivalents	395,342	1,480,559	1,875,901
Deferred issuance costs, net	263,231	68,400	331,631
Capital assets, net of accumulated depreciation	53,783,439	21,902,732	75,686,171
Total Non-Current Assets	55,355,012	23,451,691	78,806,703
Total Assets	$ 75,834,628	$ 36,633,939	$ 112,468,567
LIABILITIES			
Current Liabilities			
Accounts payable	$ 706,444	$ 283,973	$ 990,417
Accrued liabilities	49,835	46,742	96,577
Accrued interest payable	183,631	53,257	236,888
Deposits payable	53,668	53,668	107,336
Long term liabilities - current portion	803,619	163,000	966,619
Total Current Liabilities	1,797,197	600,640	2,397,837
Non-Current Liabilities			
Compensated absences	83,691	74,096	157,787
Loans payable	5,933,527	-	5,933,527
Bonds payable	4,900,500	4,212,500	9,113,000
Total Non-Current Liabilities	10,917,718	4,286,596	15,204,314
Total Liabilities	12,714,915	4,887,236	17,602,151
NET ASSETS:			
Invested in capital assets, net of related debt	53,783,439	17,527,232	75,686,171
Unrestricted	9,336,274	14,219,471	19,180,245
Total Net Assets	63,119,713	31,746,703	94,866,416
Total Liabilities and Net Assets	$ 75,834,628	$ 36,633,939	$ 112,468,567

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Totals
OPERATING REVENUES			
Charges for services, net of refunds	$ 7,159,695	$ 5,183,042	$ 12,342,737
Other revenue	196,375	102,977	299,352
Total Operating Revenue	7,356,070	5,286,019	12,642,089
OPERATING EXPENSES			
Salaries and benefits	2,383,156	2,241,955	4,625,111
Materials, supplies, and operational expenses	1,367,691	1,318,751	2,686,442
Repairs and maintenance	321,754	232,670	554,424
Insurance	85,289	82,381	167,670
Contractual services	883,211	49,665	932,876
Taxes and licenses	24,290	9,199	33,489
Utilities	557,104	311,420	868,524
Depreciation	1,976,209	1,066,310	3,042,519
Total Operating Expenses	7,598,704	5,312,351	12,911,055
Operating Loss	(242,634)	(26,332)	(268,966)
NON-OPERATING REVENUES (EXPENSES)			
Amortization expense	(42,881)	(3,800)	(46,681)
Rental income	187,067	-	187,067
Interest income	409,521	452,107	861,628
Interest expense	(436,698)	(214,477)	(651,175)
Property taxes	28,397	-	28,397
Total Non-Operating Revenues	145,406	233,830	379,236
Income (Loss) Before Contributions and Transfers	(97,228)	207,498	110,270
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Transfers in	2,608,369	1,032,424	3,640,793
Transfers out	(2,588,140)	(1,022,738)	(3,610,878)
Capital contributions	1,299,590	1,050,828	2,350,418
Total Transfers and Capital Contributions	1,319,819	1,060,514	2,380,333
Change in net assets	1,222,591	1,268,012	2,490,603
Total Net Assets - July 1, 2008	61,897,122	30,478,691	92,375,813
Total Net Assets - June 30, 2009	$ 63,119,713	$ 31,746,703	$ 94,866,416

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities - Enterprise Funds		
	Water Reclamation	Water	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 7,294,388	$ 5,419,540	$ 12,713,928
Cash paid to suppliers	(3,746,330)	(1,957,368)	(5,703,698)
Cash paid to employees	(2,365,365)	(2,216,741)	(4,582,106)
Net Cash Provided by Operating Activities	1,182,693	1,245,431	2,428,124
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Property taxes	28,397	-	28,397
Transfers to other funds	20,229	9,686	29,915
Net Cash Provided by Noncapital Financing Activities	48,626	9,686	58,312
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(659,062)	(35,418)	(694,480)
Principal paid on capital debt	(767,104)	(145,000)	(912,104)
Interest paid on capital debt	(447,941)	(215,926)	(663,867)
Net Cash Used for Capital and Related Financing Activities	(1,874,107)	(396,344)	(2,270,451)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	789,672	2,412,358	3,202,030
Rental income	187,067	-	187,067
Interest and dividends	489,955	485,336	975,291
Net Cash Provided by Investing Activities	1,466,694	2,897,694	4,364,388
Net Increase in Cash and Cash Equivalents	823,906	3,756,467	4,580,373
Cash and Cash Equivalents - July 1, 2008	17,748,113	6,770,222	24,518,335
Cash and Cash Equivalents - June 30, 2009	$ 18,572,019	$ 10,526,689	$ 29,098,708

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

	Water Reclamation	Water	Totals
Operating Loss	$ (242,634)	$ (26,332)	$ (268,966)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	1,976,209	1,066,310	3,042,519
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(71,774)	123,429	51,655
Decrease in prepaid expenses	93	767	860
Decrease in inventory	538	6,782	7,320
(Decrease) increase in accounts payable	(507,622)	39,169	(468,453)
Increase in deposits payable	10,092	10,092	20,184
Increase in accrued wages	9,373	10,124	19,497
Increase in compensated absences	8,418	15,090	23,508
Net Cash Provided by Operating Activities	$ 1,182,693	$ 1,245,431	$ 2,428,124
Supplementary information:			
Developer contributions	$ 1,299,590	$ 1,050,828	$ 2,350,418

See accompanying notes to the basic financial statements.

TOWN OF WINDSOR
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 1,453,349
Restricted cash and cash equivalents	170,905
Investments	265,073
Accounts receivable	630
Interest receivable	1,122
Total Assets	$ 1,891,079
LIABILITIES	
Accounts payable	$ 12,134
Deposits payable	910,982
Due to special assessment districts	967,963
Total Liabilities	$ 1,891,079

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Windsor was incorporated on July 1, 1992, as a general law Town. The Town is primarily a residential community located in Sonoma County. The Town provides the following services: public safety, parks, streets and highways, water and water reclamation, culture-recreation, public improvements, planning and zoning, and general administration services. The Town operates under the Council-Manager form of government, with five elected Town Council members, who, in turn, elects one of its members to serve as the Mayor.

A. The Reporting Entity

The accompanying basic financial statements present the financial activity of the Town along with the financial activities of its blended component units, which are entities for which the Town is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, *blended* component units are in substance part of the Town's operations and are reported as an integral part of the Town's financial statements. The Town's component units, which are described below, are all blended.

The Windsor Redevelopment Agency (the "Agency") was established on July 1, 1993, pursuant to the State of California Health and Safety Code, Section 33000. It consists of one project area: the Windsor Project Area. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the Town of Windsor. The Agency is controlled by the Town and has the same governing board as the Town, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Debt Service Fund, the Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Low and Moderate Income Housing Fund. Audited financial statements for the Agency may be obtained from the Town of Windsor, 9291 Old Redwood Highway, Windsor, California, 95492.

The Windsor Public Financing Authority (the "Authority") was established in accordance with the provisions of the laws of the State of California. The Authority was created for the purpose of providing financing for public capital improvements for the Town and the Agency through the acquisition by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations. The Authority has the power to issue bonds and to pay the costs of any public capital improvements. The Authority is controlled by the Town and has the same governing body as the Town, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the Debt Service Fund.

The Windsor Water District (the "District") is a separate entity whose purpose is to provide water and sewer (water reclamation) services within the Town. The District is controlled by the Town and has the same governing body as the Town, which also performs all accounting and administrative functions for the District. The financial activities of the District are included in the Proprietary Funds.

B. Basis of Presentation

The Town's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These standards require that the financial statements described below be presented:

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall Town government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the Town. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The fund financial statements provide information about the Town's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - Capital project funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by enterprise funds.

Debt Service Fund - Debt service funds are used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term liabilities of the Town other than debt service payments made by enterprise funds.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (not included in government-wide statements)

Agency Funds - Agency funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

The Town reported the following major governmental funds in the accompanying financial statements:

General Fund - This 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 Replacement Fund - This fund is used to account for costs associated with the replacement of Town equipment.

Traffic Mitigation Fund - This fund accounts for developer fees for the construction and implementation of improvements to the transportation system sufficient to accommodate the traffic volumes generated from new development.

Redevelopment Capital Projects - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities of the Redevelopment Agency of the Town of Windsor.

Redevelopment Debt Service - This fund is used to account for property tax revenue used for the debt service activities of the Redevelopment Agency of the Town of Windsor.

The Town reports the following major proprietary funds in the accompanying financial statements:

Water Reclamation - This fund accounts for the operation and maintenance of the Town's wastewater collection system, the wastewater treatment facility, and the recycled waste disposal and distribution system.

Water Fund - This fund accounts for the operation and maintenance of the Town's water distribution system.

The Town also reports the following fund type:

Agency Funds - These funds are used to report resources held by the Town in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Town may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The Town follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, which do not conflict with Government Accounting Standards Board Pronouncements.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds's principal operations. The principal operating revenues of the Water and Water Reclamation enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

The County of Sonoma levies, bills, and collects property taxes and special assessments for the Town. Property taxes levied are recorded as revenue when received in the fiscal year or levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the Town and the County of Sonoma. The Teeter Plan authorizes the Auditor/Controller of the County of Sonoma to allocate 100% of the secured property taxes billed, but not yet paid. The County of Sonoma remitted tax monies to the Town in three installments as follows:

50% remitted in December
45% remitted in April
5% remitted in June

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do no constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Sonoma for the secured and unsecured property tax rolls. Under the provisions of Article XIIIA of the State Constitution, properties are assessed at 100% of purchase price or value in 1978, whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of two percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

E. Cash and Investments

The Town pools the cash of all funds, except for monies deposited with fiscal agent in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the Town's cash and investment pool. As the Town places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The Town's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF and the Sonoma County Investment Pool determine the fair value of their portfolio quarterly and report a factor to the Town; the Town applies that factor to convert its share of LAIF and the Sonoma County Investment Pool from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the Town has defined cash and cash equivalents to be change and petty cash funds, equity in the Town's cash and investment pool, and restricted non-pooled investments with initial maturities of three months of less.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Prepaid Expenses and Inventory

Inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are purchased rather than when consumed. Inventory in the enterprise funds consist principally of materials and supplies for utility operations. Inventory in the General Fund consists of materials and supplies.

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

H. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets with a historical cost over $5,000 and an estimated useful life in excess of one year are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements other than buildings	10-25 years
Infrastructure	30-100 years
Utility systems	5-50 years
Vehicles	4-10 years
Computer equipment	3-5 years
Other equipment and furnishings	5-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. Employees may accumulate earned vacation up to 160 hours. Additional accrual requires the Town Manager's approval. Employees may accumulate sick leave without limits. The Town's liability for compensated absences is recorded in the government-wide Statement of Net Assets for governmental funds and the Statement of Net Assets for proprietary funds as appropriate. A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2009. Accumulated unpaid vacation and sick pay are accrued when earned. At retirement, management personnel have the option of receiving 20 percent of their accumulated sick leave as a lump sum payment or 100 percent as additional service credit. Upon termination, 20 percent of the accumulated sick leave may only be taken as a lump sum payment. Other employees may apply their accumulated sick leave as additional service credit at retirement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discounts, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

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

K. Interfund Transactions

The following is a description of the four basic types of interfund transactions made during the year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.

2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.

3. Residual equity transfers - transactions recording equity contributions and distributions between funds. The receiving fund records such transactions as an addition to fund balance, if it is a Governmental Fund, or a capital contribution, if it is a Proprietary Fund. The disbursing fund records the transfer as a reduction of fund balance, retained earnings, or contributed capital.

4. Operating transfers - all other interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as operating transfers in and out.

Transactions between funds of the Town are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds on the balance sheet of the governmental funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications

Government-wide Statements

Net assets are the excess of all the Town's assets over all its liabilities, regardless of fund. Net assets are divided into three categories under GASB Statement 34. These categories apply only to net assets, which is determined at the Government-wide level, and are described below:

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets - Consists of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Reserve low and moderate income housing is the portion of fund balance reserved for low and moderate income housing projects within the Redevelopment Agency.

Reserve for debt service is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Reserved for advances is the portion of fund balance used to indicate that the advances to other funds do not represent available, spendable, resources.

Reserve for inventory and prepaid assets is the portion of fund balance used to indicate that prepaid costs and inventory do not represent available, spendable resources.

M. General Budget Policies

The biennial budget adopted by the Town Council provides for the general operation of the Town. It includes proposed expenditures and the means of financing them. The Town Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. The appropriated budget covers all Town expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of budgetary control. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, the Town Council must approve any revisions that alter the total expenditures of any fund.

N. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 were classified in the accompanying financial statements as follows:

	Cash and cash equivalents	Restricted cash and cash equivalents	Investments	Total
Governmental activities	$ 37,589,528	$ 9,853,716	$ 5,559,311	$ 53,002,555
Business-type activities	27,222,807	1,875,901	4,230,586	33,329,294
Total government-wide cash and investments	64,812,335	11,729,617	9,789,897	86,331,849
Fiduciary activities	1,453,349	170,905	265,073	1,889,327
Total cash and investments	$ 66,265,684	$ 11,900,522	$ 10,054,970	$ 88,221,176

Cash and investments were carried at fair value as of June 30, 2009 and consisted of the following:

Cash in investment pools	$ 64,935,006
Cash with fiscal agent	11,724,464
Restricted cash	176,058
Investments	10,054,970
Cash in banks	1,329,553
Petty cash	1,125
Total cash and investments	$ 88,221,176

Authorized Investments of the Town

The table below identifies the investment types that are authorized by the Town's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Town, rather than the general provisions of the California Government Code or the Town's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	50%	15%
Banker's Acceptances	180 days	25%	5%
Commercial Paper	180 days	15%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	90 days	75%	None
County Pooled Investment Funds	N/A	75%	None
Local Agency Investment Fund (LAIF)	N/A	75%	None

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Town's investment policy. The table below identifies the investment types that are authorized by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
State or Local Government Obligation	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	None	None
Money Market Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	30 days	None	None

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Town's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity as of June 30, 2009:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
County investment pool	$ 31,566,441	$ -	$ 31,566,441
State investment pool	33,544,613	-	33,544,613
Investments:			
Federal Home Loan Bank	-	1,984,980	1,984,980
Federal National Mortgage Association	-	3,036,260	3,036,260
Federal Farm Credit Bank Funding Corporation	-	1,990,310	1,990,310
Corporate Bonds	-	3,043,420	3,043,420
Held by bond trustee:			
Money market funds	11,724,464	-	11,724,464
	$ 76,835,518	$ 10,054,970	$ 86,890,488

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Town has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

		Rating as of Fiscal Year End		
	Total	S&P	Moody's	N/A
County investment pool	$ 31,566,441			Not rated
State investment pool	33,544,613			Not rated
Investments:				
Federal Home Loan Bank	1,984,980	AAA	Aaa	
Federal National Mortgage Association	3,036,260	AAA	Aaa	
Federal Farm Credit Banks Funding Corporation	1,990,310	AAA	Aaa	
Corporate Bonds	3,043,420	AA+		
Held by bond trustee:				
Money market funds	11,724,464			Not rated
	$ 86,890,488			

Concentration of Credit Risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the Town's investments were as follows:

Issuer	Investment Type	Amount
Federal Home Loan Bank	U.S. Agency Securities	$ 1,984,980
Federal National Mortgage Association	U.S. Agency Securities	3,036,260
Federal Farm Credit Banks Funding Corporation	U.S. Agency Securities	1,990,310
General Electric	Corporate Bonds	3,043,420

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Town's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2009, the carrying amount of the Town's deposits was $1,329,553 and bank balances were $1,322,086, of which $250,000 was insured.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State and County Investment Pool

The Town is a voluntary participant in the County of Sonoma Investment Fund and Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurers of the County of Sonoma and Treasurer of the State of California. The fair value of the Town's investment in these pools are reported in the accompanying financial statements at amounts based upon the Town's pro-rata share of the fair value provided by the County of Sonoma and LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County and LAIF, which are recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

NOTE 3: NOTES AND LOANS RECEIVABLE

The Town engages in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the Town's terms.

The balance of notes and loans receivable, net of allowance, have been offset in the fund financial statements by deferred revenue as they were not expected to be repaid during the fiscal year June 30, 2009.

These notes and loans receivable, including interest, comprised the following at June 30, 2009 and are explained in detail below.

	Notes Receivable
Forest Winds Apartments	$ 513,400
Winter Creek Village Apartments	992,690
Vinecrest	944,280
Twin Oaks	175,000
Windsor Redwoods	950,756
Total	$ 3,576,126

A. Forest Winds Apartments Notes Receivable

In March 1992, the Sonoma County Community Development Commission entered into an agreement to loan $340,000 to Burbank Housing Development Corporation (Burbank), a nonprofit public benefit corporation, for property acquisition and development costs of an affordable housing project in the Town of Windsor. This note has been assigned to the Low and Moderate Income Housing Fund of the Agency and is to accrue three percent simple interest for 30 years with all principal and interest payments deferred for the life of the loan. Accrued interest which was included in the loan balance at June 30, 2009 totaled $173,400.

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

B. Winter Creek Village Apartments Notes Receivable

In January 2003, various loans were granted to the Burbank Housing Development Corporation for the Winter Creek Village Apartment Project. The total loan amount of $1,085,000 was for property acquisition development costs, fees, and permits for an affordable housing project in the Town of Windsor. This note has been assigned to the Low and Moderate Income Housing Fund of the Agency and is to accrue three percent simple interest for 40 years with all principal and interest payments deferred for the life of the loan. Accrued interest which was included in the loan balance at June 30, 2009 totaled $228,510.

C. Vinecrest Note Receivable

In January 1997, the Agency made payments to the Burbank Housing Development Corporation for the development costs of an affordable housing project (Vinecrest Housing Project). These amounts are show as a receivable in the Low and Moderate Income Housing Fund of the Agency. The loan accrues interest at 3 percent simple interest for 40 years with all principal and interest payments deferred for the life of the loan. Accrued interest which was included in the loan balance at June 30, 2009 totaled $256,280.

D. Twin Oaks Notes Receivable

In July 2002, the Agency sold three townhomes aggregating $691,500 to three different individuals. Two of the properties were repurchased in the 2005-2006 fiscal year and the notes were dissolved leaving one note outstanding for $500,000. In December 2005, the Agency sold one of the properties with a balance of $75,000 in the form of a note, and in August 2008, the Agency sold the remaining property with a balance of $50,000. Upon sale of the property, the Agency will receive the principal amount of the notes plus a share of the property's appreciation. The appreciation is equal to the percentage amount that the Agency's note represents as a portion of the original sales price.

E. Windsor Redwoods Notes Receivable

In March 2007, the Agency entered into an agreement with Burbank Housing Development Corporation for the development of affordable multi-family housing rental projects (Windsor Redwoods). The total loan requested was $900,000. The loan accrues interest at 3 percent simple interest until paid in full. Accrued interest which was included in the loan balance at June 30, 2009 totaled $50,756. Annual payments on the outstanding principal and accrued interest in an amount equal to 50% of the residual receipts are due and payable on November 1 of each year, commencing in November 2011.

As of June 30, 2009, loans receivable and related deferred revenue in the Low and Moderate Income Housing Fund totaled $3,576,126.

NOTE 4: INTERFUND TRANSACTIONS

Transfers between funds during the fiscal year ended June 30, 2009 were as follows:

Transfer from	Transfer To	Description of Transfer	Amount
Major Governmental Funds			
General Fund	Capital Replacement	Future capital purchases	$ 51,500
General Fund	RDA Capital Projects	Loan to RDA	767,034
General Fund	Debt Service	Scheduled debt service	222,863
General Fund	Water Operations	Scheduled debt service	72,766
General Fund	Lighting & Landscaping Assessment	Cover fund balance deficit	931,232
General Fund	Gas Tax	Project funding	550,000
General Fund	Water Reclamation Operations	Scheduled debt service	72,766
General Fund	CDBG Fund	Project funding	4,633
RDA Debt Service	Lighting & Landscaping Assessment	Tax increment revenue	3,650
RDA Debt Service	Debt Service	Fiscal agent fees	4,600
RDA Debt Service	General Fund	Scheduled debt service	767,034
		Total Major Governmental Interfund Transfers	3,448,078
Non-Major Governmental Funds			
Gas Tax	General Fund	Facility cost sharing	20,000
Lighting & Landscaping Assessment District #2	Lighting & Landscaping Assessment	Cover fund balance deficit	196
Public Facilities	Water Reclamation Operations	Scheduled debt service	43,659
Public Facilities	Debt Service	Scheduled debt service	155,162
Public Facilities	Water Operations	Scheduled debt service	43,659
		Total Non-Major Governmental Interfund Transfers	262,676
		Total Governmental Interfund Transfers	$ 3,710,754
Proprietary Funds			
Water Reclamation Operating	General Fund	Facility cost sharing	$ 38,543
Water Reclamation Operating	Debt Service	Scheduled debt service	57,653
Water Reclamation Operating	Water Reclamation Capital	Project funding	1,200,000
Water Reclamation Capital Replacement	Water Reclamation Operating	Funding of capital purchases	240,721
Water Reclamation Capital	Water Reclamation Operating	Funding for capital purchases	1,051,223
Water Operating	General Fund	Facility cost sharing	49,086
Water Operating	Debt Service	Scheduled debt service	57,653
Water Operating	Water Capital	Future replacement purchases	800,000
Water Capital	Water Operating	Funding of capital purchases	115,999
		Total Proprietary Interfund Transfers	$ 3,610,878
		Total Interfund Transfers	$ 7,321,632

NOTE 5: CAPITAL ASSETS

Governmental activities:

	Balance at July 1, 2008	Additions	Retirements	Adjustments	Balance at June 30, 2009
Capital assets not being depreciated					
Land	$ 32,310,417	$ -	$ -	$ -	$ 32,310,417
Rights of way	377	25	-	-	402
Construction-in-progress	14,579,486	5,347,731	-	(208,369)	19,718,848
Total capital assets not being depreciated	46,890,280	5,347,756	-	(208,369)	52,029,667
Capital assets being depreciated					
Buildings	6,752,409	292,451	-	208,369	7,253,229
Improvements other than buildings	13,804,230	999,995	-	-	14,804,225
Equipment and machinery	1,040,688	-	-	-	1,040,688
Infrastructure	106,997,386	5,497,651	-	-	112,495,037
Vehicles	873,375	-	-	-	873,375
Total capital assets being depreciated	129,468,088	6,790,097	-	208,369	136,466,554
Less accumulated depreciation					
Buildings	(1,795,007)	(134,721)	-	-	(1,929,728)
Improvements other than buildings	(5,326,788)	(580,170)	-	-	(5,906,958)
Equipment and machinery	(779,954)	(84,273)	-	-	(864,227)
Infrastructure	(35,478,913)	(2,447,558)	-	-	(37,926,471)
Vehicles	(507,113)	(129,358)	-	-	(636,471)
Total accumulated depreciation	(43,887,775)	(3,376,080)	-	-	(47,263,855)
Total capital assets, net	$ 132,470,593	$ 8,761,773	$ -	$ -	$ 141,232,366

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

General administration	$ 235,026
Public safety	39,035
Public works	575,230
Community development and recreation	18,410
Parks	580,170
Streets and roads	1,928,209
Total governmental activities depreciation expense	$ 3,376,080

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type activities:

	Balance at July 1, 2008	Additions	Retirements	Balance at June 30, 2009
Water Fund:				
Capital assets not being depreciated				
Land	$ 628,586	$ -	$ -	$ 628,586
Construction-in-progress	203,477	21,404	-	224,881
Total capital assets not being depreciated	832,063	21,404	-	853,467
Capital assets being depreciated				
Infrastructure (utility systems)	32,446,762	1,050,828	-	33,497,590
Equipment and machinery	882,256	-	-	882,256
Vehicles	720,625	14,014	-	734,639
Total capital assets being depreciated	34,049,643	1,064,842	-	35,114,485
Less accumulated depreciation				
Infrastructure (utility systems)	(11,864,157)	(947,037)	-	(12,811,194)
Equipment and machinery	(706,422)	(54,357)	-	(760,779)
Vehicles	(428,331)	(64,916)	-	(493,247)
Total accumulated depreciation	(12,998,910)	(1,066,310)	-	(14,065,220)
Total capital assets, net	$ 21,882,796	$ 19,936	$ -	$ 21,902,732

	Balance at July 1, 2008	Additions	Retirements	Balance at June 30, 2009
Water Reclamation Fund:				
Capital assets not being depreciated				
Land	$ 6,265,121	$ -	$ -	$ 6,265,121
Construction-in-progress	3,936,935	659,062	-	4,595,997
Total capital assets not being depreciated	10,202,056	659,062	-	10,861,118
Capital assets being depreciated				
Infrastructure (utility systems)	63,076,336	1,299,590	-	64,375,926
Equipment and machinery	3,029,943	-	-	3,029,943
Vehicles	859,772	-	-	859,772
Total capital assets being depreciated	66,966,051	1,299,590	-	68,265,641
Less accumulated depreciation				
Infrastructure (utility systems)	(20,064,488)	(1,790,525)	-	(21,855,013)
Equipment and machinery	(2,691,914)	(124,180)	-	(2,816,094)
Vehicles	(610,709)	(61,504)	-	(672,213)
Total accumulated depreciation	(23,367,111)	(1,976,209)	-	(25,343,320)
Total capital assets, net	$ 53,800,996	$ (17,557)	$ -	$ 53,783,439

Depreciation expense was charged to functions/programs of the Town's business-type activities as follows:

Water Fund	$ 1,066,310
Water Reclamation Fund	1,976,209
Total business-type activities depreciation expense	$ 3,042,519

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in the Town's long-term liabilities for the fiscal year ended June 30, 2009:

	Balance at July 1, 2008	Additions	Reductions	Balance June 30, 2009	Current Portion
Governmental activities:					
Compensated absences	$ 219,074	$ 43,033	$ (34,066)	$ 228,041	$ 34,000
Tax allocation bonds	7,930,000	-	(1,155,000)	6,775,000	350,000
Revenue bonds	5,635,000	8,400,000	(220,000)	13,815,000	230,000
Total Governmental activities	$ 13,784,074	$ 8,443,033	$ (1,409,066)	$ 20,818,041	$ 614,000

	Balance at July 1, 2008	Additions	Reductions	Balance June 30, 2009	Current Portion
Business-type activities:					
Water Fund:					
Compensated absences	$ 72,006	$ 27,764	$ (12,674)	$ 87,096	$ 13,000
Revenue bonds	4,507,500	-	(145,000)	4,362,500	150,000
	4,579,506	27,764	(157,674)	4,449,596	163,000
Water Reclamation Fund:					
State Revolving Fund	6,739,250	-	(397,104)	6,342,146	408,619
Compensated absences	88,273	21,534	(13,116)	96,691	13,000
Revenue bonds	5,527,500	-	(340,000)	5,187,500	350,000
General obligation bonds	125,000	-	(30,000)	95,000	32,000
	12,480,023	21,534	(780,220)	11,721,337	803,619
Total Business-type activities	$ 17,059,529	$ 49,298	$ (937,894)	$ 16,170,933	$ 966,619

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

A description of the long-term liabilities related to governmental activities at June 30, 2009 follows:

A. Governmental Activities

Tax Allocation Bonds - Series 1998

On December 3, 1998 the Agency issued $4,480,000 of Tax Allocation bonds (Series 1998) to (1) finance acquisition and construction of a downtown park project in the Town of Windsor, (2) establish a reserve fund for the bonds, (3) capitalize a portion of the interest on the bonds, and (4) pay the cost of issuing the bonds. The bonds were issued at a discount of $34,213 and issuance costs were $195,180. Interest on the 1998 bonds is payable on September 1 and March 1 of each year through September 1, 2024, beginning on September 1, 2000. Interest rates on the bonds vary between 3.50 and 4.875 percent. The bonds are secured by a first pledge of and a lien on all of the pledged tax revenues. The outstanding principal balance of the 1998 bonds at June 30, 2009 was $2,550,000.

Tax Allocation Bonds - Series 2004

On October 7, 2004, the Agency issued $5,020,000 of Tax Allocation Bonds (Series 2004) to (1) finance acquisition and construction of certain activities in the project area, (2) refund the Agency's 1994 Tax Allocation Bonds in the amount of $3,925,000, and (3) pay the cost of issuing the bonds. The bonds were issued at a discount of $41,534, and issuance costs were $159,518. Principal is payable on September 1 each year through 2024, beginning in 2005. Interest is payable on September 1 and March 1 of each year through September 2024. Interest rates on the bonds vary between 2.00 and 4.60 percent. The bonds are secured by a first pledge of and a lien on all the pledged tax revenues. The outstanding principal balance of the 2004 bonds at June 30, 2009 was $4,225,000.

Lease Revenue Bonds

On October 1, 1994, the Financing Authority issued $6,555,000 in Lease Revenue Bonds - Series 1994C to finance the acquisition of a site for the Town's offices and the construction and installation of improvements on that site (Windsor Civic Center). Interest on the 1994 Lease Revenue Bonds is payable on April 1 and October 1 of each year through October 1, 2024 beginning April, 1995. Principal is payable on October 1 of each year through October 1, 2024, beginning October 1, 1995.

In May of 2001, the 1994 Lease Revenue Bonds were advance refunded by the issuance of $6,785,000 of Series 2001A Lease Revenue Bonds. The advance refunding met the requirements of an in-substance debt defeasance, and the 1994 bonds were removed from the Town's long-term liabilities portfolio. The 2001A Lease Revenue Bonds are secured by the same collateral as the 1994 Lease Revenue Bonds. Bond principal is due October 1 of each year beginning October 2001 and the bonds mature on October 1, 2024. Interest is payable on April 1 and Oct 1 of each year. Interest on the bonds vary between 3.2 and 5.4 percent with a final maturity in 2024. The outstanding principal balance of the bonds at June 30, 2009 was $5,415,000.

On August 14, 2008, the Agency issued $8,400,000 of Lease Revenue Bonds (Series 2008) to (1) finance a new fire station and related facilities, (2) fund the Reserve fund requirement, (3) fund a deposit to the Interest fund representing capitalized interest on the bonds through April 1, 2010, and (4) to pay the costs of issuance relating to the bonds. The bonds were issued pursuant to a trust agreement by and between the Windsor Joint Powers Authority. The bonds were issued at a discount of $6,730, and issuance costs were $152,650. Principal is payable on October 1 each year through 2020, beginning in 2008. Interest is payable on October 1 and April 1 of each year through April 2020. The bonds are secured by a pledge of revenues which consist of base rental payments paid by or for the benefit of the Town and received by the Authority pursuant to a Facility Lease. The outstanding principal balance of the 2008 bonds at June 30, 2009 was $8,400,000.

Deferred Charges

Capitalized bond costs related to the above issuances have been recorded as deferred charges, net of accumulated amortization in the amount of $1,401,248 in the government-wide financial statements. The balance is amortized using the straight line method over the bond terms which range from 17 to 20 years. Amortization expense for bond costs for the year ended June 30, 2009 was $92,235.

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Governmental Activities Long-Term Liabilities Amortization:

1998 Tax Allocation Bonds

For the Year Ending June 30	Principal	Interest	Total
2010	$ 150,000	$ 116,946	$ 266,946
2011	150,000	110,571	260,571
2012	160,000	103,826	263,826
2013	165,000	96,594	261,594
2014	175,000	88,857	263,857
2015 - 2019	695,000	329,280	1,024,280
2020 - 2024	855,000	156,855	1,011,855
2025 - 2029	200,000	4,875	204,875
Total	$ 2,550,000	$ 1,007,804	$ 3,557,804

2004 Tax Allocation

For the Year Ending June 30	Principal	Interest	Total
2010	$ 200,000	$ 161,202	$ 361,202
2011	210,000	155,865	365,865
2012	215,000	149,753	364,753
2013	220,000	143,063	363,063
2014	230,000	135,745	365,745
2015 - 2019	1,260,000	548,393	1,808,393
2020 - 2024	1,540,000	258,524	1,798,524
2025 - 2029	350,000	7,875	357,875
Total	$ 4,225,000	$ 1,560,420	$ 5,785,420

2001 A Lease Revenue Bonds

For the Year Ending June 30	Principal	Interest	Total
2010	$ 230,000	$ 271,767	$ 501,767
2011	235,000	261,652	496,652
2012	250,000	249,763	499,763
2013	260,000	236,056	496,056
2014	275,000	221,678	496,678
2015 - 2019	1,610,000	863,963	2,473,963
2020 - 2024	2,075,000	389,375	2,464,375
2025 - 2029	480,000	12,000	492,000
Total	$ 5,415,000	$ 2,506,254	$ 7,921,254

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

2008 Lease Revenue Bonds

For the Year Ending June 30	Principal	Interest	Total
2010	$ -	$ 362,222	$ 362,222
2011	620,000	349,822	969,822
2012	645,000	324,522	969,522
2013	670,000	298,222	968,222
2013	695,000	270,922	965,922
2015 - 2019	3,940,000	878,098	4,818,098
2020 - 2024	1,830,000	85,563	1,915,563
Total	$ 8,400,000	$ 2,569,371	$ 10,969,371

TOTAL GOVERNMENTAL ACTIVITIES

For the Year Ending June 30	Principal	Interest	Total
2010	$ 580,000	$ 912,137	$ 1,492,137
2011	1,215,000	877,910	2,092,910
2012	1,270,000	827,864	2,097,864
2013	1,315,000	773,935	2,088,935
2014	1,375,000	717,202	2,092,202
2015 - 2019	7,505,000	2,619,734	10,124,734
2020 - 2024	6,300,000	890,317	7,190,317
2025 - 2029	1,030,000	24,750	1,054,750
Total	$ 20,590,000	$ 7,643,849	$ 28,233,849

B. Business-type Activities

General Obligation Bonds

Three issues of general obligation bonds (Sewer bonds) have been issued by the Windsor Water District. These bonds were issued in 1971 (2 issues) and in 1978, have an annual interest rate of 5 percent, and mature in 2010, 2011, and 2018, respectively.

The Water Reclamation Enterprise Fund receives property tax revenues to service the general obligation bonds. The outstanding principal balance of the general obligation bonds at June 30, 2009 was $95,000.

Revenue Bonds

On June 11, 2002, the Town of Windsor and the Windsor Water District issued through the California Statewide Communities Development Authority $10,290,000 of Water and Wastewater Revenue Bonds Series 2002B. The bonds are due in installments beginning October 1, 2003 and ending October 1, 2027. The bonds carry interest rates ranging from 4.00 to 5.25 percent and interest is due and payable in semi-annual installments on October 1 and April 1. After paying issuance costs, the funds were deposited with a trustee and will be used to finance a new Water and Wastewater Corporation Yard. The outstanding principal balance of the bonds at June 30, 2009 was $8,725,000.

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

On December 15, 2004, the Town of Windsor issued through the California Statewide Communities Development Authority $1,585,000 of 2004C Water and Wastewater Revenue bonds. These bonds, along with cash reserves from the 1994A Revenue bonds, were used to pay issue costs and refund the outstanding balance of the 1994A Revenue bonds in the amount of $1,745,000 plus a 2% call premium of $34,900. Bond principal payments are due in annual installments each October 1 beginning in 2005 with final maturity in 2012. Interest payments are due semi annually each April 1 and October 1 with rates ranging from 2.00 to 3.75 percent. The Water Reclamation net revenues are pledged as security for the bonds. The outstanding balance of the bonds as of June 30, 2009, was $825,000.

State Revolving Fund Loan

On September 15, 1999, the Town contracted with the State Water Resources Control Board (SWRCB) to borrow $8,777,801 in the form of grants from the State Revolving Fund (SRF) Loan Program. The loan was issued to help finance stages 2 and 3 of the Wastewater Treatment and Expansion project and is recorded in the Town's Water Reclamation Fund. Interest, accrued at 2.0 percent, and principal is payable in annual installments beginning in 2002 and continuing each year thereafter for 20 years.

Through the SRF program, the Town will draw funds on the loan on a reimbursement basis. The Town reserves the right to use another source of funding, and therefore, it is not obligated to repay the SWRCB until reimbursement requests are approved and the funds have been received. The Town is only reimbursed for expenses directly or indirectly incurred as stated in the contract with SWRCB. As of June 30, 2009, the outstanding principal balance of the loan was $6,342,146.

Deferred Charges

Capitalized bond costs related to the Business-type long term liabilities have been recorded as deferred issuance costs in the amount of $331,631 in the government-wide and fund financial statements. The balance is amortized using the straight line method over the bond terms which range from 17 to 20 years. Amortization expense for bond costs for the year ended June 30, 2009 was $46,681.

Business-type Long-Term Liabilities Amortization

	General Obligation Bonds		
For the Year Ending June 30	**Principal**	**Interest**	**Total**
2010	$ 32,000	$ 4,750	$ 36,750
2011	12,000	3,150	15,150
2012	6,000	2,550	8,550
2013	7,000	2,250	9,250
2014	7,000	1,900	8,900
2015 - 2019	31,000	4,100	35,100
Total	$ 95,000	$ 18,700	$ 113,700

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

2002 B Revenue Bonds

For the Year Ending June 30	Principal	Interest	Total
2010	$ 300,000	$ 426,054	$ 726,054
2011	310,000	414,054	724,054
2012	325,000	401,654	726,654
2013	335,000	388,654	723,654
2014	350,000	374,835	724,835
2015 - 2019	2,000,000	1,626,382	3,626,382
2020 - 2024	2,550,000	1,072,690	3,622,690
2025 - 2029	2,555,000	344,139	2,899,139
Total	$ 8,725,000	$ 5,048,462	$ 13,773,462

2004 C Revenue Bonds

For the Year Ending June 30	Principal	Interest	Total
2010	$ 200,000	$ 25,336	$ 225,336
2011	200,000	18,936	218,936
2012	210,000	11,248	221,248
2013	215,000	3,655	218,655
Total	$ 825,000	$ 59,175	$ 884,175

State Revolving Fund Loan

For the Year Ending June 30	Principal	Interest	Total
2010	$ 408,619	$ 183,922	$ 592,541
2011	420,469	172,072	592,541
2012	432,663	159,879	592,542
2013	445,210	147,331	592,541
2014	458,121	134,420	592,541
2015 - 2019	2,497,765	464,945	2,962,710
2020 - 2024	1,679,299	98,327	1,777,626
Total	$ 6,342,146	$ 1,360,896	$ 7,703,042

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

TOTAL BUSINESS TYPE ACTIVITIES

For the Year Ending June 30	Principal	Interest	Total
2010	$ 940,619	$ 640,062	$ 1,580,681
2011	942,469	608,212	1,550,681
2012	973,663	575,331	1,548,994
2013	1,002,210	541,890	1,544,100
2014	815,121	511,155	1,326,276
2015 - 2019	4,528,765	2,095,427	6,624,192
2020 - 2024	4,229,299	1,171,017	5,400,316
2025 - 2029	2,555,000	344,139	2,899,139
Total	$ 15,987,146	$ 6,487,233	$ 22,474,379

NOTE 7: SPECIAL ASSESSMENT DISTRICTS

On September 29, 2004, the Town of Windsor issued $5,210,000 of Limited Obligation Improvement Bonds for the Mitchell/Shiloh/Conde Assessment District. These bonds have been issued pursuant to the provisions of the Improvement Bond Acts of 1915. The bonds are issued and secured by the unpaid special assessments levied on parcels within the District. The proceeds are to be used to finance a portion of the cost and expense of roadway improvements and related appurtenant work. Neither the full faith and credit nor the taxing power of the Town is pledged to the payment of the bonds. Consequently, the Town has no liability to advance funds to pay bond principals and interest. As of June 30, 2009, the outstanding principal amount of the bonds was $4,785,000. The bonds mature in September 2034.

NOTE 8: OPERATING LEASES

The Town has commitments to lease certain office equipment. The total rent expense as of June 30, 2009 was $65,790. Future minimum rental commitments for equipment operating leases as of June 30, 2009 are as follows:

Year Ending June 30,	
2010	$ 29,007
2011	19,404
2012	18,756
2013	18,756
Total	$ 85,923

NOTE 9: TOWN EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

Plan Description

The Town of Windsor contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for the participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 7.0 percent of their annual covered salary which is paid for by the Town. The Town is required to contribute an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2009 was 11.56 percent and was based on a lump sum prepayment to PERS for miscellaneous employees. Benefit provisions and all other requirements are established by State statute and Town contracts with employee bargaining groups.

Annual Pension Cost

For the fiscal year ended June 30, 2009, the Town's annual pension cost (employer contribution) of $699,548 for miscellaneous employees was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability.

Three Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	$ 621,833	100%	-
2008	$ 633,713	100%	-
2009	$ 699,548	100%	-

The funded status of the plan as of June 30, 2007, the most recent actuarial valuation date, was as follows:

Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/07	$ 2,611,746,790	$ 2,391,434,447	$ 220,312,343	91.6%	$ 665,522,859	33.1%

The schedule of funding progress, which is presented as required supplementary information immediately following the notes to the financial statements, provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

This note includes the information required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

Description of the Plan

The Town sponsors and administers a single-employer health care plan for its employees. The plan includes healthcare coverage to long-service retirees and their spouses. At retirement, Town employees can elect Blue Cross or Kaiser medical coverage through the Town at their own expense. Retiree medical benefits continue to their surviving spouse if the retiree covers the spouse, and the spouse continues to pay the premium. In addition, the Town provides healthcare benefits to two former Water District board members as other post employment benefits (OPEB) under two different arrangements. One agreement provides for payment of the retiree's premium under the Town's plan up to $350 per month. The second arrangement pays Medicare B premiums for the retiree and spouse up to a total of $350 per month.

For the year ended June 30, 2009, the Town had eight retired employees. The Town currently has 98 active employees who may become eligible to retire and receive benefits in the future. Eligibility requirements include service retirement (50 & 5 years CalPERS service) or disability retirement directly from the Town under CalPERS, and ten years of Town service.

Funding Policy

Other than the two Water District board members mentioned above, the Town does not provide funding for retirees; retirees are provided the option to obtain Blue Cross or Kaiser health insurance through the Town's current policy at their own expense. This is referred to as an "implicit subsidy." With an implicit subsidy, participating retirees pay lower rates than actual costs. The difference is made up from active employee premiums. There is no implied subsidy after age 65 as all retirees are assumed eligible for Medicare. As of June 30, 2009, the Town is currently funding the benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2009, the Town's annual cost for the healthcare plan was $65,000. The Town's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2009 were as follows:

Annual required contribution	
Service cost at year-end	$ 50,000
30-year amortization of funded liability	15,000
Total annual required contribution	65,000
Employer contributions	(13,000)
Net pension obligation	$ 52,000

Year Ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB
6/30/2009	$ 65,000	$ 13,000	20 %	$ 52,000

Fiscal year 2009 was the year of implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The Town has elected to implement the statement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	
Active employees	$ 332,000
Retired employees	114,000
	446,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 446,000
Funded Ratio (actuarial value of plan assets / AAL)	0 %
Covered payroll (active plan members)	$ 6,570,000
UAAL as a percentage of covered payroll	7 %

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the Town's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2009 was the year of implementation of GASB Statement No. 45 and the Town elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

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

In the 2009 actuarial valuation, the entry age normal cost method was used. The initial UAAL was amortized as a level percent of payroll over a closed 30-year period, with rolling 15-year amortizations for gains/losses. Age-based claim costs were developed separately for Blue Cross and Kaiser. The actuarial assumptions included a 4.5% discount rate, a 3.75% merit increase, and a 3.5% inflation rate. Predictive retirement age was 59.9 and benefits were calculated at 2% @ 55. Mortality, withdrawal, and disability were based on a CalPERS 1997-2002 experience study.

NOTE 11: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a member of the Redwood Empire Municipal Insurance Fund (the "Fund"). The Fund provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the Town and several other governmental municipalities. The Fund is governed by a Board of Directors consisting of representatives from the original seven agencies, plus two alternative agency voting members. Windsor is not currently a voting member.

The Fund is self-insured up to $500,000 per general liability and $25,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of $40,000,000. The Fund is self-insured up to $1,000,000 per workers' compensation claim and has purchased a commercial policy providing statutory benefits in excess of the self-insured limit. The Town has a $5,000 - $10,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, the fund becomes responsible for payment of the excess claim.

Audited condensed financial information for the Fund for the fiscal year ended June 30, 2009 was as follows:

Total Assets	$	19,960,775
Total Liabilities	$	14,857,877
Net Assets	$	5,102,898
Total Revenues	$	6,558,260
Total Expenses	$	5,849,502
Change in Net Assets	$	708,758

The Town maintains its general liability, property, and workers' compensation insurance costs in the Risk Management Fund, an internal service fund. Payment for insurance claims were recorded as expenditures in the funds in which the liabilities were incurred. In accordance with Governmental Accounting Standards Board Statement No. 10, if the third party administrator, Redwood Empire Municipal Insurance Fund, does not insure the loss occurrence then the Town shall accrue a loss, if probable and reasonably estimable. As of June 30, 2009, the Town has no uninsured occurrences. The Town has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors and inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.

NOTE 12: CONDUIT DEBT OBLIGATION

On August 1, 1995, the Town issued $4,315,000 in Limited Obligation Bonds to provide financing to LV1 Partners for the development of a 75-unit senior assisted living apartment complex and related facilities. Debt service for the bonds will be paid solely out of the revenues and receipts derived from the project. The bonds do not constitute a debt or pledge of the faith and credit of the Town, and accordingly, will not be reported in the Town's basic financial statements. Credit support is provided by Fannie Mae. At June 30, 2009, the principal balance of the bonds were $4,015,000.

NOTE 13: DEFICIT FUND BALANCES

As of June 30, 2009, the Community Development Block Grant Fund, the Debt Service Fund, and the Water Reclamation Capital Fund had deficit balances of $13,710, $236,935, and $5,264,865 respectively. These deficits will be financed through future revenues of the funds.

NOTE 14: CONTINGENCIES AND COMMITMENTS

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The Town is involved in several pending lawsuits of a nature common to many similar jurisdictions. Town management estimates that potential claims against the Town, not covered by insurance, will not have a material adverse effect on the financial statements of the Town.

Proposition 218, which was approved by the voters in November 1996, regulates the Town's ability to impose, increase and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the Town's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired.

NOTE 15: SUBSEQUENT EVENTS

Proposition 1A

On July 28, 2009, the California legislature and Governor Arnold Schwarzenegger passed the state budget and approved a provision allowing the state to borrow 8% of the amount of property tax revenue apportioned to cities, counties, and special districts. Under the provision, the state will be required to repay those obligations by June 13, 2013. The provision also created an option for California local public agencies to relieve the burden of loaning the state property tax revenue. The provision, called Proposition 1A Securitization, authorizes the California Statewide Communities Development Authority (“California Communities”) to purchase the receivable due to local agencies from the State. In a simultaneous transaction, California Communities will issue bonds and remit the cash proceeds to the participating local public agencies. To offset the shortages related to the borrowing of property taxes, the City has elected to participate in the Proposition 1A Securitization program.

Redevelopment Agencies

In July 2009, the California Legislature passed ABX4-26 as part of the State’s budget package which requires redevelopment agencies to remit approximately $2.05 billion in redevelopment revenues back to the State. Under ABX4-26, each redevelopment agency must contribute a proportionate share of revenue to the newly created Supplemental Educational Revenue Augmentation Fund (SERAF). The bill authorizes redevelopment agencies, from July 1, 2009, to June 30, 2010, to suspend all or part of its required 20% allocation to its Low and Moderate Income Housing Fund in order to make the required payments. The Housing Fund must be repaid by June 30, 2015. If the agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for most agencies as long as the project area continues to receive tax increment. This will result in the delay or elimination of many affordable housing projects where redevelopment funding is a key funding component. In October 2009, the California Redevelopment Association and two of its members filed a lawsuit to challenge the constitutionality of the bill. A ruling is expected before May 2010, the date redevelopment agencies must make their 2009-2010 payment to the State. The amount payable to the State from the Agency totals $1,395,792 in 2009-2010 and $287,369 for 2010-2011.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WINDSOR
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	2008-2009 Budgeted Amounts			
	Original	Final	2009 Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	$ 4,060,400	$ 4,060,400	$ 4,006,256	$ (54,144)
Sales taxes	4,566,000	4,566,000	3,523,028	(1,042,972)
Other taxes	3,499,000	3,499,000	3,727,754	228,754
Licenses, permits and fees	1,289,725	1,289,725	449,823	(839,902)
Fines and forfeitures	58,000	58,000	51,904	(6,096)
Rental income	90,532	90,532	84,211	(6,321)
Use of money and property	180,000	180,000	208,729	28,729
Intergovernmental	122,250	122,250	125,049	2,799
Charges for services	515,900	514,700	623,171	108,471
Other revenues	13,000	15,000	234,023	219,023
Total Revenues	14,394,807	14,395,607	13,033,948	(1,361,659)
EXPENDITURES				
General administration	1,922,410	1,789,989	1,412,237	377,752
Public safety	5,691,126	5,512,443	5,305,422	207,021
Public works	1,062,236	1,034,114	680,707	353,407
Community development	3,404,191	3,197,483	2,940,392	257,091
Parks	-	-	93	(93)
Streets and roads	-	-	14,553	(14,553)
Capital outlay	421,028	867,484	281,451	586,033
Total Expenditures	12,500,991	12,401,513	10,634,855	1,766,658
Excess of revenues over expenditures	1,893,816	1,994,094	2,399,093	404,999
OTHER FINANCING SOURCES (USES)				
Transfers in	854,663	854,663	874,663	20,000
Transfers out	(2,827,751)	(2,680,793)	(2,672,794)	7,999
Total other financing sources (uses)	(1,973,088)	(1,826,130)	(1,798,131)	27,999
Excess (deficiency) of revenues and other sources over expenditures and other uses	(79,272)	167,964	600,962	432,998
Fund balance - July 1, 2008			7,827,088	
Fund balance - June 30, 2009			$ 8,428,050	

TOWN OF WINDSOR
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	2008-2009 Budgeted Amounts			
	Original	Final	2009 Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 265,000	$ 265,000	$ 260,288	$ (4,712)
Intergovernmental	25,000	-	-	-
Total Revenues	290,000	265,000	260,288	(4,712)
EXPENDITURES				
General administration	23,170	23,170	60,405	(37,235)
Capital outlay	237,500	381,293	8,426	372,867
Total Expenditures	260,670	404,463	68,831	335,632
Excess of revenues over expenditures	29,330	(139,463)	191,457	(340,344)
OTHER FINANCING SOURCES (USES)				
Transfers in	51,500	51,500	51,500	-
Total other financing sources (uses)	51,500	51,500	51,500	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	80,830	(87,963)	242,957	(340,344)
Fund balance - July 1, 2008			10,087,554	
Fund balance - June 30, 2009			$ 10,330,511	

TOWN OF WINDSOR
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR CalPERS PENSION PLAN

Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/05**	$ 2,891,460,651	$ 2,588,713,000	$ 302,747,651	89.5%	$ 755,046,679	40.1%
6/30/06**	$ 2,754,396,608	$ 2,492,226,176	$ 262,170,432	90.5%	$ 699,897,835	37.5%
6/30/07**	$ 2,611,746,790	$ 2,391,434,447	$ 220,312,343	91.6%	$ 665,522,859	33.1%

* UAAL - Unfunded actuarial accrued liability

** A new State Law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. As an employer with less than 100 active members, the Town of Windsor is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available.

TOWN OF WINDSOR
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/09	$ 446,000	$ -	$ 446,000	0%	$ 6,570,000	7 %

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Gas Tax Fund
This fund is used to account for State revenue received pursuant to Street and Highway Code Sections 2105, 2106, 2107, and 2107.5 to fund maintenance and construction of streets and roads not funded through another source.

Transportation Development Act Fund
This fund is used to account for the Town's contribution to Sonoma County Transit including local services, bus stop improvements, and other projects.

Asset Forfeiture Fund
This fund is used to account for asset forfeiture revenue received from other governmental entities.

Mobile Home Rent Stabilization Fund
This fund is used to account for park owner fees for administration of the Mobile Home Rent Stabilization Ordinance.

Lighting and Landscaping Assessment Fund
This fund is used to account for assessment fees to repair and maintain lighting and landscaping including Shadetree Oak-Tree and Senior Center maintenance.

Lighting and Landscaping Assessment Fund No. 2
This fund is used to account for assessment fees to operate and maintain lighting and landscaping for the Shiloh Oaks development and a new general park supplemental zone.

1982 Benefits Assessment District Fund
This fund is used to account for costs associated with the operation and maintenance of the storm drain and flood control facilities (Airport Creek) constructed with the Shiloh Oaks development.

Abandoned Vehicle Abatement Fund
This fund is used to account for the fees related to the removal and disposal of abandoned, wrecked, dismantled, or inoperative vehicles.

Public Education and Government Grant Fund
This fund is used to account for cable subscription fees funded in order to provide public, educational, and government access to the Town.

Community Development Block Grant Fund
This fund is used to account for federal revenue from the Community Development Block Grant.

Strong Motion Fund
This fund is used to account for building permits for seismic education and data utilization.

Public Facilities Fund
This fund is used to account for public facilities impact fees for acquisition, development, and enhancement of Town facilities.

Tree Removal Mitigation Fund
This fund is used to account for developer fees for maintenance and replacement of trees.

Pool Creek Maintenance Fund
This fund is used to account for funds established for the maintenance of Pool Creek at the Greens subdivision.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Park Development Fund
This fund is used to account for developer fees for the acquisition, development, and enhancement of neighborhood and community park and recreation facilities.

Drainage Mitigation Fund
This fund is used to account for the construction of drainage facilities to mitigate cumulative drainage impacts arising from new developments.

Fire Mitigation Fund
This fund is used to account for the fire impact fees which were established to mitigate the impact caused by future development in the Town.

Redevelopment Agency Low and Moderate Income Housing
This fund is used to account for the required 20% set aside of property tax revenue pursuant to Community Development law to fund low and moderate income housing projects.

DEBT SERVICE FUNDS

Debt Service
This fund is used to account for the debt service activities related to the Town.

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	Gas Tax	Transportation Development Act	Asset Forfeiture	Mobile Home Rent Stabilization	Lighting and Landscape Assessment
ASSETS					
Cash and cash equivalents	$ 468,953	$ 74,845	$ 1,365	$ 2,076	$ 86,496
Restricted cash and cash equivalents	40,938	5,594	143	2,500	65,264
Investments	79,084	12,327	233	3,385	116,017
Accounts receivable	233,213	-	-	-	35,265
Interest receivable	792	24	3	-	470
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	290
Inventory	22,917	-	-	-	-
Notes receivable	-	-	-	-	-
Total Assets	$ 845,897	$ 92,790	$ 1,744	$ 7,961	$ 303,802
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ 66,484	$ -	$ -	$ -	$ 88,592
Accrued expenditures	26,764	-	-	-	15,464
Deferred revenue	-	-	-	-	-
Due to other funds	-	53,332	-	-	-
Total Liabilities	93,248	53,332	-	-	104,056
FUND BALANCES (DEFICITS):					
Reserved:					
Low and moderate housing	-	-	-	-	-
Debt service	-	-	-	-	-
Inventory	22,917	-	-	-	-
Prepaid expenditures	-	-	-	-	290
Unreserved:					
Special revenue funds	729,732	39,458	1,744	7,961	199,456
Capital project funds	-	-	-	-	-
Total Fund Balances (Deficits)	752,649	39,458	1,744	7,961	199,746
Total Liabilities and Fund Balances (Deficits)	$ 845,897	$ 92,790	$ 1,744	$ 7,961	$ 303,802

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	Lighting and Landscape Assessment #2	1982 Benefits Assessment District	Abandoned Vehicle Abatement	Public Education and Government Grant	Community Development Block Grant
ASSETS					
Cash and cash equivalents	$ 212	$ 40,786	$ 18,189	$ 93,231	$ 263
Restricted cash and cash equivalents	-	-	-	3,246	23
Investments	-	-	-	6,354	52
Accounts receivable	-	-	5,110	13,047	-
Interest receivable	-	65	-	165	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total Assets	$ 212	$ 40,851	$ 23,299	$ 116,043	$ 338
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ 18	$ 2,159	$ 13,958
Accrued expenditures	187	-	-	66	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	90
Total Liabilities	187	-	18	2,225	14,048
FUND BALANCES (DEFICITS):					
Reserved:					
Low and moderate housing	-	-	-	-	-
Debt service	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Unreserved:					
Special revenue funds	25	40,851	23,281	113,818	(13,710)
Capital project funds	-	-	-	-	-
Total Fund Balances (Deficits)	25	40,851	23,281	113,818	(13,710)
Total Liabilities and Fund Balances (Deficits)	$ 212	$ 40,851	$ 23,299	$ 116,043	$ 338

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	Strong Motion	Public Facilities	Tree Removal Mitigation	Pool Creek Maintenance	Park Development
ASSETS					
Cash and cash equivalents	$ 6,296	$ 874,396	$ 20,994	$ 6,755	$ 3,324,495
Restricted cash and cash equivalents	720	116,917	1,888	571	385,459
Investments	1,326	220,372	3,369	1,058	693,046
Accounts receivable	-	-	-	-	57,133
Interest receivable	12	1,757	38	12	5,464
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	9,952	-	-	-
Notes receivable	-	-	-	-	-
Total Assets	$ 8,354	$ 1,223,394	$ 26,289	$ 8,396	$ 4,465,597
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ -	$ -	$ -	$ -	$ 53,919
Accrued expenditures	727	-	37	-	3,584
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	727	-	37	-	57,503
FUND BALANCES (DEFICITS):					
Reserved:					
Low and moderate housing	-	-	-	-	-
Debt service	-	-	-	-	-
Inventory	-	9,952	-	-	-
Prepaid expenditures	-	-	-	-	-
Unreserved:					
Special revenue funds	7,627	1,213,442	26,252	8,396	-
Capital project funds	-	-	-	-	4,408,094
Total Fund Balances (Deficits)	7,627	1,223,394	26,252	8,396	4,408,094
Total Liabilities and Fund Balances (Deficits)	$ 8,354	$ 1,223,394	$ 26,289	$ 8,396	$ 4,465,597

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	Drainage Mitigation	Fire Mitigation	RDA Low and Moderate Income Housing	Debt Service	**Total Non-major Governmental Funds**
ASSETS					
Cash and cash equivalents	$ 3,636,775	$ 429,025	$ 2,209,511	$ -	$ 11,294,663
Restricted cash and cash equivalents	981,658	-	746,682	15,728	2,367,331
Investments	1,658,662	-	595,316	10,226	3,400,827
Accounts receivable	-	-	-	-	343,768
Interest receivable	7,003	-	-	-	15,805
Due from other funds	1,100,000	-	-	-	1,100,000
Prepaid expenses	-	-	212	2,292	2,794
Inventory	-	-	-	-	32,869
Notes receivable	-	-	3,576,126	-	3,576,126
Total Assets	$ 7,384,098	$ 429,025	$ 7,127,847	$ 28,246	$ 22,134,183
LIABILITIES AND FUND BALANCES (DEFICITS)					
LIABILITIES:					
Accounts payable	$ 203,202	$ -	$ 5,925	$ -	$ 434,257
Accrued expenditures	2,826	-	8,572	171	58,398
Deferred revenue	-	-	3,576,126	-	3,576,126
Due to other funds	-	-	400,000	265,010	718,432
Total Liabilities	206,028	-	3,990,623	265,181	4,787,213
FUND BALANCES (DEFICITS):					
Reserved:					
Low and moderate housing	-	-	3,137,012	-	3,137,012
Debt service	-	-	-	(239,227)	(239,227)
Inventory	-	-	-	-	32,869
Prepaid expenditures	-	-	212	2,292	2,794
Unreserved:					
Special revenue funds	-	-	-	-	2,398,333
Capital project funds	7,178,070	429,025	-	-	12,015,189
Total Fund Balances (Deficits)	7,178,070	429,025	3,137,224	(236,935)	17,346,970
Total Liabilities and Fund Balances (Deficits)	$ 7,384,098	$ 429,025	$ 7,127,847	$ 28,246	$ 22,134,183

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Gas Tax	Transportation Development Act	Asset Forfeiture	Mobile Home Rent Stabilization	Lighting and Landscape Assessment
REVENUES					
Property taxes	$ -	$ -	$ -	$ -	$ 1,350
Other taxes	-	-	-	-	851,290
Rental income	-	-	-	-	-
Investment earnings	11,326	550	53	597	31,546
Intergovernmental	1,115,332	1,012,318	-	-	-
Charges for services	735	-	-	-	-
Other revenue	79,964	41,863	-	-	1
Total Revenues	1,207,357	1,054,731	53	597	884,187
EXPENDITURES					
General administration	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	263,238	-	-	-	1,759,962
Community development	-	-	-	-	-
Parks	-	-	-	-	-
Streets and roads	731,653	1,012,318	-	-	-
Drainage	-	-	-	-	-
Housing	-	-	-	5,324	-
Capital outlay	129,998	39,398	-	-	267
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	1,124,889	1,051,716	-	5,324	1,760,229
Excess (deficiency) of revenues over expenditures	82,468	3,015	53	(4,727)	(876,042)
OTHER FINANCING SOURCES (USES)					
Transfers in	550,000	-	-	-	935,078
Transfers out	(20,000)	-	-	-	-
Total other financing sources (uses)	530,000	-	-	-	935,078
Net change in fund balance	612,468	3,015	53	(4,727)	59,036
Fund balances (deficits) - July 1, 2008	140,181	36,443	1,691	12,688	140,710
Fund balances (deficits) - June 30, 2009	$ 752,649	$ 39,458	$ 1,744	$ 7,961	$ 199,746

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Lighting and Landscape Assessment #2	1982 Benefits Assessment District	Abandoned Vehicle Abatement	Public Education and Government Grant	Community Development Block Grant
REVENUES					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other taxes	13,497	40,917	-	-	-
Rental income	-	-	-	-	-
Investment earnings	65	327	-	1,130	-
Intergovernmental	-	-	13,200	119,561	63,673
Charges for services	-	-	-	-	-
Other revenue	-	-	-	-	-
Total Revenues	13,562	41,244	13,200	120,691	63,673
EXPENDITURES					
General administration	-	-	-	36,917	63
Public safety	-	-	1,883	-	-
Public works	13,341	-	-	-	-
Community development	-	-	-	-	-
Parks	-	-	-	-	-
Streets and roads	-	393	-	-	-
Drainage	-	-	-	-	-
Housing	-	-	-	-	-
Capital outlay	-	-	-	-	64,236
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	13,341	393	1,883	36,917	64,299
Excess (deficiency) of revenues over expenditures	221	40,851	11,317	83,774	(626)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	4,633
Transfers out	(196)	-	-	-	-
Total other financing sources (uses)	(196)	-	-	-	4,633
Net change in fund balance	25	40,851	11,317	83,774	4,007
Fund balances (deficits) - July 1, 2008	-	-	11,964	30,044	(17,717)
Fund balances (deficits) - June 30, 2009	$ 25	$ 40,851	$ 23,281	$ 113,818	$ (13,710)

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Strong Motion	Public Facilities	Tree Removal Mitigation	Pool Creek Maintenance	Park Development
REVENUES					
Property taxes	$ -	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-	-
Rental income	-	-	-	-	1
Investment earnings	234	38,980	739	230	148,392
Intergovernmental	46	-	-	-	285,666
Charges for services	-	12,020	-	-	32,208
Other revenue	-	9,951	-	-	3,799
Total Revenues	280	60,951	739	230	470,066
EXPENDITURES					
General administration	-	-	-	-	-
Public safety	-	-	35	-	68,790
Public works	-	-	-	-	-
Community development	-	-	2	-	-
Parks	-	-	-	-	123,407
Streets and roads	-	-	-	-	-
Drainage	-	-	-	-	-
Housing	-	-	-	-	-
Capital outlay	-	-	-	-	666,609
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	-	37	-	858,806
Excess (deficiency) of revenues over expenditures	280	60,951	702	230	(388,740)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(242,480)	-	-	-
Total other financing sources (uses)	-	(242,480)	-	-	-
Net change in fund balance	280	(181,529)	702	230	(388,740)
Fund balances (deficits) - July 1, 2008	7,347	1,404,923	25,550	8,166	4,796,834
Fund balances (deficits) - June 30, 2009	$ 7,627	$ 1,223,394	$ 26,252	$ 8,396	$ 4,408,094

TOWN OF WINDSOR
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	Drainage Mitigation	Fire Mitigation	RDA Low and Moderate Income Housing	Debt Service	**Total Non-major Governmental Funds**
REVENUES					
Property taxes	$ -	$ -	$ 671,212	$ -	$ 672,562
Other taxes	-	-	-	-	905,704
Rental income	-	-	-	-	1
Investment earnings	261,168	88	167,242	718	663,385
Intergovernmental	-	-	-	-	2,609,796
Charges for services	47,503	41,942	-	-	134,408
Other revenue	-	-	-	-	135,578
Total Revenues	308,671	42,030	838,454	718	5,121,434
EXPENDITURES					
General administration	-	-	223,770	-	260,750
Public safety	-	1,369	-	-	72,077
Public works	181	-	-	-	2,036,722
Community development	-	-	1,418	-	1,420
Parks	-	-	-	-	123,407
Streets and roads	-	-	-	-	1,744,364
Drainage	137,840	-	-	-	137,840
Housing	-	-	308,249	-	313,573
Capital outlay	335,158	246,861	139,276	-	1,621,803
Debt service:					
Principal	-	-	-	220,000	220,000
Interest and fiscal charges	-	-	-	515,284	515,284
Total Expenditures	473,179	248,230	672,713	735,284	7,047,240
Excess (deficiency) of revenues over expenditures	(164,508)	(206,200)	165,741	(734,566)	(1,925,806)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	497,931	1,987,642
Transfers out	-	-	-	-	(262,676)
Total other financing sources (uses)	-	-	-	497,931	1,724,966
Net change in fund balance	(164,508)	(206,200)	165,741	(236,635)	(200,840)
Fund balances (deficits) - July 1, 2008	7,342,578	635,225	2,971,483	(300)	17,547,810
Fund balances (deficits) - June 30, 2009	$ 7,178,070	$ 429,025	$ 3,137,224	$ (236,935)	$ 17,346,970

PROPRIETARY FUNDS

The specific proprietary funds used by the Town are as follows:

Water Reclamation Fund
This fund accounts for the operation and maintenance of the Town's wastewater collection system, the wastewater treatment facility, and the recycled waste disposal and distribution system.

Water Fund
This fund accounts for the operation and maintenance of the Town's water distribution system.

TOWN OF WINDSOR
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Water Reclamation			
	Operating	Capital Replacement	Capital	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	$ 7,794,420	$ 6,150,759	$ 4,231,498	$ 18,176,677
Investments	-	-	908,480	908,480
Accounts receivable	1,312,956	-	33,911	1,346,867
Interest receivable	11,009	9,892	15,798	36,699
Prepaid expenses	6,324	-	-	6,324
Inventory	4,569	-	-	4,569
Total Current Assets	9,129,278	6,160,651	5,189,687	20,479,616
Non-Current Assets				
Due from other funds	913,000	-	-	913,000
Restricted cash and cash equivalents	1	-	395,341	395,342
Deferred issuance costs, net	263,231	-	-	263,231
Capital assets, net of accumulated depreciation	53,783,439	-	-	53,783,439
Total Non-Current Assets	54,959,671	-	395,341	55,355,012
Total Assets	$ 64,088,949	$ 6,160,651	$ 5,585,028	$ 75,834,628
LIABILITIES				
Current Liabilities				
Accounts payable	$ 591,166	$ 74,760	$ 40,518	$ 706,444
Accrued liabilities	46,568	707	2,560	49,835
Accrued interest payable	8,743	-	174,888	183,631
Deposits payable	53,668	-	-	53,668
Long term liabilities - current portion	395,000	-	408,619	803,619
Total Current Liabilities	1,095,145	75,467	626,585	1,797,197
Non-Current Liabilities				
Compensated absences	75,816	-	7,875	83,691
Loans payable	-	-	5,933,527	5,933,527
Bonds payable	618,594	-	4,281,906	4,900,500
Total Non-Current Liabilities	694,410	-	10,223,308	10,917,718
Total Liabilities	1,789,555	75,467	10,849,893	12,714,915
NET ASSETS:				
Invested in capital assets, net of related debt	52,782,845	-	-	53,783,439
Unrestricted	9,516,549	6,085,184	(5,264,865)	9,336,274
Total Net Assets	62,299,394	6,085,184	(5,264,865)	63,119,713
Total Liabilities and Net Assets	$ 64,088,949	$ 6,160,651	$ 5,585,028	$ 75,834,628

TOWN OF WINDSOR
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Water			
	Operating	Capital Replacement	Capital	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	$ 4,194,765	$ 3,751,061	$ 1,100,304	$ 9,046,130
Investments	-	-	3,322,106	3,322,106
Accounts receivable	732,712	-	-	732,712
Interest receivable	6,475	5,990	10,842	23,307
Prepaid expenses	5,572	-	-	5,572
Inventory	52,421	-	-	52,421
Total Current Assets	4,991,945	3,757,051	4,433,252	13,182,248
Non-Current Assets				
Restricted cash and cash equivalents	-	-	1,480,559	1,480,559
Deferred issuance costs, net	68,400	-	-	68,400
Capital assets, net of accumulated depreciation	21,902,732	-	-	21,902,732
Total Non-Current Assets	21,971,132	-	1,480,559	23,451,691
Total Assets	$ 26,963,077	$ 3,757,051	$ 5,913,811	$ 36,633,939
LIABILITIES				
Current Liabilities				
Accounts payable	$ 242,611	$ 489	$ 40,873	$ 283,973
Accrued liabilities	44,063	708	1,971	46,742
Accrued interest payable	984	-	52,273	53,257
Deposits payable	53,668	-	-	53,668
Long term liabilities - current portion	13,000	-	150,000	163,000
Total Current Liabilities	354,326	1,197	245,117	600,640
Non-Current Liabilities				
Compensated absences	68,096	-	6,000	74,096
Bonds payable	80,594	-	4,131,906	4,212,500
Total Non-Current Liabilities	148,690	-	4,137,906	4,286,596
Total Liabilities	503,016	1,197	4,383,023	4,887,236
NET ASSETS:				
Invested in capital assets, net of related debt	21,752,732	-	-	17,527,232
Unrestricted	4,707,329	3,755,854	1,530,788	14,219,471
Total Net Assets	26,460,061	3,755,854	1,530,788	31,746,703
Total Liabilities and Net Assets	$ 26,963,077	$ 3,757,051	$ 5,913,811	$ 36,633,939

TOWN OF WINDSOR
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Water Reclamation			
	Operating	Capital Replacement	Capital	Totals
OPERATING REVENUES				
Charges for services, net of refunds	$ 7,017,083	$ -	$ 142,612	$ 7,159,695
Other revenue	196,375	-	-	196,375
Total Operating Revenue	7,213,458	-	142,612	7,356,070
OPERATING EXPENSES				
Salaries and benefits	2,218,852	708	163,596	2,383,156
Materials, supplies, and operational expenses	816,076	338,115	213,500	1,367,691
Repairs and maintenance	321,754	-	-	321,754
Insurance	85,289	-	-	85,289
Contractual services	883,211	-	-	883,211
Taxes and licenses	24,290	-	-	24,290
Utilities	557,104	-	-	557,104
Depreciation	1,976,209	-	-	1,976,209
Total Operating Expenses	6,882,785	338,823	377,096	7,598,704
Operating Income (Loss)	330,673	(338,823)	(234,484)	(242,634)
NON-OPERATING REVENUES (EXPENSES)				
Amortization expense	(42,881)	-	-	(42,881)
Rental income	162,621	-	24,446	187,067
Interest income	120,206	117,874	171,441	409,521
Interest expense	(436,698)	-	-	(436,698)
Property taxes	28,397	-	-	28,397
Total Non-Operating Revenues (Expenses)	(168,355)	117,874	195,887	145,406
Income (Loss) Before Contributions and Transfers	162,318	(220,949)	(38,597)	(97,228)
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	1,408,369	1,200,000	-	2,608,369
Transfers out	(1,296,196)	(240,721)	(1,051,223)	(2,588,140)
Capital contributions	1,299,590	-	-	1,299,590
Total Transfers and Capital Contributions	1,411,763	959,279	(1,051,223)	1,319,819
Change in net assets	1,574,081	738,330	(1,089,820)	1,222,591
Total Net Assets - July 1, 2008	60,725,313	5,346,854	(4,175,045)	61,897,122
Total Net Assets - June 30, 2009	$ 62,299,394	$ 6,085,184	$ (5,264,865)	$ 63,119,713

TOWN OF WINDSOR
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Water			
	Operating	Capital Replacement	Capital	Totals
OPERATING REVENUES				
Charges for services, net of refunds	$ 4,924,041	$ -	$ 259,001	$ 5,183,042
Other revenue	102,977	-	-	102,977
Total Operating Revenue	5,027,018	-	259,001	5,286,019
OPERATING EXPENSES				
Salaries and benefits	2,103,809	707	137,439	2,241,955
Materials, supplies, and operational expenses	1,236,307	21,356	61,088	1,318,751
Repairs and maintenance	232,670	-	-	232,670
Insurance	82,381	-	-	82,381
Contractual services	49,665	-	-	49,665
Taxes and licenses	9,199	-	-	9,199
Utilities	311,420	-	-	311,420
Depreciation	1,066,310	-	-	1,066,310
Total Operating Expenses	5,091,761	22,063	198,527	5,312,351
Operating Income (Loss)	(64,743)	(22,063)	60,474	(26,332)
NON-OPERATING REVENUES (EXPENSES)				
Amortization expense	(3,800)	-	-	(3,800)
Interest income	79,635	68,588	303,884	452,107
Interest expense	(214,477)	-	-	(214,477)
Total Non-Operating Revenues (Expenses)	(138,642)	68,588	303,884	233,830
Income (Loss) Before Contributions and Transfers	(203,385)	46,525	364,358	207,498
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	232,424	800,000	-	1,032,424
Transfers out	(906,739)	-	(115,999)	(1,022,738)
Capital contributions	1,050,828	-	-	1,050,828
Total Transfers and Capital Contributions	376,513	800,000	(115,999)	1,060,514
Change in net assets	173,128	846,525	248,359	1,268,012
Total Net Assets - July 1, 2008	26,286,933	2,909,329	1,282,429	30,478,691
Total Net Assets - June 30, 2009	$ 26,460,061	$ 3,755,854	$ 1,530,788	$ 31,746,703

AGENCY FUNDS

Agency funds are fiduciary funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The specific agency funds used by the Town are shown below:

Bonita Roble Trust Fund
This fund is used to account for a deposit from a developer for interest to finance ongoing maintenance of Landscape Parcel "A."

Brooks Special Assessment District Fund
This fund is used to account for property assessment monies held by the County as trustee for the Town for payment of annual arbitrage calculations and fiscal agent fees for the Brooks Special Assessment District.

Mitchell Shiloh Conde Assessment District Fund
This fund is used to account for bond proceeds issued to finance roadway and sewer improvements of benefits to property in the Mitchell Shiloh Conde Assessment District.

In-Lieu Agency Fund
This fund is used to account for fees paid by developers in lieu of construction of improvements.

Performance Bond Fund
This fund is used to account for performance bonds held by the Town.

Golf Course Fund
This fund is used to account for capital improvements of facilities related to the Windsor Golf Course.

Miscellaneous Fund
This fund is used to account for contributions for EIR Studies.

TOWN OF WINDSOR
COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
JUNE 30, 2009

	Bonita Roble Trust Fund	Brooks Special Assessment Construction Fund	Mitchell Shiloh Conde Assessment District	In-Lieu Agency Fund	Performance Bond Fund	Golf Course Fund	Miscellaneous Fund	Totals
ASSETS								
Cash and cash equivalents	$ 14,730	$ 906	$ 627,547	$ 95,405	$ 630,656	$ 10,266	$ 73,839	$ 1,453,349
Restricted cash and cash equivalents	1,232	-	127,188	3,626	10,292	9,971	18,596	170,905
Investments	2,299	-	183,435	7,558	19,101	16,449	36,231	265,073
Accounts receivable	-	-	-	-	-	-	630	630
Interest receivable	27	-	861	171	9	21	33	1,122
Total Assets	$ 18,288	$ 906	$ 939,031	$ 106,760	$ 660,058	$ 36,707	$ 129,329	$ 1,891,079
LIABILITIES								
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,134	$ 12,134
Deposits payable	18,288	-	-	90,374	660,058	36,707	105,555	910,982
Due to special assessment districts	-	906	939,031	16,386	-	-	11,640	967,963
Total Liabilities	$ 18,288	$ 906	$ 939,031	$ 106,760	$ 660,058	$ 36,707	$ 129,329	$ 1,891,079

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Council of
the Town of Windsor
Windsor, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Windsor (the "Town"), as of and for the year ended June 30, 2009, which collectively comprise the Town of Windsor's basic financial statements and have issued our report thereon dated November 2, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

We noted certain other matters that we reported to management of the Town in a separate letter dated November 2, 2009.

This report is intended solely for the information and use of management, the Town Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sacramento, California
November 2, 2009