

**TOWN OF WINCHESTER  
CONNECTICUT**

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Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2017

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Prepared By  
Winchester Finance Department  
Winsted, Connecticut 06098

# **TOWN OF WINCHESTER, CONNECTICUT**

## Table of Contents

### **Introductory Section**

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	<u>Page</u>
List of Elected and Appointed Officials	1
Organizational Chart of the Town Government	2
Letter of Transmittal	3

### **Financial Section**

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Independent Auditor's Report	8
Management's Discussion and Analysis	10

#### **BASIC FINANCIAL STATEMENTS**

##### Government-Wide Financial Statements:

Statement of Net Position	19
Statement of Activities	20

##### Fund Financial Statements:

###### **Governmental Funds**

Balance Sheet	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

###### **Proprietary Funds**

Statement of Net Position	25
Statement of Revenues, Expenses and Changes in Fund Net Position	26
Statement of Cash Flows	27

###### **Fiduciary Funds**

Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29

Notes to the Financial Statements	30
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#### **REQUIRED SUPPLEMENTARY INFORMATION**

###### **General Fund**

Schedule of Revenues and Expenditures – Budget and Actual	65
Summary of Significant Accounting Principles	69

###### **Pension Plan**

Schedule of Changes of Net Pension Liability and Related Ratios	70
Schedule of Contributions	71
Schedule of Investment Returns	72
Schedule of Town's Proportionate Share of the Net Pension Liability and Schedule of Contributions - Municipal Employees Retirement System	73

# **TOWN OF WINCHESTER, CONNECTICUT**

## Table of Contents

Schedule of Funding Progress	74
Schedule of the Town's Proportionate Share of the Net Pension Liability – Teachers Retirement Plan	75

### **SUPPLEMENTAL, COMBINING INDIVIDUAL NONMAJOR FUND STATEMENTS, AND SCHEDULES**

<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79
<b>Fiduciary Funds</b>	
Combining Statement of Changes in Assets and Liabilities	82
<b>Supplemental Schedules</b>	
Schedule of Property Taxes Levied, Collected, and Outstanding	83
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding	84

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### **Statistical Section**

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#### Table

<b>Financial Trends</b>	
1 Net Position by Component	85
2 Change in Net Position	86
3 Fund Balances of Governmental Funds	88
4 Revenues, Expenditures and Changes in Fund Balances, Governmental Funds	89
<b>Revenue Capacity</b>	
5 Assessed and Estimated Actual Value of Taxable Property	90
6 Principal Property Taxpayers	91
7 Property Tax Levies and Collections	92
<b>Debt Capacity</b>	
8 Ratios of Outstanding Debt by Type	93
9 Schedule of Debt Limitation	94
10 Legal Debt Margin Information	95
11 Debt Statement	96
12 Current Debt Ratios	97
<b>Demographic and Economic Statistics</b>	
13 Demographic and Economic Statistics Principal Employers	98 99
<b>Operating Information</b>	
15 Full-Time Equivalent Town Government Employees by Function/Program	100
16 Operating Indicators by Function/Program	101
17 Capital Asset Statistics by Function/Program	103

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# **Introductory Section**

**TOWN OF WINCHESTER, CONNECTICUT**

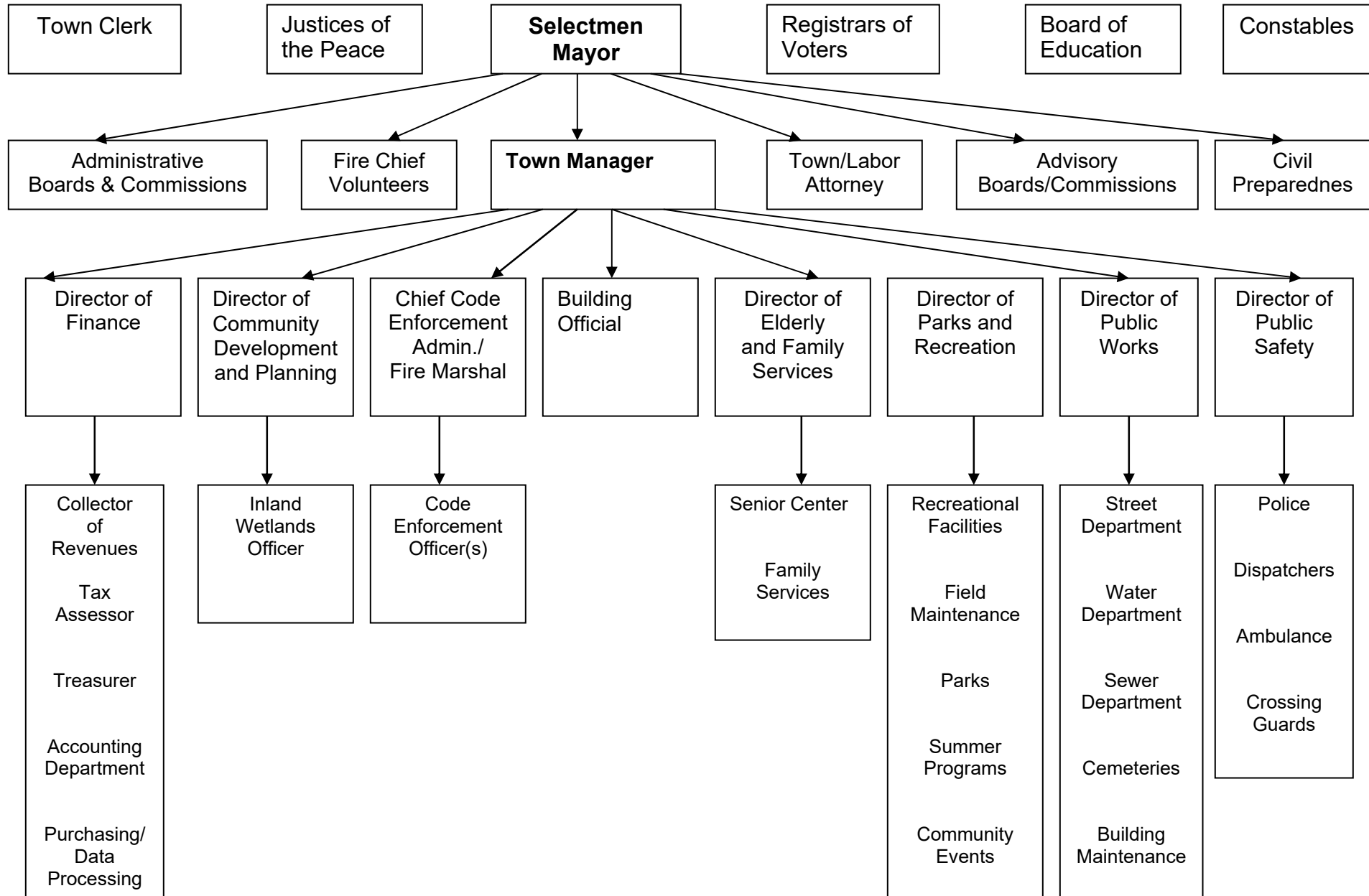
## List of Elected and Appointed Officials

As of June 30, 2017

<b><u>Office</u></b>	<b><u>Name</u></b>	<b><u>Manner of Selection</u></b>
Mayor:	Althea Candy Perez	Appointed
Board of Selectman:	Althea Candy Perez	Elected
	Steven Sedlack	Elected
	Glenn S. Albanesius	Elected
	Todd Arcelaschi	Elected
	Melissa Bird	Elected
	Jack Bourque	Elected
	Brian Shaughnessy	Elected
Board of Assessment Appeals:	Mark Arcelaschi, Chairman	Appointed
	Jackie Mulvey	Appointed
	Walter St. Onge, Jr.	Appointed
	Samuel Demonstranti	Alternate
Director of Public Works:	James Rollins	Appointed
Town Manager:	Robert Geiger	Appointed
Director of Finance:	Bruce B. Stratford	Appointed
Treasurer:	Cynthia E. Rines	Appointed
Tax Collector:	Arlene M. Boutin	Appointed
Town Clerk:	Sheila S. Sedlack	Elected
Purchasing Agent:	Mark A. Douglass	Appointed
Town Assessor:	Rhonda Roy	Appointed
Superintendent of Schools:	Melony Brady-Shanley	Appointed

# TOWN OF WINCHESTER, CONNECTICUT

## Organizational Chart of the Town Government





## TOWN OF WINCHESTER – CITY OF WINSTED

Town Hall – 338 Main Street

WINSTED, CONNECTICUT 06098

January 23, 2017

Honorable Mayor Althea Candy Perez

Members of the Board of Selectmen

Town Manager Robert Geiger

Citizens of the Town of Winchester

The Finance Department is pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the Town of Winchester for the fiscal year ended June 30, 2017 (FY17). The report includes the independent auditors' report as required by the Town Charter and the Connecticut Statutes. The report is prepared in conformity with Generally Accepted Accounting Principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

State law requires that every general purpose local government publish, within 6 months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for FY17. This report has been delayed one month due to the late release of the pension plan valuation report from the Town's actuaries and, accordingly, the Town obtained a 30-day extension to file this report with the CT Office of Policy and Management.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that has been established for this purpose. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met, including producing financial statements that are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the anticipated benefits.

King, King & Associates, CPAs have issued an unqualified opinion on the Town of Winchester's financial statements for the fiscal year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

State and federal "single audits" were also performed as required by state and federal law, respectively. The purpose of these audits is to determine whether the Town of Winchester complied with the laws and regulations and applicable compliance requirements of the major state and federal assistance programs, and whether the Town maintained controls to assure compliance.

*The Town of Winchester is an equal opportunity provider, employer and lender*

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A is designed to complement this transmittal letter and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Town of Winchester**

The Town of Winchester, located in Litchfield County, is a political subdivision located approximately thirty miles northwest of Hartford in the watersheds of the Farmington and Naugatuck Rivers. It is bordered on the north by the Town of Colebrook, on the south by the City of Torrington, on the east by the Town of Barkhamsted, and on the west by the Towns of Norfolk and Goshen. It covers a land area of approximately thirty-four square miles. What is commonly referred to as the City of Winsted is located within the Town of Winchester, but that "entity" has no separate government or other political distinction (the terms "Winchester" and "Winsted" are used interchangeably by area residents). Winchester was first settled in the mid 1700's and incorporated as a Town in 1771. The Town sits at the crossroads of U.S. Route 44 and State Route 8. State Routes 20 and 183 also traverse the Town. The Town has approximately eighty miles of Town roads, of which approximately seventy-five miles are paved. State-controlled and maintained roads account for an additional twenty-three miles.

The Town of Winchester is governed under a home-rule charter, last revised in 2016, that provides a Manager/Selectmen/Town Meeting form of government with a seven-member Board of Selectmen that also serves as the Board of Finance. Elections for the Board of Selectmen are held in November in every odd-numbered year. The residents also have the powers and privileges conferred and granted to Towns and Cities under the Constitution and the General Statutes of the State of Connecticut.

The Town Manager is the full-time Chief Executive and Administrative Officer of the Town and oversees the execution of all laws and ordinances governing the Town. The First Selectman, or officially titled "Mayor," presides over the Board of Selectmen and has full voting privileges on the Board. The Board of Selectmen appoints members to various commissions and boards.

The Town's annual Budget Meeting is held on the second Monday in May. Prior to adjournment to Budget Referendum, the electors at the Budget Meeting review the budget as presented by the Board of Selectmen and have the power to decrease, but not increase, any line-item of the budget. The Budget Meeting is then adjourned to a referendum for approval. The approved budget serves as the foundation for the Town's financial planning and control.

The Town provides a full range of services, including general government operations; police and fire protection; the construction and maintenance of highways, streets and other infrastructure; health and welfare services; cultural and recreational activities; economic development support; and education. Water and wastewater treatment and distribution are under the control of an independent Water and Sewer Commission (appointed by the Board of Selectmen).

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Winchester operates.

## **Economic Condition and Outlook**

Winchester is primarily a residential community with single-family homes. Most residents are employed in the manufacturing, education, retail, health care and social services categories. Recent data from The CT Data Collaborative indicates that Winchester's 2011-2015 median household income was \$52,757, as compared to the State of Connecticut's \$70,331. The Town's population has been relatively stable since 2000 at approximately 11,000.

In accordance with State of Connecticut statutes, the Town conducted a property revaluation in 2012 (including a physical inspection of all properties, which was not part of the 2007 revaluation). The tax base is primarily zoned residential (71%) with an important industrial and commercial presence (14%).

The Town of Winchester's bond rating was reduced in June, 2013, from A1 to A2. The primary reasons cited for this downgrade were unexplained shortfalls of cash, later attributed to embezzlement by a former finance director, and the lack of current financial reports. Shortly thereafter, the rating was withdrawn due to the same factors. New personnel and substantially revised and implemented policies and procedures have significantly improved the Town's financial organization. Budgetary controls and a supplemental tax levied in November, 2013, have greatly improved the Town's fiscal condition. At June 30, 2017, the Town's unassigned General Fund balance was \$6,246,790, which represents 18.7 percent of FY17 General Fund expenditures. The Town will seek a new bond rating with its next issue of general obligation bonds.

## **Major Initiatives**

### *Zoning Regulations*

The Planning and Zoning Commission adopted in 2016 a complete revision of its zoning regulations, which are expected to encourage economic growth through increased clarity and modernization.

### *Economic Development*

The Economic Development Commission is committed to expanding the Town's commercial and industrial base and constantly looks for opportunities to create readily marketable properties in the Town's industrial and commercial zoned areas, including the adaptive reuse of former mill sites.

The Town recently updated its website to feature the Town's most favorable attributes. The Commission is pursuing grants for property development, facilities improvements, and recreational funding. The Town was recently awarded \$1.5 million to extend the Sue Grossman Trail, a bike and pedestrian greenway, into the downtown area.

### *Comprehensive Economic Development Strategy (CEDS)*

The Northwest Connecticut Economic Development Commission (NWCTEDC), in which the Town is a participant, prepared in 2012 a Comprehensive Economic Development Strategy (CEDS) document. The plan identifies economic development projects which have positive impacts on the regional and local economy. The CEDS document affords the Town access to Federal Economic Development Administration grant and loan funds.

### *Regional Outreach*

In conjunction with the CEDS project, the Town is also a member of the Northwest Hills Council of Governments (NHCOG), a regional planning organization. A popular and effective program among the twenty-one member towns is the Public Works Equipment Cooperative, which enables member towns to share pieces of heavy-duty equipment related to public works activities.

### *Brownfields*

In 2015 the Town was awarded \$600,000 in State of Connecticut grants for brownfield assessment and remediation of a long-vacant and deteriorating town-controlled site: \$100,000 was funded by the Department of Community and Economic Development's Municipal Brownfield Assessment and Inventory (MBAI) program, and the remaining \$500,000 was received from the Office of Policy and Management's Small Town Economic Assistance Program (STEAP). The remediation of this property is complete making it ready for redevelopment.

### *Labor Contracts*

During the fiscal year the Town completed three-year extensions to two separate collective bargaining agreements that had expired on June 30, 2016. These extensions secured annual pay increases of two percent for the Winsted Police Department and the Winchester Dispatchers, Parking Control Aides and Animal Control Officer. These bargaining units comprise approximately 30 employees.

### **Budgetary Controls**

Under the direction of the Finance Director, the Town has reviewed and revised its budgetary controls, and implemented other changes, policies, and procedures recommended by the independent auditor and other State and Federal regulatory agencies. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the electors at referendum. Budget administration is performed by the Town Manager and the Finance Director. The budget is legally enacted at the department expenditure level, which serves as a management tool; budgetary control is maintained at the department level. This is achieved using a full encumbrance system, which encumbers appropriations upon the issuance of purchase orders. Encumbrances outstanding at year-end are recorded as budgetary expenditures and reported as a reservation of the fund balance at June 30. Transfers within a department may be made during the fiscal year upon approval by the Board of Selectmen. Transfers between departments can only be made during the last three months of the fiscal year, once again, with approval by the Board of Selectmen. Management cannot amend the budget.

## **Fiduciary Fund Operation**

Fiduciary Funds are used to account for funds that the Town holds in a trustee capacity or as an agent for individuals or organizations. The Town of Winchester Town Employees' Pension Trust Fund is used to account for contributions, pension benefits and other costs that are associated with the operations of the pension plan.

## **Acknowledgements**

The preparation of this report would have not been accomplished without the services of the members of the Department of Finance, including Treasurer Cynthia Rines, other Town staff and Nancy O'Dea-Wyrick, Director of Finance and Business Services for the Winchester Board of Education. I would also like to thank the Board of Selectmen for its continued interest, efforts, and support in planning and conducting the financial operations of the Town in a responsible and professional manner.

Respectfully submitted,



Bruce B. Stratford CPA CFE CFF  
Director of Finance

# **Financial Section**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectman  
Town of Winchester, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Winchester, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the 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 Winchester, CT, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 10 to 18 and 65 to 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

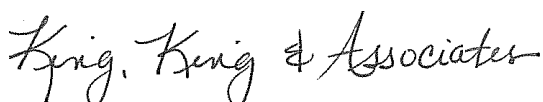
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2018 on our consideration of the Town of Winchester, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winchester, Connecticut's internal control over financial reporting and compliance.



King, King & Associates, CPAs  
Winsted, CT  
January 23, 2018

**TOWN OF WINCHESTER, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2017

As management of the Town of Winchester, we offer readers of the Town of Winchester's financial statements this narrative overview and analysis of the financial activities of the Town of Winchester for the fiscal year ended June 30, 2017.

***Financial Highlights***

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$67,754,467 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$2,520,690) indicating that currently none of the net position may be used to meet ongoing obligations to citizens and creditors. Business-type activities have an unrestricted net position of \$2,632,050.
- The government's total net position increased by \$2,887,376.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$10,167,288, an increase of \$1,340,169 in comparison with the prior year.
- At the end of the current fiscal year, unassigned and total fund balances for the General Fund were \$6,246,790 and \$7,331,790, respectively.

***Overview of the Financial Statements***

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

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

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

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in future cash inflows (revenues) and outflows (expenditures).

Both of the government-wide financial statements distinguish functions of the Town of Winchester that are principally supported by grants 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 of Winchester include education, public safety, general government and public works.

**TOWN OF WINCHESTER, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2017

The government-wide financial statements can be found on pages 19-20 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 of Winchester maintains thirty-two (32) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund.

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

The basic governmental fund financial statements can be found on pages 21-24 of this report.

**Proprietary Funds:** The Town maintains two proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

**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 of Winchester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-64 of this report.

**TOWN OF WINCHESTER, CONNECTICUT**  
**Management's Discussion and Analysis**  
June 30, 2017

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Winchester, assets exceeded liabilities by \$67,754,467 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 13,023,506	\$ 12,081,008	\$ 2,893,893	\$ 1,930,210	\$ 15,917,399	\$ 14,011,218
Capital Assets	42,443,292	42,055,899	27,871,524	28,933,094	70,314,816	70,988,993
Total Assets	55,466,798	54,136,907	30,765,417	30,863,304	86,232,215	85,000,211
Deferred Outflows of Resources	2,614,898	2,429,907	57,214	75,002	2,672,112	2,504,909
Long-term Liabilities	13,087,197	18,232,175	1,830,939	2,282,063	14,918,136	20,514,238
Other Liabilities	1,971,240	1,920,945	133,933	108,722	2,105,173	2,029,667
Total Liabilities	15,058,437	20,153,120	1,964,872	2,390,785	17,023,309	22,543,905
Deferred Inflows of Resources	4,126,551	94,124	-	-	4,126,551	94,124
Net Position:						
Net Investment in Capital Assets	39,174,225	38,586,005	26,225,709	26,835,634	65,399,934	65,421,639
Restricted	2,243,173	2,184,503	-	-	2,243,173	2,184,503
Unrestricted	(2,520,690)	(4,450,938)	2,632,050	1,711,887	111,360	(2,739,051)
Total Net Position	\$ 38,896,708	\$ 36,319,570	\$ 28,857,759	\$ 28,547,521	\$ 67,754,467	\$ 64,867,091

\$39,174,225 of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in 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.

\$1,323,816 of the restricted portion of the Town of Winchester's net position represents net position restricted for Community Development, \$132,076 is restricted for Soldiers Monument Restoration, \$127,542 is restricted for Grants & Donations, and \$238,935 is restricted for other purposes. The remaining restricted portion, \$420,804, represents net position restricted for purposes of trust. Negative unrestricted net position in the amount of (\$2,520,690) indicates that currently none of the net position may be used to meet ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Winchester's Governmental Activities are able to report positive balances in all categories of net position except Unrestricted Net Position, for the government as a whole.

**TOWN OF WINCHESTER, CONNECTICUT**  
**Management's Discussion and Analysis**  
**June 30, 2017**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>						
<i>General Revenues:</i>						
Property Taxes	\$ 23,220,525	\$ 22,693,437	\$ -	\$ -	\$ 23,220,525	\$ 22,693,437
Unrestricted Grants & Contributions	475,567	275,647	-	-	475,567	275,647
Unrestricted Investment Income	41,920	227	-	-	41,920	227
Other General Revenues, Net	90,129	126,873	-	-	90,129	126,873
<i>Program Revenues:</i>						
Charges for Services	916,260	881,544	3,702,975	3,289,335	4,619,235	4,170,879
Operating Grants and Contributions	15,412,406	14,465,116	-	-	15,412,406	14,465,116
Capital Grants and Contributions	469,124	426,070	-	-	469,124	426,070
Total Revenues	<u>40,625,931</u>	<u>38,868,914</u>	<u>3,702,975</u>	<u>3,289,335</u>	<u>44,328,906</u>	<u>42,158,249</u>
<b>EXPENSES</b>						
<i>Governmental Activities:</i>						
General Government	3,118,521	3,044,626	-	-	3,118,521	3,044,626
Public Safety	3,969,616	3,684,860	-	-	3,969,616	3,684,860
Public Works	2,592,077	3,096,519	-	-	2,592,077	3,096,519
Health	468,627	1,164,840	-	-	468,627	1,164,840
Library	214,034	206,000	-	-	214,034	206,000
Parks and Recreation	269,537	263,445	-	-	269,537	263,445
Waste Disposal and Recycling	225,040	198,356	-	-	225,040	198,356
Interest on Long-Term Debt	131,350	146,895	-	-	131,350	146,895
Education	26,996,253	26,325,204	-	-	26,996,253	26,325,204
<i>Business-Type Activities:</i>						
Waterworks	-	-	1,581,381	1,575,518	1,581,381	1,575,518
Sewer	-	-	1,877,644	1,782,200	1,877,644	1,782,200
Total Expenses	<u>37,985,055</u>	<u>38,130,745</u>	<u>3,459,025</u>	<u>3,357,718</u>	<u>41,444,080</u>	<u>41,488,463</u>
Change in Net Position Before Transfers, and Contributions to Permanent Funds	<u>2,640,876</u>	<u>738,169</u>	<u>243,950</u>	<u>(68,383)</u>	<u>2,884,826</u>	<u>669,786</u>
Transfers	(66,288)	(68,514)	66,288	68,514	-	-
Contributions to Permanent Funds	<u>2,550</u>	<u>2,550</u>	<u>-</u>	<u>-</u>	<u>2,550</u>	<u>2,550</u>
Change in Net Position	2,577,138	672,205	310,238	131	2,887,376	672,336
Beginning Net Position	<u>36,319,570</u>	<u>35,647,365</u>	<u>28,547,521</u>	<u>28,547,390</u>	<u>64,867,091</u>	<u>64,194,755</u>
Ending Net Position	<u>\$ 38,896,708</u>	<u>\$ 36,319,570</u>	<u>\$ 28,857,759</u>	<u>\$ 28,547,521</u>	<u>\$ 67,754,467</u>	<u>\$ 64,867,091</u>

**Governmental Activities**

Governmental activities increased the Town of Winchester's net position by \$2,577,138. Fifty-seven percent (57%) of the revenues of the Town were derived from property taxes, followed by thirty-nine percent (39%) from intergovernmental, two percent (2%) from Fees for services, and two percent (2%) from other.

**TOWN OF WINCHESTER, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2017

Major revenue factors include:

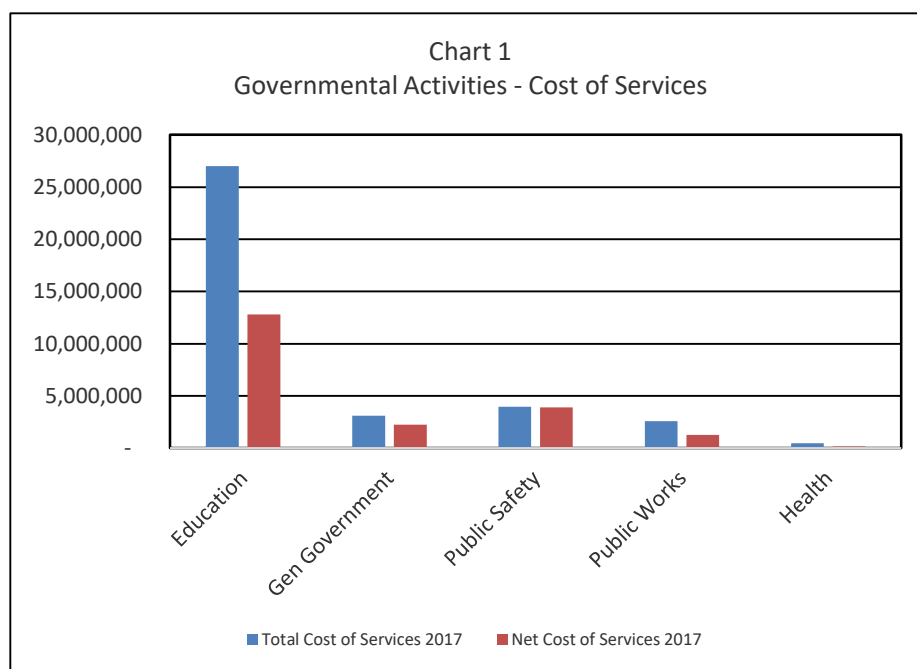
- \$947,000 increase in Operating Grants and Contributions.
- \$527,000 increase in Property Taxes due to a 2.3% increased tax levy.

For Governmental Activities, 71% of the Town's expenses relate to education, 12% relate to public safety and health, 7% relate to public works, and the remaining 10% relates to government and community services, administration, and other areas.

Major expense factors include:

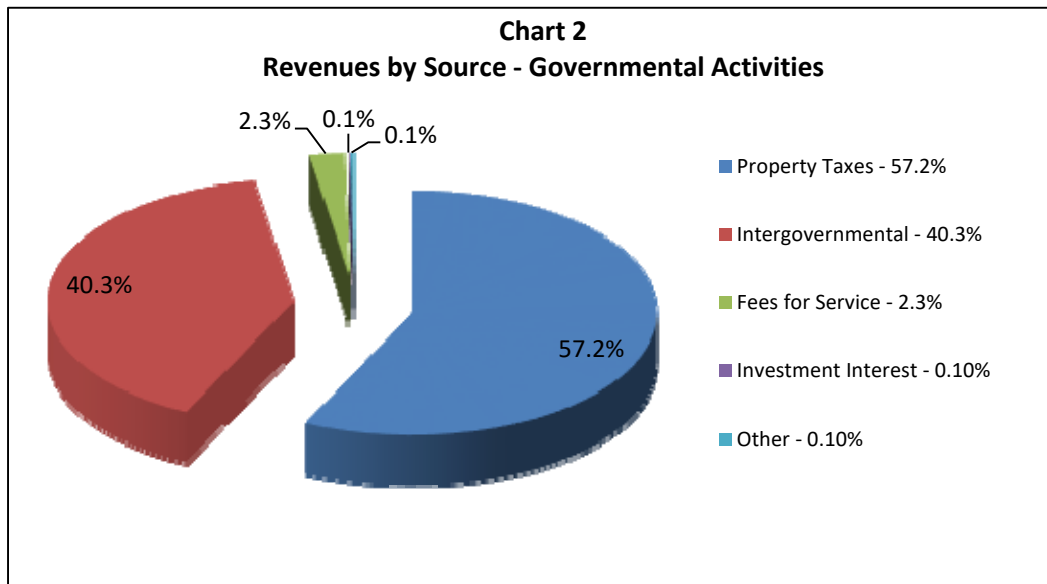
- \$696,000 decrease in Health expense due to lower pension costs.
- \$504,000 decrease in Public Works expense due to capitalizing road repairs.
- \$671,000 increase in Education expense due to related higher education grants.
- \$285,000 increase in Public Safety expense due to added police officers.

Chart 1 presents the costs of each of the five largest programs, as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.



**TOWN OF WINCHESTER, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2017

Chart 2 presents the various sources of revenue that fund Town operations. The percentages indicate what part of the whole each segment represents.

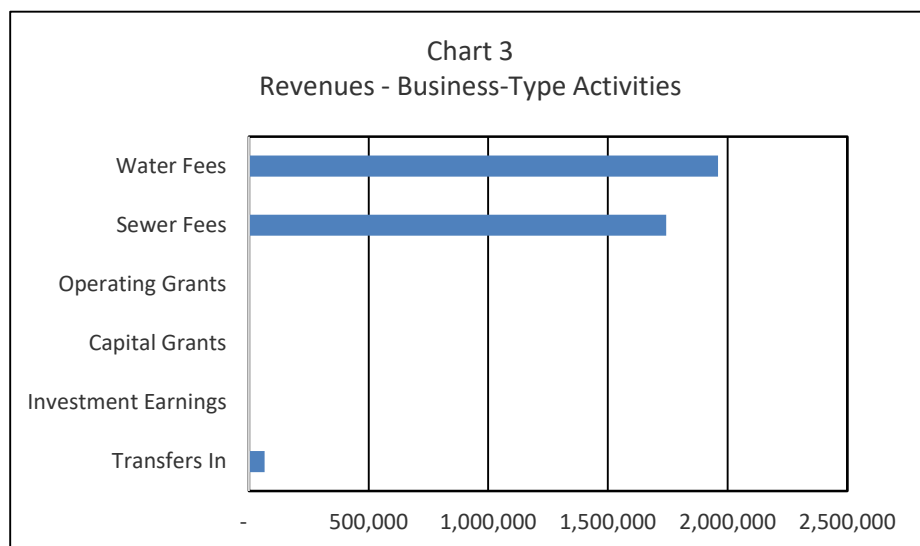


**Business-Type activities**

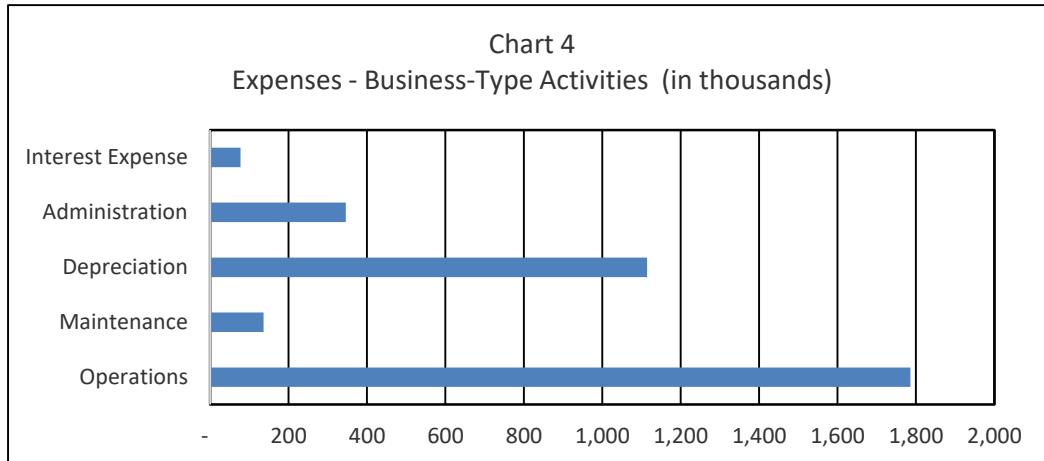
Business-type activities increased the Town of Winchester's net position by \$310,238. One hundred percent (100%) of the revenues of the business-type activities were derived from charges for services. Key elements of enterprise fund performance are as follows:

- Total revenues increased by \$413,640 compared to the previous year's revenues.
- Total expenses increased by \$101,307 compared to the previous year's expenses.

Charts 3 and 4 reflect the water/sewer utility operations for fiscal year 2017 regarding sources of revenue and classes of expenses.



**TOWN OF WINCHESTER, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2017



**Financial Analysis of the Government's Funds**

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

**Governmental Funds:** The focus of the Town of Winchester'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 of Winchester's financing requirements. In particular, *unassigned 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 the end of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$10,167,288, an increase of \$1,340,169 in comparison with the prior year.

The General Fund is the chief operating fund of the Town of Winchester. At June 30, 2017, the General Fund balance was \$7,331,790 of which \$1,085,000 was committed to capital improvements: \$200,000 for accounting system upgrades, \$250,000 for redeployment of the Mary P. Hinsdale School, and \$635,000 for road repairs. The remaining \$6,246,790 is classified as unassigned General Fund balance. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned and total fund balances to total fund expenditures. At June 30, 2017, unassigned and total General Fund balances represented 18.7% and 22% of total General Fund expenditures, respectively.

The fund balance of the Town of Winchester's General Fund increased by \$1,157,279 during the current fiscal year.

**General Fund Budgetary Highlights**

The General Fund Balance increased primarily due to the following:

- \$509,000 of intergovernmental revenues in excess of budget.
- \$130,000 of property taxes, interest and lien fees collected in excess of budget.
- \$117,000 of other revenues in excess of budget.
- \$147,000 (5%) of expenditure savings in the General Government function.
- \$106,000 (3%) of expenditure savings in the Public Safety function.
- \$82,000 (4%) of expenditure savings in the Public Works function.

## TOWN OF WINCHESTER, CONNECTICUT

### Management's Discussion and Analysis

June 30, 2017

During fiscal year 2017 the State Receiver completed his work overseeing operations of the Winchester Public Schools and training the Winchester Board of Education in accordance with Section 302 of the June 2015 Special Session Public Act 15-5. In July 2017, Melony Brady-Shanley was appointed Superintendent of the Winchester Public Schools and the Winchester Board of Education resumed control of the system.

#### ***Capital Asset and Debt Administration***

**Capital Assets:** The Town of Winchester's reported value in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$70,314,816 (net of accumulated depreciation). The reported value in capital assets includes land and buildings, vehicles, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- Vehicle leases (Public Safety and Public Works)
- Bridge design and matching construction funds
- Road Repairs

	<u>2017</u>	<u>2016</u>
<i>Governmental Activities:</i>		
Land	\$ 25,700,445	\$ 25,700,445
Construction in Progress	197,230	201,420
Buildings	1,094,761	1,124,278
Improvements	2,337,972	2,324,492
Machinery and Equipment	2,975,224	2,713,889
Infrastructure	10,137,660	9,991,375
	<u>\$ 42,443,292</u>	<u>\$ 42,055,899</u>
	<u>2017</u>	<u>2016</u>
<i>Business-type Activities:</i>		
Land	\$ 92,847	\$ 92,847
Buildings	17,902,458	18,603,626
Improvements	1,437,366	1,558,106
Machinery and Equipment	192,176	231,103
Infrastructure	8,246,677	8,447,412
	<u>\$ 27,871,524</u>	<u>\$ 28,933,094</u>

Additional information on the Town of Winchester's capital assets can be found in Note 3 on pages 41-42 of this report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Management's Discussion and Analysis  
June 30, 2017

**Long-Term Debt:** The Town of Winchester has the following obligations:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Outstanding</u>	<u>Maturity</u>
<u>Bonds</u>					
8/14/2008	Public Improvements	4.02	\$ 6,316,000	\$ 2,936,000	2024
8/15/2002	Sewer	3.00-5.00	6,290,000	775,000	2022
1/15/2004	General Purpose (Water)	2.00-4.00	3,900,000	500,000	2019
<u>Other</u>					
1/31/2008	Clean Water Fund Loans	2.00	642,019	336,477	2027
	Total			<u>\$ 4,547,477</u>	

The Town of Winchester's total borrowings decreased by \$861,540 during the current fiscal year, primarily due to the repayment of debt. Additional information on the Town of Winchester's long-term debt can be found in Note 3 on pages 44-47 of this report.

***Economic Factors and Next Year's Budgets and Rates***

- Growing need for capital investment to address aging infrastructure and equipment.
- Overall weakness of the Connecticut economy.
- Uncertainty of State municipal aid grants at historical funding levels.

***Request for Information***

This financial report is designed to provide a general overview of the Town of Winchester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Winchester, 338 Main Street, Winsted, CT 06098.

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# **Basic Financial Statements**

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# TOWN OF WINCHESTER, CONNECTICUT

## Statement of Net Position

June 30, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 10,185,144	\$ 1,968,763	\$ 12,153,907
Receivables, Net of Allowance	2,655,382	215,094	2,870,476
Other Assets	2,722	875,938	878,660
Internal Balances	165,902	(165,902)	-
Prepaid Expenses	14,356	-	14,356
Capital Assets:			
Assets Not Being Depreciated	25,897,675	92,847	25,990,522
Assets Being Depreciated, Net	<u>16,545,617</u>	<u>27,778,677</u>	<u>44,324,294</u>
Total Assets	<u>\$ 55,466,798</u>	<u>\$ 30,765,417</u>	<u>\$ 86,232,215</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Pension Expense	2,614,898	-	2,614,898
Deferred Charge on Refunding	<u>-</u>	<u>57,214</u>	<u>57,214</u>
Total Deferred Outflows of Resources	<u>2,614,898</u>	<u>57,214</u>	<u>2,672,112</u>
<b>Liabilities:</b>			
Accounts Payable and Accrued Items	\$ 1,426,737	\$ 133,933	\$ 1,560,670
Due to Other Governments	153,130	-	153,130
Unearned Grant Revenue	391,373	-	391,373
Noncurrent Liabilities:			
Due Within One Year	924,851	526,999	1,451,850
Due In More Than One Year	<u>12,162,346</u>	<u>1,303,940</u>	<u>13,466,286</u>
Total Liabilities	<u>15,058,437</u>	<u>1,964,872</u>	<u>17,023,309</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue - Advanced			
Property Tax Collections	37,271	-	37,271
Deferred Pension Expense	<u>4,089,280</u>	<u>-</u>	<u>4,089,280</u>
Total Deferred Inflows of Resources	<u>4,126,551</u>	<u>-</u>	<u>4,126,551</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	39,174,225	26,225,709	65,399,934
Restricted for Community Development	1,323,816	-	1,323,816
Restricted for Soldiers Monument Restoration	132,076	-	132,076
Restricted for Grants & Donations	127,542	-	127,542
Restricted for Other Purposes	238,935	-	238,935
Restricted for Purposes of Trust:			
Nonexpendable	187,376	-	187,376
Expendable	233,428	-	233,428
Unrestricted	<u>(2,520,690)</u>	<u>2,632,050</u>	<u>111,360</u>
Total Net Position	<u>\$ 38,896,708</u>	<u>\$ 28,857,759</u>	<u>\$ 67,754,467</u>

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

# TOWN OF WINCHESTER, CONNECTICUT

Statement of Activities  
For the Year Ended June 30, 2017

Functions/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Primary Government		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 3,118,521	\$ 376,722	\$ 499,758	\$ -	\$ (2,242,041)	\$ -	\$ (2,242,041)
Library	214,034	-	-	-	(214,034)	-	(214,034)
Waste Disposal and Recycling	225,040	-	-	-	(225,040)	-	(225,040)
Public Safety	3,969,616	76,747	1,685	-	(3,891,184)	-	(3,891,184)
Public Works	2,592,077	250,008	606,896	469,124	(1,266,049)	-	(1,266,049)
Health	468,627	73,513	243,650	-	(151,464)	-	(151,464)
Parks and Recreation	269,537	15,000	-	-	(254,537)	-	(254,537)
Education	26,996,253	124,270	14,060,417	-	(12,811,566)	-	(12,811,566)
Interest on Long-Term Debt	131,350	-	-	-	(131,350)	-	(131,350)
Total Governmental Activities	<u>37,985,055</u>	<u>916,260</u>	<u>15,412,406</u>	<u>469,124</u>	<u>(21,187,265)</u>	<u>-</u>	<u>(21,187,265)</u>
Business-Type Activities:							
Waterworks	1,581,381	1,959,915	-	-	-	378,534	378,534
Sewer	<u>1,877,644</u>	<u>1,743,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(134,584)</u>	<u>(134,584)</u>
Total Business-Type Activities	<u>3,459,025</u>	<u>3,702,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,950</u>	<u>243,950</u>
Total Primary Government	<u>\$41,444,080</u>	<u>\$ 4,619,235</u>	<u>\$ 15,412,406</u>	<u>\$ 469,124</u>	<u>(21,187,265)</u>	<u>243,950</u>	<u>(20,943,315)</u>
General Revenues:							
Property Taxes					23,220,525	-	23,220,525
Grants and Contributions not Restricted to Specific Programs					475,567	-	475,567
Unrestricted Investment Earnings					41,920	-	41,920
Miscellaneous					90,129	-	90,129
Contributions to Permanent Fund Principal					2,550	-	2,550
Transfers					(66,288)	66,288	-
Total General Revenues and Transfers					<u>23,764,403</u>	<u>66,288</u>	<u>23,830,691</u>
Change in Net Position					2,577,138	310,238	2,887,376
Net Position at Beginning of Year					<u>36,319,570</u>	<u>28,547,521</u>	<u>64,867,091</u>
Net Position at End of Year					<u>\$ 38,896,708</u>	<u>\$ 28,857,759</u>	<u>\$ 67,754,467</u>

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

# TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>General</u>	Federal and State Education <u>Grants Fund</u>	Sewer <u>Assessment</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 8,054,046	\$ -	\$ -	\$ 2,131,098	\$ 10,185,144
Receivables, Net of Allowance	603,492	-	361,898	1,569,102	2,534,492
Prepaid Expenditures	14,356	-	-	-	14,356
Due from Other Funds	892,740	391,373	-	131,101	1,415,214
Other Assets	-	-	-	2,722	2,722
Total Assets	<u>\$ 9,564,634</u>	<u>\$ 391,373</u>	<u>\$ 361,898</u>	<u>\$ 3,834,023</u>	<u>\$ 14,151,928</u>
<b>Liabilities</b>					
Accounts Payable and Accrued Items	\$ 1,281,155	\$ -	\$ 1,509	\$ 144,073	\$ 1,426,737
Due to Other Funds	548,581	-	669,342	31,389	1,249,312
Due to Other Governments	-	-	-	153,130	153,130
Unearned Grant Revenue	-	391,373	-	-	391,373
Total Liabilities	<u>1,829,736</u>	<u>391,373</u>	<u>670,851</u>	<u>328,592</u>	<u>3,220,552</u>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue - Property Taxes	365,837	-	-	-	365,837
Unearned Revenue - Advanced					
Property Tax Collections	37,271	-	-	-	37,271
Unavailable Revenue - Sewer					
Assessment Charges	-	-	360,980	-	360,980
Total Deferred Inflows of Resources	<u>403,108</u>	<u>-</u>	<u>360,980</u>	<u>-</u>	<u>764,088</u>
<b>Fund Balances</b>					
Nonspendable	-	-	-	1,489,209	1,489,209
Restricted	-	-	-	756,686	756,686
Committed	1,085,000	-	-	1,259,536	2,344,536
Unassigned	6,246,790	-	(669,933)	-	5,576,857
Total Fund Balances	<u>7,331,790</u>	<u>-</u>	<u>(669,933)</u>	<u>3,505,431</u>	<u>10,167,288</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 9,564,634</u>	<u>\$ 391,373</u>	<u>\$ 361,898</u>	<u>\$ 3,834,023</u>	<u>\$ 14,151,928</u>

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

## TOWN OF WINCHESTER, CONNECTICUT

### Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2017

**Fund balances reported in governmental funds Balance Sheet** \$ 10,167,288

**Amounts reported for governmental activities in the government- wide  
Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds.

<i>Capital Assets</i>	72,319,995
<i>Depreciation</i>	(29,876,703)

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are deferred in the funds.

<i>Property taxes receivable greater than 60 days</i>	365,837
<i>Sewer assessments receivable greater than 60 days</i>	360,980
<i>Interest receivable on property taxes</i>	103,260
<i>Interest receivable on sewer assessments</i>	17,630

*Certain changes related to pensions are deferred and amortized over time* (1,474,382)

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the fund statements.

<i>Bonds payable</i>	(2,936,000)
<i>Net Pension Liability</i>	(3,877,200)
<i>Net Pension Liability - MERS</i>	(1,613,600)
<i>OPEB obligation</i>	(2,300,160)
<i>Pollution remediation</i>	(10,267)
<i>Capital leases payable</i>	(333,067)
<i>Claims and judgments</i>	(987,894)
<i>Early retirement incentives</i>	(42,000)
<i>Compensated Absences</i>	<u>(987,009)</u>

**Net position of governmental activities** \$ 38,896,708

**TOWN OF WINCHESTER, CONNECTICUT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	<u>General</u>	<u>Federal and State Education Grants Fund</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues</b>					
Property Taxes, Interest and Lien Fees	\$ 23,531,260	\$ -	\$ -	\$ -	\$ 23,531,260
Intergovernmental Revenues	10,740,242	3,562,848	-	1,190,792	15,493,882
Interest and Dividends	38,404	-	-	3,516	41,920
Charges for Services	542,503	-	116,341	124,270	783,114
Licenses, Fees and Permits	213,524	-	-	-	213,524
Other Revenue	70,556	-	-	253,459	324,015
Total Revenues	<u>35,136,489</u>	<u>3,562,848</u>	<u>116,341</u>	<u>1,572,037</u>	<u>40,387,715</u>
<b>Expenditures</b>					
Current:					
General Government	3,026,399	-	-	438,474	3,464,873
Library	214,034	-	-	-	214,034
Miscellaneous	877,666	-	-	-	877,666
Waste Disposal and Recycling	225,040	-	-	-	225,040
Public Safety	3,637,214	-	-	392	3,637,606
Public Works	1,903,058	-	-	-	1,903,058
Health	335,313	-	-	243,652	578,965
Parks and Recreation	253,516	-	-	-	253,516
Education	21,758,694	3,562,848	-	436,459	25,758,001
Program and Project Expenditures	555,886	-	-	15,796	571,682
Debt Service:					
Principal Retirement	420,000	-	-	132,016	552,016
Interest	126,469	-	-	4,881	131,350
Capital Outlay	-	-	-	1,164,640	1,164,640
Total Expenditures	<u>33,333,289</u>	<u>3,562,848</u>	<u>-</u>	<u>2,436,310</u>	<u>39,332,447</u>
Excess/(Deficiency) of Revenues over Expenditures	1,803,200	-	116,341	(864,273)	1,055,268
<b>Other Financing Sources/(Uses)</b>					
Issuance of Capital Leases	-	-	-	351,189	351,189
Transfers In	37,542	-	-	713,463	751,005
Transfers Out	(683,463)	-	(103,830)	(30,000)	(817,293)
Total Other Financing Sources/(Uses)	<u>(645,921)</u>	<u>-</u>	<u>(103,830)</u>	<u>1,034,652</u>	<u>284,901</u>
Net Change in Fund Balances	1,157,279	-	12,511	170,379	1,340,169
Fund Balances at Beginning of Year	<u>6,174,511</u>	<u>-</u>	<u>(682,444)</u>	<u>3,335,052</u>	<u>8,827,119</u>
Fund Balances at End of Year	<u>\$ 7,331,790</u>	<u>\$ -</u>	<u>\$ (669,933)</u>	<u>\$ 3,505,431</u>	<u>\$ 10,167,288</u>

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

# TOWN OF WINCHESTER, CONNECTICUT

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2017

<b>Net change in fund balances - total governmental funds</b>	\$ 1,340,169
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**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

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

<i>Capital expenditures</i>	1,402,786
<i>Depreciation expense</i>	(1,015,393)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds

<i>Property taxes collected accrual basis change</i>	(59,577)
<i>Sewer assessment revenue accrual basis change</i>	(80,378)
<i>Interest income on property taxes</i>	(246,972)
<i>Interest income on sewer assessments</i>	(4,186)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

<i>General obligation bond principal payments</i>	420,000
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<i>Amortization of deferred outflows related to pension benefits</i>	184,991
<i>Amortization of deferred inflows related to pension benefits</i>	(4,089,280)

Certain benefits are expended in the funds when resources are used, but are expensed in the Statement of Activities when the liability is incurred.

<i>Capital leases</i>	(219,173)
<i>Net Pension Liability</i>	5,445,100
<i>Net Pension Liability - MERS</i>	(672,146)
<i>OPEB obligation</i>	(150,058)
<i>Claims and judgments</i>	99,375
<i>Pollution Remediation</i>	252,189
<i>Early retirement incentives</i>	8,500
<i>Compensated Absences</i>	<u>(38,809)</u>

<b>Change in net position of governmental activities</b>	<b><u>\$ 2,577,138</u></b>
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The notes to the financial statements are an integral part of this statement

# TOWN OF WINCHESTER, CONNECTICUT

## Statement of Net Position

### Proprietary Funds

June 30, 2017

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,176,251	\$ 792,512	\$ 1,968,763
Rents and Assessments Receivable, Net	81,854	98,378	180,232
Interest Receivable	17,659	17,203	34,862
Accrued Utility Reserve	477,379	398,559	875,938
Total Current Assets	<u>1,753,143</u>	<u>1,306,652</u>	<u>3,059,795</u>
Noncurrent Assets:			
Due from Other Funds	26,107	820,202	846,309
Nondepreciable Capital Assets	63,212	29,635	92,847
Capital Assets, Net of Accumulated Deprecation	13,336,733	14,441,944	27,778,677
Total Noncurrent Assets	<u>13,426,052</u>	<u>15,291,781</u>	<u>28,717,833</u>
 Total Assets	 <u>\$ 15,179,195</u>	 <u>\$ 16,598,433</u>	 <u>\$ 31,777,628</u>
<b>Deferred Outflows of Resources</b>			
Unamortized Bond Costs	<u>7,924</u>	<u>49,290</u>	<u>57,214</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable and Accrued Items	\$ 79,678	\$ 54,255	\$ 133,933
Due to Other Funds	150,860	200,000	350,860
Current Portion of Long-Term Debt	285,402	241,597	526,999
Total Current Liabilities	<u>515,940</u>	<u>495,852</u>	<u>1,011,792</u>
Noncurrent Liabilities:			
Due to Other Funds	-	661,351	661,351
Compensated Absences	40,632	69,775	110,407
Clean Water Fund Loans	-	304,301	304,301
Bonds Payable	250,000	639,232	889,232
Total Noncurrent Liabilities	<u>290,632</u>	<u>1,674,659</u>	<u>1,965,291</u>
<b>Total Liabilities</b>	<u>806,572</u>	<u>2,170,511</u>	<u>2,977,083</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>			
Net Investment in Capital Assets	12,895,897	13,329,812	26,225,709
Unrestricted	1,484,650	1,147,400	2,632,050
<b>Total Net Position</b>	<u>\$ 14,380,547</u>	<u>\$ 14,477,212</u>	<u>\$ 28,857,759</u>

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

**TOWN OF WINCHESTER, CONNECTICUT**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2017

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 1,912,416	\$ 1,701,329	\$ 3,613,745
Fines, Penalties and Interest	47,499	41,731	89,230
Total Operating Revenues	<u>1,959,915</u>	<u>1,743,060</u>	<u>3,702,975</u>
<b>OPERATING EXPENSES</b>			
Operations	849,190	936,351	1,785,541
Maintenance	65,634	70,675	136,309
Depreciation Expense	471,561	642,691	1,114,252
Administration	170,688	175,010	345,698
Total Operating Expenses	<u>1,557,073</u>	<u>1,824,727</u>	<u>3,381,800</u>
Operating Income/(Loss)	402,842	(81,667)	321,175
<b>NONOPERATING EXPENSES</b>			
Interest Expense	<u>(24,308)</u>	<u>(52,917)</u>	<u>(77,225)</u>
Income/(Loss) before Transfers, and			
Other Changes	<u>378,534</u>	<u>(134,584)</u>	<u>243,950</u>
Transfers:			
Transfers In	-	103,830	103,830
Transfers Out	<u>-</u>	<u>(37,542)</u>	<u>(37,542)</u>
Total Transfers	<u>-</u>	<u>66,288</u>	<u>66,288</u>
Change in Net Position	378,534	(68,296)	310,238
Net Position - Beginning of Year	<u>14,002,013</u>	<u>14,545,508</u>	<u>28,547,521</u>
Net Position - End of Year	<u>\$ 14,380,547</u>	<u>\$ 14,477,212</u>	<u>\$ 28,857,759</u>

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

# TOWN OF WINCHESTER, CONNECTICUT

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2017

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers and Users	\$ 1,846,653	\$ 1,597,801	\$ 3,444,454
Receipts from Interfund Services	13,586	13,586	27,172
Payments to Employees	(172,355)	(172,822)	(345,177)
Payments to Suppliers	(892,794)	(1,003,844)	(1,896,638)
Net Cash Provided by Operating Activities	<u>795,090</u>	<u>434,721</u>	<u>1,229,811</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Advance/(Repayment) from General Fund	(109,346)	(167,258)	(276,604)
Advance/(Repayment) from Sewer Assessments	-	11,301	11,301
Advance/(Repayment) from Proprietary Funds	(185,663)	185,663	-
Net Cash Used by Noncapital Financing Activities	<u>(295,009)</u>	<u>29,706</u>	<u>(265,303)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Payments on Bonds Payable	(250,000)	(160,000)	(410,000)
Principal Payments on Clean Water Fund Loans	-	(31,540)	(31,540)
Principal Payments on General Fund Bonds Payable	-	(29,000)	(29,000)
Purchase of Capital Assets	(52,682)	-	(52,682)
Interest Paid on Bonds Payable and Clean Water Fund Loans	(20,425)	(57,659)	(78,084)
Highland Lake Assessments	-	103,830	103,830
Net Cash Used by Capital and Related Financing Activities	<u>(323,107)</u>	<u>(174,369)</u>	<u>(497,476)</u>
<b>Cash Flows from Investing Activities:</b>			
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	176,974	290,058	467,032
Cash and Cash Equivalents at Beginning of Year	<u>999,277</u>	<u>502,454</u>	<u>1,501,731</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,176,251</u>	<u>\$ 792,512</u>	<u>\$ 1,968,763</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>			
Operating Income/(Loss)	\$ 402,842	\$ (81,667)	\$ 321,175
Adjustments to Reconcile Income to Net Cash			
Provided by Operating Activities:			
Depreciation	471,561	642,691	1,114,252
Change in Assets and Liabilities:			
(Increase) Decrease in Rents Receivable	(2,038)	(24,095)	(26,133)
(Increase) Decrease in Interest Receivable	(7,464)	(8,389)	(15,853)
(Increase) Decrease in Accrued Utility Reserve	(90,174)	(99,189)	(189,363)
Increase (Decrease) in Accounts Payable and Accrued Expenses	22,030	3,182	25,212
Increase (Decrease) in Accrued Vacation and Sick Leave Benefits	(1,667)	2,188	521
Total Adjustments	<u>392,248</u>	<u>516,388</u>	<u>908,636</u>
Net Cash Provided by Operating Activities	<u>\$ 795,090</u>	<u>\$ 434,721</u>	<u>\$ 1,229,811</u>

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

**TOWN OF WINCHESTER, CONNECTICUT**

## Statement of Fiduciary Net Position

June 30, 2017

	Pension <u>Trust Fund</u>	Agency <u>Funds</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ -	\$ 70,466
Investments, at Fair Value:		
Short-Term Investments	173,719	-
Mutual Funds	<u>7,922,991</u>	<u>-</u>
Total Investments, at Fair Value	<u>8,096,710</u>	<u>-</u>
Accrued Income	<u>7,716</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 8,104,426</u>	<u>\$ 70,466</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>
<b>Liabilities</b>		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 70,466</u>
Total Liabilities	<u>-</u>	<u><u>\$ 70,466</u></u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>
<b>Net Position</b>		
Restricted for Pension Benefits	<u><u>\$ 8,104,426</u></u>	

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**

## Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2017

	<b>Pension Trust Fund</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 801,260
Plan Members	104,223
Total Contributions	<u>905,483</u>
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	577,243
Interest	233,732
Total Investment Income	<u>810,975</u>
Total Additions	<u>1,716,458</u>
<b>Deductions</b>	
Benefits	839,960
Administrative expenses	48,532
Total Deductions	<u>888,492</u>
Change in Net Position	827,966
Net Position at Beginning of Year	<u>7,276,460</u>
Net Position at End of Year	<u>\$ 8,104,426</u>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Town of Winchester, Connecticut, was incorporated in 1771. The Town operates under a Selectmen-Town Manager form of government and provides the following services as authorized by its charter: public safety, public works, health, welfare, parks, recreation, and elementary and secondary education. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

The Winchester Housing Authority (the Authority) has been determined to be a related organization of the Town of Winchester, Connecticut, as the governing body of the Authority is appointed by the Town. The Authority is not included in this report, as the Town is not obligated to finance any deficit that the authority may incur, nor does the Town significantly subsidize the Authority; the Town obtains no financial benefit, nor can it impose its will upon the Authority.

**Basis of Presentation**

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

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

## TOWN OF WINCHESTER, CONNECTICUT

### Notes to the Financial Statements

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The *Federal and State Education Grants Fund* is to account for revenues and expenditures of various education grants.

The *Sewer Assessment Fund* is used to account for the sewer assessment revenues and expenditures related to the Highland Lake sewer project.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

The Town reports the following major proprietary funds:

The *Waterworks Fund* is used to account for the financial operations of the Winsted Waterworks. All necessary activities to provide such services are included in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection. The Water and Sewer Commission, as empowered by the Town Charter, oversees the operation of the Winsted Waterworks.

The *Sewer Fund* is used to account for the financial operations of the Town's sewer utility. All activities necessary to provide such services are included in this fund, including, but not limited to, administration, operations, maintenance, financing and billing and collection. Authority over the operations of the Sewer Fund is with the Water and Sewer Commission.

Additionally, the Town reports the following fund types:

The *Pension Trust Fund* is used to account for the activities of the Town's defined benefit plan which accumulates resources for pension benefit payments to qualified employees.

The *Agency Funds* account for monies held by the Town as a custodian for outside student and municipal groups.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for 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.

**Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**Cash Equivalents** - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. This definition also applies to the proprietary statement of cash flows.

**Investments** - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

**Fair Value of Financial Instruments**

In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

**Level 1:** Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

**Level 2:** Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

**Level 3:** Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

*Observable inputs* reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on Level 1 observable inputs and are presented in Note 3.

**Inventories** - All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles.

**Capital Assets** - Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings, Structures and Improvements	50
Equipment	7-15
Distribution reservoirs and standpipes	50
Infrastructure	7-100

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town also reports Deferred Pension Expense in this category. Deferred pension expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

## TOWN OF WINCHESTER, CONNECTICUT

### Notes to the Financial Statements

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. The government reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

**Long-Term Obligations** - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**Compensated Absences** - A limited amount of vacation earned may be accumulated by employees until termination of their employment, at which time they are paid for accumulated vacation. Sick leave may be accumulated by employees in accordance with union contracts until retirement, termination or death, at which time they are paid for a percentage of their accumulated sick leave.

All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Fund Equity and Net Position** – Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

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

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the Town, which is not restricted for any project or other purpose.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

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

The equity of the fund financial statements is defined as "fund balance" and is classified in the following five separate categories:

*Nonspendable Fund Balance* - Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

*Restricted Fund Balance* - Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* - Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Selectman and Town Meeting in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Winchester Board of Selectmen or department head as specified in the Town Charter.

*Unassigned Fund Balance* - Represents the remaining fund balance after amounts are set aside for all other classifications. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The Town has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies establishing stabilization funds.

The Town's Policy on Fund Balance is to maintain an unassigned General Fund Balance of at least ten percent of current General Fund expenditures. At June 30, 2017, the unassigned General Fund Balance represented 18.74% of the 2017 General Fund expenditures.

## **TOWN OF WINCHESTER, CONNECTICUT**

### Notes to the Financial Statements

#### **Property Taxes**

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A physical revaluation of all real property is required to be completed every ten years, and a statistical revaluation is required to be completed every five years. The Town had a revaluation of its property as of October 1, 2012. The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. A mill rate was applied to the Grand List. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are placed on delinquent accounts in June following the levy date.

Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

#### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **Budgetary Information**

Budgets are authorized annually by the Board of Selectmen.

Program budgets are established for funds not budgeted normally. The procedures establishing the budgetary data reflected in the financial statements are as follows:

- Prior to March 16, the Town Manager submits to the Board of Selectmen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at locations throughout the Town to obtain taxpayer comments.
- The budget is reviewed at the annual Town budget meeting and sent to referendum for enactment by vote of the general public.
- Upon request of the Town Manager, but only within the last three months of the fiscal year, only the Board of Selectmen may, by resolution, transfer any unencumbered appropriation, balance or portion thereof from one department, commission, board or office to another. Management cannot amend the budget.
- The control level on which expenditures may not legally exceed appropriations is the departmental level. The Board of Selectman must approve transfers within a department. Unencumbered appropriations lapse at the close of the fiscal year, except for those appropriations which are made for capital improvements.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

The budgets are prepared on a modified-accrual basis of accounting except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

Budgeted amounts are as originally adopted, or as amended by the Board of Selectmen. There were no additional appropriations for the year ended June 30, 2017.

**NOTE 3 – DETAILED NOTES ON ALL FUNDS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.” The following is a summary of cash and cash equivalents at June 30, 2017.

**Detailed Cash Notes on all Funds**

	Governmental Funds	Fiduciary Funds	Proprietary Funds	<u>Total</u>
Demand Accounts	\$ 10,185,144	\$ 70,466	\$ 1,968,763	\$ 12,224,373
Total	<u>\$ 10,185,144</u>	<u>\$ 70,466</u>	<u>\$ 1,968,763</u>	<u>\$ 12,224,373</u>

**Deposits**

*Deposit Custodial Credit Risk* -Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

At year-end, the Town's carrying amount of deposits was \$12,224,373 and the bank balance was \$12,909,839. Of the bank balance, the Federal Depository Insurance Corporation insured \$843,385.

As of June 30, 2017, \$12,066,454 of the Town's bank balance of \$12,909,839 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,784,809
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>1,281,645</u>
Total	<u>\$ 12,066,454</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Investments**

As of June 30, 2017, the Town had the following investments in the Pension Trust Fund:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Not Applicable</u>	<u>Investment Maturities</u>		
				<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Short-term Investments	N/A	\$ 173,719	\$ -	\$ 173,719	\$ -	\$ -
Mutual Funds	N/A	<u>7,922,991</u>	<u>7,922,991</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments		<u>\$ 8,096,710</u>	<u>\$ 7,922,991</u>	<u>\$ 173,719</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not Applicable

The following is a summary of assets measured at fair value:

<u>Description</u>	<u>June 30, 2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	173,719	173,719	-	-
Short-Term Investments	<u>7,922,991</u>	<u>7,922,991</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,096,710</u>	<u>\$ 8,096,710</u>	<u>\$ -</u>	<u>\$ -</u>

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

*Credit Risk-Investments-* The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

*Concentration of Credit Risk-* The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

*Custodial Credit Risk-* Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Receivables**

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

	General Fund	Sewer Assessment	Waterworks	Sewer	Nonmajor and Other Funds	Total
Receivables:						
Property taxes	\$ 468,936	\$ -	\$ -	\$ -	\$ -	\$ 468,936
Sewer assessment	-	361,898	-	-	-	361,898
Intergovernmental	-	-	-	-	269,991	269,991
Loans *	-	-	-	-	1,299,111	1,299,111
Interest, Liens, and Fees	-	-	17,659	17,203	-	34,862
Rents and assessments	-	-	97,760	106,583	-	204,343
Accounts	179,971	-	-	-	-	179,971
Gross receivables	<u>648,907</u>	<u>361,898</u>	<u>115,419</u>	<u>123,786</u>	<u>1,569,102</u>	<u>2,819,112</u>
Less allowance for uncollectibles:						
Property taxes	(45,415)	-	-	-	-	(45,415)
Rents and assessments	-	-	(15,906)	(8,205)	-	(24,111)
Total allowance	<u>(45,415)</u>	<u>-</u>	<u>(15,906)</u>	<u>(8,205)</u>	<u>-</u>	<u>(69,526)</u>
Net Total Receivables	<u>\$ 603,492</u>	<u>\$ 361,898</u>	<u>\$ 99,513</u>	<u>\$ 115,581</u>	<u>\$ 1,569,102</u>	<u>\$ 2,749,586</u>

\* Not expected to be collected within one year.

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 365,837	\$ -
Prepaid taxes	-	37,271
Education Grants Fund:		
Unepended Grant Receipts	-	391,373
Sewer Assessment:		
Assessments receivable not yet due	<u>360,980</u>	<u>-</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 726,817</u>	<u>\$ 428,644</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Capital Assets**

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 25,700,445	\$ -	\$ -	\$ 25,700,445
Construction in Progress	201,420	85,537	(89,727)	197,230
Total capital assets, not being depreciated	<u>25,901,865</u>	<u>85,537</u>	<u>(89,727)</u>	<u>25,897,675</u>
Capital assets, being depreciated				
Buildings	4,364,446	-	-	4,364,446
Improvements	3,545,190	107,839	-	3,653,029
Machinery & Equipment	8,988,810	575,467	(53,226)	9,511,051
Infrastructure	28,362,614	723,670	(192,490)	28,893,794
Total capital assets, being depreciated	<u>45,261,060</u>	<u>1,406,976</u>	<u>(245,716)</u>	<u>46,422,320</u>
Less accumulated depreciation for:				
Buildings	3,240,168	29,517	-	3,269,685
Improvements	1,220,698	94,359	-	1,315,057
Machinery & Equipment	6,274,921	314,132	(53,226)	6,535,827
Infrastructure	18,371,239	577,385	(192,490)	18,756,134
Total accumulated depreciation, net	<u>29,107,026</u>	<u>1,015,393</u>	<u>(245,716)</u>	<u>29,876,703</u>
Total capital assets, being depreciated	<u>16,154,034</u>	<u>391,583</u>	<u>-</u>	<u>16,545,617</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 42,055,899</u>	<u>\$ 477,120</u>	<u>\$ (89,727)</u>	<u>\$ 42,443,292</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 92,847	\$ -	\$ -	\$ 92,847
Total capital assets, not being depreciated	<u>92,847</u>	<u>-</u>	<u>-</u>	<u>92,847</u>
Capital assets, being depreciated				
Buildings	35,540,811	-	-	35,540,811
Improvements	3,012,252	-	-	3,012,252
Machinery & Equipment	5,805,361	-	-	5,805,361
Infrastructure	15,646,258	52,682	-	15,698,940
Total capital assets, being depreciated	<u>60,004,682</u>	<u>52,682</u>	<u>-</u>	<u>60,057,364</u>
Less accumulated depreciation for:				
Buildings	16,937,185	701,168	-	17,638,353
Improvements	1,454,146	120,740	-	1,574,886
Machinery & Equipment	5,574,258	38,927	-	5,613,185
Infrastructure	7,198,846	253,417	-	7,452,263
Total accumulated depreciation	<u>31,164,435</u>	<u>1,114,252</u>	<u>-</u>	<u>32,278,687</u>
Total capital assets, being depreciated, net	<u>28,840,247</u>	<u>(1,061,570)</u>	<u>-</u>	<u>27,778,677</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 28,933,094</u>	<u>\$ (1,061,570)</u>	<u>\$ -</u>	<u>\$ 27,871,524</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

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

Governmental activities:	
General Government	\$ 107,798
Public Safety	163,050
Public Works	661,719
Education	56,940
Parks and Recreation	<u>25,886</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 1,015,393</u>
Business-type activities	
Waterworks	\$ 471,561
Sewer	<u>642,691</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,114,252</u>

**Construction Commitments**

The Town has several active bridge construction projects as of June 30, 2017. At year-end, the Town's commitments are as follows:

	Spent to Date	Remaining Commitment
Holabird Avenue Bridge	\$ 142,931	\$ 20,000
West Road Bridge	<u>492,083</u>	<u>25,000</u>
	<u>\$ 635,014</u>	<u>\$ 45,000</u>

Except for certain engineering costs the State of Connecticut has assumed management and financial responsibility for the Holabird Avenue Bridge Project. The West Road Project Costs are estimated to be roughly \$517,000 of which no more than \$287,000 is to be funded by the State of Connecticut. The Sucker Brook Road Bridge Project has been postponed due to an increase in scope and costs and uncertain Federal and State funding levels. At June 30, 2017, the Town has no contractual commitment to the project. However, \$210,000 has been appropriated in the Capital Improvements Fund toward this project.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Interfund Transfers, Receivables, and Payables**

Transfer to:	Transfer from:				
	General Fund	Sewer Fund	Sewer Assessments	Town Park Fund	Total
General Fund	\$ -	\$ 37,542	\$ -	\$ -	\$ 37,542
Soldiers Monument Rest. Fund	-	-	-	30,000	30,000
Cafeteria Fund	31,558	-	-	-	31,558
Capital Improvements Fund	651,905	-	-	-	651,905
Sewer Fund	-	-	103,830	-	103,830
	<u>\$ 683,463</u>	<u>\$ 37,542</u>	<u>\$ 103,830</u>	<u>\$ 30,000</u>	<u>854,835</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds and bond payments in the Sewer Fund paid from sewer assessments.

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. A portion of the amounts due to the General Fund from the Sewer Fund, and the amount due from Sewer Assessments to the Sewer Fund, are not expected to be repaid within one year. The composition of interfund balances as of June 30, 2017 is as follows:

Due From:	Due To:					Total
	General Fund	Nonmajor Funds	Federal and State Education Grants Fund	Waterworks Fund	Sewer Fund	
General Fund	\$ -	\$ 131,101	\$ 391,373	\$ 26,107	\$ -	\$ 548,581
Nonmajor Funds	31,389	-	-	-	-	31,389
Sewer Assessments	-	-	-	-	669,342	669,342
Sewer Fund	861,351	-	-	-	-	861,351
Waterworks Fund	-	-	-	-	150,860	150,860
	<u>\$ 892,740</u>	<u>\$ 131,101</u>	<u>\$ 391,373</u>	<u>\$ 26,107</u>	<u>\$ 820,202</u>	<u>\$ 2,261,523</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-Term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds and notes	\$ 3,356,000	\$ -	\$ 420,000	\$ 2,936,000	\$ 420,000
Capital leases	113,894	351,189	132,016	333,067	115,249
Compensated absences	948,200	38,809	-	987,009	225,518
Heart and hypertension	1,087,269	-	99,375	987,894	121,817
Pollution remediation	262,456	10,267	262,456	10,267	10,267
Early retirement incentives	50,500	-	8,500	42,000	32,000
Net Pension Liability	9,322,300	-	5,445,100	3,877,200	-
Net Pension Liability-MERS	941,454	672,146	-	1,613,600	-
OPEB obligation	2,150,102	150,058	-	2,300,160	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 18,232,175</u>	<u>\$ 1,222,469</u>	<u>\$ 6,367,447</u>	<u>\$ 13,087,197</u>	<u>\$ 924,851</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,685,000	\$ -	\$ 410,000	\$ 1,275,000	\$ 410,000
Plus deferred amounts:					
Issuance premiums on refunding	44,443	-	10,105	34,338	10,106
Total bonds payable	1,729,443	-	420,105	1,309,338	420,106
Clean water fund loans	368,017	-	31,540	336,477	32,176
Compensated absences	184,603	2,188	1,667	185,124	72,990
Total Business-Type Activities Long-Term Liabilities	<u>\$ 2,282,063</u>	<u>\$ 2,188</u>	<u>\$ 453,312</u>	<u>\$ 1,830,939</u>	<u>\$ 525,272</u>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have also been issued for business-type activities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2017</u>
General Purposes:						
Public Improvements	8/14/2008	6,316,000	4.02%	8/15/2023	\$ 416,000 - 425,000	\$ 2,936,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	775,000
General refunding	1/15/2004	3,900,000	2-4%	8/1/2018	250,000	<u>500,000</u>
						<u>\$ 4,211,000</u>

All bonds are general obligation bonds secured by the general revenue raising powers of the Town, and payment will be provided by General Fund revenues, except for proprietary fund type bonds, which are expected to be paid from the receipts of the related fund, and Highland Lake Sewer Fund Bonds, which are expected to be paid by revenues of the Sewer Assessment Fund.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 420,000	\$ 109,585	\$ 410,000	\$ 52,763
2019	420,000	92,701	405,000	35,763
2020	420,000	75,817	155,000	23,788
2021	420,000	58,933	155,000	16,813
2022	420,000	42,049	150,000	7,125
2023-2025	<u>836,000</u>	<u>33,527</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,936,000</u>	<u>\$ 412,612</u>	<u>\$ 1,275,000</u>	<u>\$ 136,252</u>

**Clean Water Fund Notes**

The Town is currently participating in a capital project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." The notes were converted to permanent financing on January 31, 2008, and the balance as of June 30, 2017, was \$336,477. The notes carry an interest rate of 2%.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

Project loan obligations payable to the State of Connecticut mature as follows:

Year Ending	Business-Type Activities	
	Principal	Interest
2018	\$ 32,176	\$ 6,436
2019	32,826	5,786
2020	33,488	5,124
2021	34,164	4,448
2022	34,854	3,758
2023-2027	168,969	8,005
Total	<u>\$ 336,477</u>	<u>\$ 33,557</u>

Clean Water Fund notes will be repaid by sewer user fees.

**Pollution Remediation**

Pursuant to federal and state laws, the Town has recorded a liability of \$10,267 for remediation of 32 Lake Street. Management has estimated this liability taking into account data based on estimates from their consulting firm. The estimated liability has the potential to change due to factors such as price increases or decreases, changes in technology, or changes in applicable laws or regulations.

**Early Retirement Incentives**

During 2013, 2014, 2015, and 2016 the Board of Education offered the following options for each employee who was eligible and who opted to participate: 1) cash payment (less state and federal taxes and FICA contribution), payable in three equal installments, with the first payment paid to the employee on September 30th of the following fiscal year, with annual payments in each ensuing year being due on September 30th ; 2) cash payment and a contribution to each employee for three years as a subsidy towards that employee's health insurance costs, payable in three equal installments, with the first payment paid to the employee on September 30th of the following fiscal year, with annual payments in each ensuing year being due on September 30th. In 2013, nine teachers chose early retirement, in 2014, six teachers chose early retirement, in 2015, six teachers chose early retirement, and in 2017, two teachers chose early retirement. A liability of \$42,000 is recorded in the government-wide financial statements.

**Capital Leases**

The Town has entered into lease agreements as lessee for financing the acquisition of police vehicles and public works equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Equipment	\$ 529,411
Less accumulated depreciation	(69,568)
Total	<u>\$ 459,843</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

	Governmental Activities
Year ending June 30:	
2018	\$ 125,326
2019	109,335
2020	58,570
2021	60,265
Total	353,496
Less amount representing interest	(20,429)
Total	\$ 333,067

# TOWN OF WINCHESTER, CONNECTICUT

## Notes to the Financial Statements

### NOTE 4 - FUND BALANCE ASSIGNMENTS

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	General Fund	Major Special Revenue Funds	Non-Major Governmental Funds	Total
Fund balances:				
Nonspendable:				
Small Cities	\$ -	\$ -	\$ 1,299,111	\$ 1,299,111
Winchester Memorial Park Fund	-	-	8,300	8,300
Jane A Nisbet Fund	-	-	250	250
Town Park Fund	-	-	6,911	6,911
Cafeteria Fund	-	-	2,722	2,722
Forest View Cemetery Fund	-	-	138,267	138,267
Winchester Center Cemetery Fund	-	-	33,648	33,648
Total Nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,489,209</u>	<u>\$ 1,489,209</u>
Restricted for:				
Small Cities	\$ -	\$ -	\$ 24,705	\$ 24,705
Brownfields Pilot Program	-	-	154,418	154,418
Elderly Enrichment Part I Fund	-	-	10,914	10,914
Soldiers Monument Fund	-	-	3,489	3,489
Cemetery Association Trust Fund	-	-	669	669
Soldiers Monument Restoration Fund	-	-	132,076	132,076
Winchester Memorial Park Fund	-	-	5,845	5,845
Champs Fund	-	-	69,445	69,445
Grants & Donations Fund	-	-	127,542	127,542
Winchester School Trust Fund	-	-	85,143	85,143
Forest View Cemetery Fund	-	-	756	756
Winchester Center Cemetery Fund	-	-	4,957	4,957
Winchester Bond Sinking Fund	-	-	18	18
Forest View Cemetery Chapel Trust	-	-	630	630
Crippled Children Trust Fund	-	-	445	445
Jane A Nisbet Fund	-	-	7,534	7,534
Town Park Fund	-	-	119,857	119,857
Beverly Passbook Fund	-	-	8,243	8,243
Total Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 756,686</u>	<u>\$ 756,686</u>
Committed to:				
Industrial Park #2 Fund	\$ -	\$ -	\$ 215,604	\$ 215,604
Cafeteria Fund	-	-	7,090	7,090
City Sidewalks Fund	-	-	859	859
Capital Improvements	1,085,000	-	1,035,983	2,120,983
Total Committed	<u>\$ 1,085,000</u>	<u>\$ -</u>	<u>\$ 1,259,536</u>	<u>\$ 2,344,536</u>
Unassigned:				
General Fund	\$ 6,246,790	\$ -	\$ -	\$ 6,246,790
Sewer Assessment Fund	-	(669,933)	-	(669,933)
Total Unassigned	<u>\$ 6,246,790</u>	<u>\$ (669,933)</u>	<u>\$ -</u>	<u>\$ 5,576,857</u>

# TOWN OF WINCHESTER, CONNECTICUT

## Notes to the Financial Statements

### NOTE 5 - EMPLOYEE RETIREMENT PLANS

#### Defined Contribution Plan

As of July 1, 2014, non-union employees and newly hired union positions are eligible to participate in a Defined Contribution retirement plan administered by the Town. The deferred compensation plan currently has 4 participants enrolled in the plan. The Town will match employee contributions up to 6% of eligible compensation. The total expense to the Town for the year ended June 30, 2017 was \$16,321. Contributions are made to accounts in the participant's name, there are no assets accumulated in a trust that meets the criteria in GASB Statement No. 73, paragraph 4.

#### Defined Benefit Pension Plan

*Plan Description* - The Town of Winchester is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its municipal employees. The Plan provides retirement, death, and disability benefits to plan members and beneficiaries. The PERS is considered to be part of the Town of Winchester's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The plan does not issue a stand-alone financial report. The Retirement Administration Board has the authority to make rules and regulations for the administration of the plan. The Board consists of the Town Manager, two citizens at large, and two non-supervisory employees of the Town appointed by the Board of Selectmen. The Town manager's seat is ex-officio (non-voting).

*Classes of Employees Covered and Current Membership* – Supervisors hired prior to December 20, 2012, Public Works employees hired prior to December 1, 2014, Secretaries/Administrators hired prior to December 4, 2014, and Dispatchers hired prior to December 11, 2015 (except Police Officers covered by CMERS, those covered by the State of Connecticut Teachers Retirement System, and alternative funding source employees) at least 21 years of age and having six months of service are eligible. One year of credited service is earned for each calendar year during which 1,000 hours is worked. Current membership consists of the following:

Active plan members	45
Inactive plan members or beneficiaries receiving benefits	49
Inactive plan members entitled to but not yet receiving benefits	<u>6</u>
Total plan participants	<u>100</u>

*Benefits Provided* - Employees are 100% vested after five years of continuous service as long as their contributions remain in the fund upon termination. Employees who retire at the normal retirement age 65 or 5 years of service (age 55 or 10 years of services for BOE members); or upon meeting the rule of 75 (age plus years of service = 75) receive a retirement benefit for life of 2% times years of credited service (maximum of 25 years for BOE; 35 years for all other employees) of the average of the three highest consecutive years of compensation out of the last 10 years prior to retirement. No cost of living adjustments are included. Members can withdraw or discontinue their contributions at any time during their service with the Town. They can re-join the plan after one year from the date the participant elected to withdraw or discontinue their contributions. Members' contributions are also returnable on termination or upon death while active. The balance of contributions is returnable after retirement (less any benefits paid) provided in each case that no death benefits are otherwise paid.

*Contributions* - The contribution requirements of the Town are established and may be amended by the Board of Selectmen, as suggested by the actuarial valuations. The actuarial method used to develop the annual funding percentage for all benefits is the Entry Age Normal Actuarial Cost Method. The Town currently contributes at the actuarially determined rate; the current rate is 35.12% of annual covered payroll. Plan participants from the Board of Education are required to contribute 2.5% of their earnings up to the Social Security base and 5% of earnings over the Social Security base. All others must contribute 5% of earnings. Costs to administer the plan are paid by the Pension Trust Fund and

## TOWN OF WINCHESTER, CONNECTICUT

### Notes to the Financial Statements

are included in the actuarially determined contribution. Investment management fees are also paid out of the Pension Trust Fund.

#### Summary of Significant Accounting Policies

*Basis of Accounting* - The Town of Winchester Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Investment Policy* - The Pension Plan's policy in regards to the allocation of invested assets is established and may be amended by the Board of Selectmen. It is the policy of the Town's board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

*Method Used to Value Investments:* All funds are invested at Morgan Stanley and administered through First State Trust Company, and are reported at fair value. Investment income is recognized as earned.

There were no investments that represented 5% or more of the pension plan's fiduciary net position.

*Money-weighted Rate of Return* - For the year ended June 30, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 10.65 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Currently there is no Deferred Retirement Option Plan.

#### Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2017, were as follows:

##### Schedule of Net Pension Liability

	2017
Total pension liability	\$ 11,981,626
Plan fiduciary net position	8,104,426
Net pension liability (asset)	3,877,200
Plan fiduciary net position as a percentage of total pension liability	67.64%
Covered-employee payroll	2,281,285
Net pension liability as a % of covered-employee payroll	169.96%

# TOWN OF WINCHESTER, CONNECTICUT

## Notes to the Financial Statements

*Actuarial Methods and Assumptions* - The annual required contribution for the current year was determined as part of the January 1, 2016 actuarial valuation using the entry age normal actuarial cost method. The funding policy consists of two parts, normal cost plus an amortization of the plan's Unfunded Actuarial Liability. For the January 1, 2016 valuation, an open amortization period of 30 years was used. Significant actuarial assumptions used include: (1) rate of return on investments of 7.75% per year, (2) projected salary increases of 3.0% per year, and (3) a normal retirement age at the later of age 65 or 5 years of service. The unfunded actuarial accrued liability is being amortized over 30 years. Mortality was based on RP-2000 Mortality Table with separate male and female rates, with total Dataset adjustment combined table for non-annuitants and annuitants, and projected to the valuation date with Scale AA. An expenses study has not been performed.

*Discount Rate* – The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan's fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan's fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses. Professional judgment should be applied to the projections of contributions in circumstances where a) contributions amounts are established by statute or contract or b) a formal written policy exists. Consideration should also be given to the most recent five-year contribution history as key indicators of future contributions. It should not include cash flows for future plan members.

If the amount of the plan's fiduciary net position is projected to be greater than or equal to the benefit payments and administrative expenses made in that period, the actuarial present value of payments should be discounted using the long-term expected rate of return on those investments. A 20-year, high quality (AA/Aa or higher), tax-exempt municipal bond yield or index rate must be used to discount benefit payments for periods where the fiduciary net position is not projected to cover the expected benefit payments and administrative expenses.

Plans that are projected to have a sufficient fiduciary net position indefinitely will use the long-term expected return on investments to determine liabilities but will have to substantiate their projected solvency. Plans that are projected to not have a sufficient fiduciary net position (i.e., assets are not sufficient to cover future benefit payments and administrative expenses) will be required to use a blended single equivalent discount rate, which may be significantly lower than the long-term expected rate of return on investments and will result in higher liabilities. GASB permits alternative methods to evaluate sufficiency of the plan's fiduciary net position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 7.75% interest rate assumption to discount plan liabilities.

	Current <u>Discount Rate</u> 7.75%	1% Decrease <u>Discount Rate</u> 6.75%	1% Increase <u>Discount Rate</u> 8.75%
Net pension liability as of June 30, 2017	\$3,877,200	\$4,980,465	\$2,915,964

*Valuation Date and Roll Forward Process* – The plan used the January 1, 2016 valuation to calculate the Actuarially Determined Employer Contribution for fiscal year ending June 30, 2017. The January 1, 2016 Total Pension Liability was increased by service cost, interest, and decreased by benefit payments to estimate the Total Pension Liability as of June 30, 2017. The Total Pension Liability as of June 30, 2017 was also adjusted to reflect any material plan changes after the valuation.

# TOWN OF WINCHESTER, CONNECTICUT

## Notes to the Financial Statements

### Target Allocation and Expected Rate of Return June 30, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>	<u>Weighting</u>
U.S. Large Cap	20.00%	5.10%	1.02%
U.S. Mid Cap	9.00%	5.60%	0.50%
U.S. Small Cap	6.00%	6.10%	0.37%
International-Developed	10.00%	6.20%	0.62%
Emerging Markets	7.00%	8.20%	0.57%
Domestic Government Fixed	10.00%	1.90%	0.19%
Global High Yield	5.00%	6.40%	0.32%
International Fixed	5.00%	1.00%	0.05%
Global Inflation Adjusted	5.00%	0.60%	0.03%
Hedge Strategy	10.00%	3.80%	0.38%
Real Estate	5.00%	3.90%	0.20%
Commodities	5.00%	4.60%	0.23%
Money Markets	3.00%	1.80%	0.05%
	<u>100.00%</u>		<u>4.53%</u>
Long-Term Inflation Expectation			<u>2.75%</u>
Long-Term Expected Nominal Return			<u>7.28%</u>

\* Long-term returns are provided by Morgan Stanley. The returns are geometric means.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. The results support a rate between 7.0% and 7.75%. An expected rate of return of 7.75% was used.

# TOWN OF WINCHESTER, CONNECTICUT

## Notes to the Financial Statements

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016	\$ 16,598,760	\$ 7,276,460	\$ 9,322,300
Changes for the year:			
Service Cost	425,381	-	425,381
Interest	662,663	-	662,663
Differences Between Expected and Actual Experience	294,578	-	294,578
Changes in Assumptions	(5,159,423)	-	(5,159,423)
Employer Contributions	-	801,260	(801,260)
Member Contributions	-	104,223	(104,223)
Net Investment Income	-	767,942	(767,942)
Benefit Payments	(840,333)	(840,333)	-
Administrative Expenses	-	(5,126)	5,126
Net Changes	(4,617,134)	827,966	(5,445,100)
Balance at June 30, 2017	\$ 11,981,626	\$ 8,104,426	\$ 3,877,200
Plan fiduciary net position as a percentage of the total pension liability			67.64%
Covered-Employee Payroll			\$ 2,281,285
Net pension liability as a percentage of covered-employee payroll			169.96%

For the year ended June 30, 2017, the Town recognized pension expense (gain) of (\$161,229). As of June 30, 2017, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 483,200	\$ -
Differences between expected and actual experience	214,962	324,296
Changes of assumptions	911,517	3,764,984
Net difference between projected and actual earnings of Pension Plan investments	64,441	-
Total	\$ 1,674,120	\$ 4,089,280

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as net deferred outflows (inflows) of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:

2018	\$ (858,659)
2019	(1,054,428)
2020	(889,988)
2021	(95,285)
	<u>\$ (2,898,360)</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

**Connecticut Teachers Retirement Board**

*Plan Description:* Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov), or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

*Benefit Provisions:* The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

*Normal Retirement:* Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary).

*Early Retirement:* Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

*Disability Retirement:* Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% of average annual salary times years of credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

*Contributions:* Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

*Employer (School Districts):* School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

*Employees:* Participants are required to contribute 7.25% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2017 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$357,737. Covered payroll for the Town for the year ended June 30, 2017 was approximately \$4,934,307.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2017 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>15,575,729</u>
Total	<u>\$ 15,575,729</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2017, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized benefits expense and contribution revenue of \$1,066,710 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$1,698,589 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

*Actuarial Assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	8.00 Percent

Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future Cost-of-Living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

The long-term expected rate of return on pension investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging Market Bond	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
Cash	<u>6.00%</u>	0.40%
Total	<u>100.00%</u>	

*Discount Rate:* The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

### **Municipal Employees' Retirement System**

*Plan Description:* All Town employees not covered by the Town pension plan or the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). This is a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

*Benefit Provisions:* The Plan provides retirement, disability and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. In addition, compulsory retirement is at age 65 for police and fire members.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

*Normal Retirement:* For members not covered by social security, retirement benefits are calculated as 2% of average final compensation, times years of service. For members covered by social security, retirement benefits are calculated as 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

*Early Retirement:* Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

*Disability Retirement – Service Connected:* Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability, are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

*Disability Retirement – Non-Service Connected:* Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

*Death Benefit:* The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

*Contributions - Member:* Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2.25% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

*Contributions – Employer:* Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions.

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2017, the Town reports a total liability of \$1,613,600 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2017, the Town's proportion was 3.45%. This is an increase of 0.37% from the previous valuation.

For the year ended June 30, 2017, the Town recognized pension expense of \$339,431. As of June 30, 2017, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Town contributions subsequent to the measurement date	\$ 295,778	\$ -
Cumulative investment earnings	425,818	-
Difference between expected and actual experience	134,905	-
Change in proportional share	84,277	-
Total	<u>\$ 940,778</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred outflows of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:

2018	\$ 149,139
2019	149,139
2020	208,814
2021	<u>137,908</u>
	<u>\$ 645,000</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 Percent
Salary increases, including inflation	4.25-11.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	8.00 Percent

Mortality rates were based on the RP-2000 Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 – June 30, 2012.

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increases in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**TOWN OF WINCHESTER, CONNECTICUT**  
Notes to the Financial Statements

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	16.00%	5.80%
Developed Non-U.S. Equities	14.00%	6.60%
Emerging Markets (Non-U.S.)	7.00%	8.30%
Core Fixed Income	8.00%	1.30%
Inflation Linked Bond Fund	5.00%	1.00%
Emerging Market Bond	8.00%	3.70%
High Yield Bonds	14.00%	3.90%
Real Estate	7.00%	5.10%
Private Equity	10.00%	7.60%
Alternative Investments	8.00%	4.10%
Liquidity Fund	<u>3.00%</u>	0.40%
Total	<u>100.00%</u>	

*Discount Rate:* The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>7.0%</u>	<u>8.0%</u>	<u>9.0%</u>
Net Pension Liability as of June 30, 2016	<u>\$ 2,587,570</u>	<u>\$ 1,613,600</u>	<u>\$ 802,301</u>

# TOWN OF WINCHESTER, CONNECTICUT

## Notes to the Financial Statements

### NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

#### Annual OPEB Cost and Net OPEB Obligations

The Town allows certain retirees and their spouses to remain on the Town's health insurance plan. All eligible employees pay 100% of the premiums. Premiums for police retirees had been historically paid from a co-funded Retiree Insurance Fund. In accordance with a collective bargaining agreement, when funds were exhausted the benefits ceased. A new collective bargaining agreement provides a new framework for restoring medical benefits for Police Department retirees, with the program going into effect July 1, 2015. The Town's cost is calculated based on the annual required contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$ 371,744
Interest on net OPEB obligation	75,254
Adjustment to annual required contribution	<u>(112,926)</u>
Annual OPEB cost	334,072
Contributions made	<u>184,014</u>
Increase in net OPEB obligation	150,058
Net OPEB Obligation, Beginning of Year	<u>2,150,102</u>
Net OPEB Obligation, End of Year	<u><u>\$ 2,300,160</u></u>

OPEB obligations are liquidated by monies from the General Fund.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
June 30, 2015	\$ 650,472	\$ 424,622	65.3%	\$ 2,053,009
June 30, 2016	333,762	236,669	70.9%	2,150,102
June 30, 2017	334,072	184,014	55.1%	2,300,160

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$5.7 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$5.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$7.2 million. For 2015, the UAAL was 79% of the covered payroll.

## TOWN OF WINCHESTER, CONNECTICUT

### Notes to the Financial Statements

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan is 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the normal cost method was used. The actuarial assumptions include a 3.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 8% initially, reduced by increments of 0.5% per year to an ultimate rate of 4.75% for 2021 and later. The actuarial value of assets was determined using market value. The UAAL is being amortized on a level basis over a constant 30-year period.

#### NOTE 7 - OTHER INFORMATION

##### 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. These risks are covered by commercial insurance purchased from independent third parties, except for worker's compensation, which is handled through an interlocal risk pool. Settled claims for these risks did not exceed commercial insurance coverage during the year ended June 30, 2015, 2016 and 2017.

A schedule of changes in the claims liability for heart and hypertension judgments for the years ended June 30, 2017, 2016 and 2015, is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2014-15	\$ 1,353,345	\$ -	\$ 132,526	\$ 1,220,819
2015-16	1,220,819	-	133,550	1,087,269
2016-17	1,087,269	-	99,375	987,894

## **TOWN OF WINCHESTER, CONNECTICUT**

### **Notes to the Financial Statements**

#### **Interlocal Risk Pool**

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 212 members in the Workers' Compensation Pool. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, New Haven, CT.

#### **Contingent Liabilities**

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the Town's financial position.

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under the terms of the grant. Historically, such disallowances were not material; however, the CT SDE performed reviews of special education grant payments and determined that reimbursable expenditures had been overstated. As a result, the CT SDE initially requested repayment of \$720,865. The Town and CT SDE have negotiated an agreement that a waiver of one-fifth of the amount to be repaid can be requested each year for five years. If the Town and BOE attain specified criteria regarding the local special education programs, the CT SDE has agreed to grant the waiver each year. The first two waivers of \$144,173 each have been granted to the Town. Based on the work done regarding special education programs, the Town and BOE have no reason to believe the remaining waivers will not be granted.

The Town may be subject to rebate penalties to the federal government relating to various bond note issues. The Town expects such amounts, if any, to be immaterial.

The Town participates in Regional Refuse District No. 1, a transfer station that was formally a landfill. The District has been informed that its landfill is on the Superfund list and has been named a potentially responsible party by the Environmental Protection Agency. The District has settled its liability for the Remedial Investigation/Feasibility Study, and the EPA has approved a long-term natural attenuation and monitoring program as the final remedy for the site. The annual financial obligation for this long-term work was funded by amounts obtained in grant funds and assessed to all PRP's and set aside in a trust fund for these activities. At this point, it is premature to estimate the final cost of the program, as the total cost of post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws and regulations. The towns served by the District are required to pay any shortfall in the District's budget. The Town of Winchester, CT is responsible for approximately 51% of any such shortfall.

## TOWN OF WINCHESTER, CONNECTICUT

### Notes to the Financial Statements

#### NOTE 8 –UPCOMING PRONOUNCEMENTS

##### **GASB Pronouncements Issued, But Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* - addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability – the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

GASB Statement No. 75 carries forward from GASB statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of the Statement are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 81 - *Irrevocable Split-Interest Agreements* - This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement requires that a government recognize revenue when the resource become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

GASB Statement No. 82 - *Pension Issues* – an amendment of GASB Statements No. 67, No. 68 and No. 73 - This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for periods beginning after June 15, 2017.

## TOWN OF WINCHESTER, CONNECTICUT

### Notes to the Financial Statements

GASB Statement No. 83 - *Certain Asset Retirement Obligations* - This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84 - *Fiduciary Activities* - This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment funds, (3) private-purpose funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this statement are effective for reporting periods beginning December 15, 2018.

GASB Statement No. 86 - *Certain Debt Extinguishment Issues* - This statement improves the consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87 – *Leases* - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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# **Required Supplementary Information**

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended June 30, 2017

Page 1 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
<b>Taxes</b>				
Property Taxes	\$ 22,746,219	\$ 22,746,219	\$ 22,862,911	\$ 116,692
Property Taxes - Prior Years	430,000	430,000	410,887	(19,113)
Supplemental Tax	-	-	2,833	2,833
Interest and Lien Fees	225,000	225,000	254,629	29,629
Total Taxes	<u>23,401,219</u>	<u>23,401,219</u>	<u>23,531,260</u>	<u>130,041</u>
<b>Intergovernmental Revenue</b>				
State of Connecticut - General Government	576,113	576,113	1,084,148	508,035
State of Connecticut - Board of Education	<u>7,823,000</u>	<u>7,823,000</u>	<u>7,823,991</u>	<u>991</u>
Total Intergovernmental Revenues	<u>8,399,113</u>	<u>8,399,113</u>	<u>8,908,139</u>	<u>509,026</u>
<b>Other Local Revenues</b>				
<b>Licenses, Fees and Permits</b>				
Cemeteries	25,000	25,000	37,550	12,550
Town Clerk	140,144	140,144	172,382	32,238
<b>Charges for Services</b>				
In Lieu of Taxes - Housing Authority	34,000	34,000	37,667	3,667
Building Department	121,500	121,500	149,017	27,517
Planning and Zoning	3,000	3,000	3,904	904
Inland Wetlands Commission	2,000	2,000	4,350	2,350
Zoning Board of Appeals	3,000	3,000	2,529	(471)
Police Department	10,000	10,000	14,467	4,467
Fire and Ambulance	60,000	60,000	62,280	2,280
Sale of Land and Equipment	75,000	75,000	29,345	(45,655)
Park and Recreation Department	15,000	15,000	15,000	-
<b>Sewer-Water Administration</b>	240,000	240,000	250,008	10,008
<b>Water Debt Service</b>	275,000	275,000	275,000	-
<b>Sewer Debt Service</b>	278,198	278,198	278,198	-
<b>Other</b>	<u>19,000</u>	<u>19,000</u>	<u>86,488</u>	<u>67,488</u>
Total Other Local Revenues	<u>1,300,842</u>	<u>1,300,842</u>	<u>1,418,185</u>	<u>117,343</u>
<b>Other Financing Sources</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 33,101,174</u>	<u>\$ 33,101,174</u>	<u>\$ 33,857,584</u>	<u>\$ 756,410</u>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended June 30, 2017

Page 2 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Board of Selectmen	\$ 29,819	\$ 29,819	\$ <b>29,098</b>	\$ 721
Town Clerk	186,236	186,236	<b>171,909</b>	14,327
Treasurer	44,071	44,071	<b>43,977</b>	94
Accounting Department	329,288	329,288	<b>307,484</b>	21,804
Election Expenditures	66,212	66,212	<b>58,130</b>	8,082
Insurance	475,000	475,000	<b>467,982</b>	7,018
Town Counsel	120,000	139,000	<b>136,301</b>	2,699
Town Manager	194,480	189,480	<b>180,331</b>	9,149
Building Department	305,226	302,226	<b>285,938</b>	16,288
Assessor	185,714	185,714	<b>181,175</b>	4,539
Board of Tax Review	2,303	2,303	<b>2,037</b>	266
Tax Collector	149,406	149,406	<b>149,121</b>	285
Planning and Zoning	500	500	<b>321</b>	179
Building	171,150	171,150	<b>165,390</b>	5,760
Inland Wetland Commission	310	310	<b>110</b>	200
Zoning Board of Appeals	675	675	<b>175</b>	500
Laurel City Commission	5,000	5,000	<b>4,861</b>	139
Advisory Comm. for the Disabled	1,000	1,000	-	1,000
Northwest Conservation District	1,840	1,840	<b>1,840</b>	-
Purchasing/Data Processing	230,984	250,984	<b>249,154</b>	1,830
Probate Court	6,278	6,278	<b>5,476</b>	802
Senior Citizens	188,547	197,547	<b>195,600</b>	1,947
Rural Transit District	2,397	2,397	<b>2,397</b>	-
Vacation and Sick Pay Accrual	50,000	50,000	<b>38,349</b>	11,651
Highland Lake	29,600	29,600	<b>29,444</b>	156
Economic Development Commission	48,500	48,500	<b>46,080</b>	2,420
School Crossing Guards	53,716	53,716	<b>47,592</b>	6,124
Conservation Commission	1	1	-	1
Unemployment Compensation	19,600	19,600	<b>17,067</b>	2,533
Cemeteries	64,399	60,999	<b>59,898</b>	1,101
Soldiers Monument Commission	6,909	6,909	<b>4,323</b>	2,586
Planning and Community Development	129,485	129,485	<b>113,201</b>	16,284
Civil Service Commission	20,765	20,765	<b>18,742</b>	2,023
Farmington River Watershed	500	500	<b>500</b>	-
Other Town Properties	30,000	24,000	<b>18,793</b>	5,207
Friends of Main Street	9,000	9,000	<b>9,000</b>	-
Total General Government	<u>\$ 3,158,911</u>	<u>\$ 3,189,511</u>	<u>\$ <b>3,041,796</b></u>	<u>\$ 147,715</u>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended June 30, 2017

Page 3 of 4

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Library</b>	\$ 214,034	\$ 214,034	<b>\$ 214,034</b>	\$ -
<b>Miscellaneous</b>	952,454	916,454	<b>872,866</b>	43,588
<b>Contracted Printing</b>	5,000	5,000	<b>4,800</b>	200
<b>Waste Disposal and Recycling</b>	225,040	225,040	<b>225,040</b>	-
<b>Public Safety</b>				
Police Department	2,882,796	2,793,696	<b>2,740,445</b>	53,251
Fire Department	357,258	357,258	<b>319,708</b>	37,550
Animal Control	52,557	52,557	<b>41,160</b>	11,397
Civil Preparedness	11,083	11,083	<b>9,349</b>	1,734
Winchester Fire Department	43,000	43,000	<b>42,513</b>	487
Ambulance	85,783	85,783	<b>85,783</b>	-
Dispatch	321,789	399,789	<b>398,256</b>	1,533
Total Public Safety	3,754,266	3,743,166	<b>3,637,214</b>	105,952
<b>Public Works</b>				
Public Works Department	1,824,874	1,818,674	<b>1,737,657</b>	81,017
Streetlighting	155,000	167,000	<b>165,401</b>	1,599
Total Public Works	1,979,874	1,985,674	<b>1,903,058</b>	82,616
<b>Health</b>				
Department of Health	138,907	138,907	<b>138,907</b>	-
Youth and Family Services	29,353	29,353	<b>29,353</b>	-
Paramedic	156,046	167,146	<b>167,053</b>	93
Total Health	324,306	335,406	<b>335,313</b>	93
<b>Parks and Recreation</b>				
Park and Recreation Department	275,192	272,792	<b>253,516</b>	19,276
<b>Education</b>				
Board of Education	19,958,149	19,958,149	<b>19,958,149</b>	-
<b>Retirement and Pension Contribution</b>	\$ 555,251	\$ 557,251	<b>\$ 555,886</b>	\$ 1,365

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Revenues and Expenditures - Budget and Actual  
For the Year Ended June 30, 2017

Page 4 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Debt Service</b>				
Principal Retirement	\$ 391,000	\$ 391,000	\$ 391,000	\$ -
Interest	117,927	117,927	117,927	-
Sewer Plant Principal Retirement	29,000	29,000	29,000	-
Sewer Plant Interest	8,542	8,542	8,542	-
Sewer Principal Retirement	191,540	191,540	191,540	-
Water Principal Retirement	250,000	250,000	250,000	-
Sewer and Water Interest	74,116	74,116	74,116	-
Total Debt Service	<u>1,062,125</u>	<u>1,062,125</u>	<u>1,062,125</u>	-
<b>Contingency</b>	<u>20,000</u>	<u>20,000</u>	<u>19,936</u>	64
Total Expenditures	<u>32,484,602</u>	<u>32,484,602</u>	<u>32,083,733</u>	400,869
<b>Other Financing Uses</b>				
Transfer out to Capital Projects	<u>616,572</u>	<u>616,572</u>	<u>616,572</u>	-
Total Transfers	<u>616,572</u>	<u>616,572</u>	<u>616,572</u>	-
Total	<u>33,101,174</u>	<u>33,101,174</u>	<u>32,700,305</u>	<u>400,869</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,279</u>	<u>\$ 1,157,279</u>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Summary of Significant Accounting Principles

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

***Budgetary Information and Accounting***

The budgets are prepared on a modified accrual basis of accounting except for encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year.

Encumbrance accounting is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored in subsequent years. Encumbrances do not constitute expenditures or liabilities in the governmental funds.

***Budgetary/GAAP Reconciliation***

The Town of Winchester, CT prepares its annual budget on a basis (budget basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (budget basis) in the *Budgetary Comparison Schedule* to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that certain interfund transfers are recorded as expenditures (budget) rather than operating transfers (GAAP). The budget as presented has been amended by the Board of Selectmen throughout the year.

Adjustments necessary to reconcile the budget basis to GAAP basis are presented below:

<i>General Fund</i>	<u>GAAP Basis</u>	<u>Perspective Differences</u>	<u>Basis Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 35,136,489	\$ 553,198	\$ (1,832,103)	\$ 33,857,584
Expenditures	<u>33,333,289</u>	<u>582,547</u>	<u>(1,832,103)</u>	<u>32,083,733</u>
Excess of Revenues				
Over / (Under) Expenditures	1,803,200	(29,349)	-	1,773,851
Other Financing Sources / (Uses)	<u>(645,921)</u>	<u>29,349</u>	<u>-</u>	<u>(616,572)</u>
Excess of Revenues and Other				
Sources Over Expenditures,				
Loss on Assets, and Other Uses	<u>\$ 1,157,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,157,279</u>

*Perspective Differences:* Revenues and expenditures for Water/Sewer Debt Service are shown in the General Fund for budgetary purposes and in the Proprietary funds for the GAAP statements.

*Basis Differences:* The on-behalf payments made to the Connecticut Teachers Retirement Board and Excess Cost Grant are recognized as a GAAP adjustment to arrive at the Fund Financial Statements.

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Changes in Net Pension Liability and Related Ratios  
Last Four Fiscal Years  
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 425,381	\$ 356,834	\$ 373,253	\$ 362,381
Interest	662,663	786,103	765,560	744,581
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	294,578	(756,267)	(502)	-
Changes of Assumptions	* (5,159,423)	2,126,873	-	-
Benefit Payments, Including Refunds of Member Contributions	(840,333)	(770,208)	(699,299)	(744,122)
<b>Net Change in Total Pension Liability</b>	(4,617,134)	1,743,335	439,012	362,840
<b>Total Pension Liability - Beginning</b>	<u>16,598,760</u>	<u>14,855,425</u>	<u>14,416,413</u>	<u>14,053,573</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 11,981,626</u>	<u>\$ 16,598,760</u>	<u>\$ 14,855,425</u>	<u>\$ 14,416,413</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 801,260	\$ 598,100	\$ 448,806	\$ 153,179
Contributions - Member	104,223	118,366	88,137	103,410
Net Investment Income	767,942	(228,997)	222,132	983,007
Benefit Payments, Including Refunds of Member Contributions	(840,333)	(770,208)	(699,299)	(744,122)
Administrative Expenses	(5,126)	(4,927)	(2,174)	(21,100)
Other	-	-	-	-
<b>Net Change in Pension Fiduciary Net Position</b>	827,966	(287,666)	57,602	474,374
<b>Plan Fidiucary Net Position - Beginning</b>	<u>7,276,460</u>	<u>7,564,126</u>	<u>7,506,524</u>	<u>7,032,150</u>
<b>Plan Fidiucary Net Position - Ending (b)</b>	<u>\$ 8,104,426</u>	<u>\$ 7,276,460</u>	<u>\$ 7,564,126</u>	<u>\$ 7,506,524</u>
<b>Net Pension Liability - Ending: (a) - (b)</b>	<u>\$ 3,877,200</u>	<u>\$ 9,322,300</u>	<u>\$ 7,291,299</u>	<u>\$ 6,909,889</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	67.64%	43.84%	50.92%	52.07%
<b>Covered Employee Payroll</b>	\$ 2,281,285	\$ 2,254,826	\$ 2,376,673	\$ 2,668,367
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	169.96%	413.44%	306.79%	258.96%

\* Investment rate of return changed from 4% to 7.75%

See accountant's report.

# **TOWN OF WINCHESTER, CONNECTICUT**

## Schedule of Contributions

Last Four Fiscal Years

For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Employer Contribution (ADEC)	\$ 520,449	\$ 460,938	\$ 525,230	\$ 474,401
Contributions in Relation to the ADEC	<u>801,260</u>	<u>598,100</u>	<u>448,806</u>	<u>153,179</u>
Contribution Deficiency (Excess)	<u>\$ (280,811)</u>	<u>\$ (137,162)</u>	<u>\$ 76,424</u>	<u>\$ 321,222</u>
Covered-Employee Payroll	2,281,285	2,254,826	2,376,673	2,668,367
Contributions as a Percentage of Covered-Employee Payroll	35.12%	26.53%	18.88%	5.74%

### **Notes to Schedule**

Valuation Date: 1/1/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level Percent of Salary
Amortization method	Open
Remaining amortization period	30 yrs
Asset valuation method	The Actuarial Value of assets used in the development of plan contributions phases in the recognition of differences between the actual return on Market Value and expected return on Market Value over a 5-year period at 20% per year. The Actuarial Value is adjusted, if necessary, to be within the range of 80% and 120% of the Market Value of assets.
Salary increases	3.00% increase per year
Investment rate of return	7.75%, as of the 1/1/2016 valuation. 4.0% used in prior years.
Normal Retirement	Later of age 65 or 5 years of service.
Mortality	RP-2000 Mortality Table with separate male and female rates, with Total Dataset adjustment combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**

Schedule of Investment Returns  
Last Four Fiscal Years  
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.65%	-3.13%	3.03%	14.55%

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Connecticut Municipal Employees' Retirement System  
Proportionate Share of the Net Pension Liability and Schedule of Contributions  
June 30, 2017

**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Last 10 Fiscal Years or Since Inception of GASB 68**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Percentage of Collective Net Pension Liability	3.451%	3.077%	3.077%
Town's Portion of Net Pension Liability	<u>\$1,613,600</u>	<u>\$ 941,454</u>	<u>\$ 696,164</u>
Town's Covered-Employee Payroll	<u>\$1,598,329</u>	<u>\$1,232,689</u>	<u>\$1,232,689</u>
Town's Portion of Net Pension Liability as a % of Covered Payroll	100.96%	76.37%	56.48%
Plan Fiduciary Net Position as a % of Total Pension Liability	88.29%	92.72%	90.48%

**Schedule of Employer Contributions**  
**Since Inception of GASB 68**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Contractually Required Contribution	\$ 267,400	\$ 274,508	\$ 255,456
Town's Contributions in Relation to the Contractually Required Contribution	<u>295,778</u>	<u>274,508</u>	<u>255,456</u>
Town's Contribution Deficiency (Excess)	<u>\$ (28,378)</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered-Employee Payroll	1,598,329	1,232,689	1,232,689
Town's Contributions as a Percentage of Covered-Employee Payroll	18.51%	22.27%	20.72%

**Notes to Schedule**

Changes in benefit term	None
Changes in assumptions	None
Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

# TOWN OF WINCHESTER, CONNECTICUT

## Schedule of Funding Progress For the Year Ended June 30, 2017

### Other Post-Employment Benefits

Actuarial Valuation Date	(1) Actuarial Value of Assets Available For Benefits	(2) Actuarial Accrued Liability- Projected Unit Cost Credit Method	(3) Funded Ratio <u>(1) / (2)</u>	(4) Unfunded Actuarial Accrued Liability <u>(2) - (1)</u>	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll <u>(4) / (5)</u>
July 1, 2014	\$ -	\$ 5,662,846	0.0%	\$ 5,662,846	\$ 7,208,883	78.6%
July 1, 2012	-	9,667,792	0.0%	9,667,792	9,038,631	107.0%
July 1, 2010	-	8,794,747	0.0%	8,794,747	7,773,806	113.1%
July 1, 2008	-	8,446,082	0.0%	8,446,082	11,150,708	75.7%

See accountant's report.

# **TOWN OF WINCHESTER, CONNECTICUT**

## State Teacher's Retirement System Proportionate Share of Net Pension Liability June 30, 2017

### **Schedule of Proportionate Share of Net Pension Liability**

	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	15,575,729	14,125,042	13,055,770
Total	\$ 15,575,729	\$ 14,125,042	\$ 13,055,770
Town's covered-employee payroll	\$ 4,934,307	\$ 4,879,007	\$ 4,600,786
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

### **Notes to Schedule**

Changes in benefit terms	None
Changes in assumptions	The total pension liability was determined by an actuarial valuation as of June 30, 2016.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

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# **Supplemental, Combining Individual Nonmajor Fund Statements, and Schedules**

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# Nonmajor Governmental Funds

## ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Industrial Park #2 Fund - To account for revenues and expenditures for the marketing and sales of lots in the Town's second industrial park.

Cafeteria Fund - To account for the Child Nutrition Program. Revenues consist of sales of food and grant subsidies for nutrition.

Small Cities - is used to account for federal grant revenues from the U.S. Department of Housing and Urban Development and subsequent loans to entities for various grant years.

Homeless Shelter Fund - To account for the activities of the Town's homeless shelter.

Brownfields Pilot Program - To account for a grant from the U.S. Environmental Protection Agency and related expenditures to study and redevelop several potentially contaminated manufacturing sites.

City Sidewalks Fund - To account for revenues and expenditures relating to the maintenance of sidewalks.

Elderly Enrichment Part I Fund - To account for the revenues and expenditures relating to day services for developmentally disabled individuals.

Soldiers Monument Fund - To account for the revenues and expenditures relating to general maintenance of the soldiers monument park.

Cemetery Association Trust Fund - To account for the revenues and expenditures relating to the maintenance of the Forest View Cemetery.

Soldiers Monument Restoration Fund - To account for the revenues and expenditures relating to the renovation of the monument structure at the soldiers monument park.

Bullet Proof Vests Fund - To account for the revenue and expenditures for the purchase of bullet proof vests for the police department.

Highland Lake Catch Basin Fund - To account for the revenue and expenditures for the repairs to catch basins at the Highland Lake area.

JAG Grant Fund - To account for revenues and expenditures of the Federal Justice Assistance grant.

EDC Donation Fund - To account for economic development commission donations and related expenditures.

Redevelopment Fund – Created by Ordinance Sec. 171 to exercise all powers set forth in CGS Chapter 130.

Grants & Donations Fund - To account for revenue and expenditures from estate bequeaths, citizen donations, and funds arising from organizations declaring a non-taxable status.

CHAMPS Fund – To account for activity of an after-school enrichment program.

Unexpended Education Funds Account – To account for unexpended education funds in a non-lapsing account.

### ***Capital Projects Fund***

Capital Improvements Fund - To account for various long-term capital projects.

### ***Permanent Funds***

Winchester School Trust Fund - To account for beneficiary funds received from the W. H. Batcheller Trust to provide scholarships on an annual basis to local youth who excel in the school system.

Winchester Bond Sinking Fund - To account for funds established for the retirement of debt. The fund balance must exceed \$75,000 before any funds can be utilized.

Forest View Cemetery Fund - This fund was established to accumulate donations and other resources, the income on which is used for the operation and maintenance of the Town's Forest View Cemetery and to purchase cemetery land.

Winchester Center Cemetery Fund - This fund was established to accumulate donations and other resources, the income on which is used for the operation and maintenance of the Winchester Center Cemetery and to purchase cemetery land.

Forest View Cemetery Chapel Trust Fund - This fund is used to account for the revenues and expenditures for the repairs and maintenance of the chapel located on the grounds of the Forest View Cemetery.

Crippled Children Trust Fund - This fund was established to provide funds for disabled children.

Winchester Memorial Park Fund - This fund was established to provide funds to make repairs and improvements to the Town of Winchester parks.

Jane A Nisbet Fund - This fund was established to accumulate interest with the income used for the operation and maintenance of the Forest View Cemetery.

Beverly Pass Fund - This fund was established as a scholarship fund.

Town Park Fund - To account for funds contributed to the Town, the income on which is used for repairs and maintenance of the Town parks.

# TOWN OF WINCHESTER, CONNECTICUT

Page 1 of 3

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

### SPECIAL REVENUE FUNDS

	Industrial Park #2 Fund	Cafeteria Fund	Small Cities	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Cemetery Association Trust Fund
<b>Assets</b>								
Cash and Cash Equivalents	\$ 340,114	\$ -	\$ 24,705	\$ 138,465	\$ 859	\$ 37,107	\$ 3,489	\$ 669
Receivables, Net	-	43,435	1,299,111	14,475	-	12,141	-	-
Inventory	-	2,722	-	-	-	-	-	-
Due from Other Funds	28,620	31,558	-	1,478	-	-	-	-
<b>Total Assets</b>	<b>\$ 368,734</b>	<b>\$ 77,715</b>	<b>\$1,323,816</b>	<b>\$ 154,418</b>	<b>\$ 859</b>	<b>\$ 49,248</b>	<b>\$ 3,489</b>	<b>\$ 669</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ 67,903	\$ -	\$ -	\$ -	\$ 6,945	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	31,389	-	-
Due to Other Governments	153,130	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>153,130</b>	<b>67,903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,334</b>	<b>-</b>	<b>-</b>
Fund Balances:								
Nonspendable	-	2,722	1,299,111	-	-	-	-	-
Restricted	-	-	24,705	154,418	-	10,914	3,489	669
Committed	215,604	7,090	-	-	859	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>215,604</b>	<b>9,812</b>	<b>1,323,816</b>	<b>154,418</b>	<b>859</b>	<b>10,914</b>	<b>3,489</b>	<b>669</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 368,734</b>	<b>\$ 77,715</b>	<b>\$1,323,816</b>	<b>\$ 154,418</b>	<b>\$ 859</b>	<b>\$ 49,248</b>	<b>\$ 3,489</b>	<b>\$ 669</b>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**

Page 2 of 3

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	<b>SPECIAL REVENUE FUNDS</b>			<b>CAPITAL PROJECTS FUNDS</b>	<b>PERMANENT FUNDS</b>			
	Soldiers Monument Restoration Fund	Grants & Donations Fund	Champs Fund	Capital Improvements Fund	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund
<b>Assets</b>								
Cash and Cash Equivalents	\$ 147,916	\$ 134,514	\$ -	\$ 882,456	\$ 85,143	\$ 18	\$ 139,023	\$ 38,605
Receivables, Net	-	-	-	199,940	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	69,445	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 147,916</u>	<u>\$ 134,514</u>	<u>\$ 69,445</u>	<u>\$ 1,082,396</u>	<u>\$ 85,143</u>	<u>\$ 18</u>	<u>\$ 139,023</u>	<u>\$ 38,605</u>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts Payable and								
Accrued Items	\$ 15,840	\$ 6,972	\$ -	\$ 46,413	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Due to Other Governments	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>15,840</u>	<u>6,972</u>	<u>-</u>	<u>46,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	138,267	33,648
Restricted	132,076	127,542	69,445	-	85,143	18	756	4,957
Committed	-	-	-	1,035,983	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>132,076</u>	<u>127,542</u>	<u>69,445</u>	<u>1,035,983</u>	<u>85,143</u>	<u>18</u>	<u>139,023</u>	<u>38,605</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 147,916</u>	<u>\$ 134,514</u>	<u>\$ 69,445</u>	<u>\$ 1,082,396</u>	<u>\$ 85,143</u>	<u>\$ 18</u>	<u>\$ 139,023</u>	<u>\$ 38,605</u>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**

Page 3 of 3

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	<b>PERMANENT FUNDS</b>						
	Forest View Cemetery Chapel Trust <u>Fund</u>	Crippled Children Trust Fund <u>Trust Fund</u>	Winchester Memorial Park Fund <u>Park Fund</u>	Jane A Nisbet Fund <u>Nisbet Fund</u>	Beverly Pass Fund <u>Fund</u>	Town Park Fund <u>Fund</u>	<u>Total</u>
<b>Assets</b>							
Cash and Cash Equivalents	\$ 630	\$ 445	\$ 14,145	\$ 7,784	\$ 8,243	\$ 126,768	\$ 2,131,098
Receivables, Net	-	-	-	-	-	-	1,569,102
Inventory	-	-	-	-	-	-	2,722
Due from Other Funds	-	-	-	-	-	-	131,101
<b>Total Assets</b>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,145</u>	<u>\$ 7,784</u>	<u>\$ 8,243</u>	<u>\$ 126,768</u>	<u>\$ 3,834,023</u>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,073
Due to Other Funds	-	-	-	-	-	-	31,389
Due to Other Governments	-	-	-	-	-	-	153,130
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,592</u>
Fund Balances:							
Nonspendable	-	-	8,300	250	-	6,911	1,489,209
Restricted	630	445	5,845	7,534	8,243	119,857	756,686
Committed	-	-	-	-	-	-	1,259,536
Unassigned	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>630</u>	<u>445</u>	<u>14,145</u>	<u>7,784</u>	<u>8,243</u>	<u>126,768</u>	<u>3,505,431</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,145</u>	<u>\$ 7,784</u>	<u>\$ 8,243</u>	<u>\$ 126,768</u>	<u>\$ 3,834,023</u>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

Page 1 of 3

	<b>SPECIAL REVENUE FUNDS</b>								
	Industrial Park #2 Fund	Cafeteria Fund	Small Cities	Homeless Shelter Fund	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Cemetery Association Trust Fund
<b>Revenues</b>									
Intergovernmental Revenues	\$ -	\$ 209,521	\$ -	\$ -	\$ 321,003	\$ -	\$ 243,650	\$ -	\$ -
Interest and Dividends	-	-	-	-	1,585	-	-	1	-
Charges for Services	-	93,673	-	-	-	-	-	-	-
Other Revenue	30,000	75	19,573	-	-	-	-	-	-
Total Revenues	30,000	303,269	19,573	-	322,588	-	243,650	1	-
<b>Expenditures</b>									
General Government	1,380	-	-	188	271,197	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	243,652	-	-
Education	-	335,251	-	-	-	-	-	-	-
Program and Project	-	-	15,796	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	1,380	335,251	15,796	188	271,197	-	243,652	-	-
Excess/(Deficiency) of Revenues Over Expenditures	28,620	(31,982)	3,777	(188)	51,391	-	(2)	1	-
<b>Other Financing Sources/(Uses)</b>									
Issuance of Capital Leases	-	-	-	-	-	-	-	-	-
Transfers In	-	31,558	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	31,558	-	-	-	-	-	-	-
Net Change in Fund Balances	28,620	(424)	3,777	(188)	51,391	-	(2)	1	-
Fund Balances at Beginning of Year	186,984	10,236	1,320,039	188	103,027	859	10,916	3,488	669
Fund Balances at End of Year	\$ 215,604	\$ 9,812	\$ 1,323,816	\$ -	\$ 154,418	\$ 859	\$ 10,914	\$ 3,489	\$ 669

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

Page 2 of 3

	<b>SPECIAL REVENUE FUNDS</b>									<b>CAPITAL PROJECTS FUNDS</b>
	Soldiers Monument Restoration Fund	Bullet Proof Vests Fund	Highland Lake Catch Basin Fund	JAG Grant Fund	EDC Donation Fund	Redevelopment Fund	Grants & Donations Fund	Champs Fund	Unexpended Education Funds Account	Capital Improvements Fund
<b>Revenues</b>										
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 416,618
Interest and Dividends	21	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	30,597	-	-
Other Revenue	10,823	-	-	-	-	47	137,885	-	-	52,506
Total Revenues	10,844	-	-	-	-	47	137,885	30,597	-	469,124
<b>Expenditures</b>										
General Government	-	-	870	14,672	249	-	111,770	-	-	38,148
Public Safety	-	392	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	7,987	92,260	-
Program and Project	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-	136,897
Capital Outlay	44,063	-	-	-	-	-	-	-	-	1,120,577
Total Expenditures	44,063	392	870	14,672	249	-	111,770	7,987	92,260	1,295,622
Excess/(Deficiency) of Revenues Over Expenditures	(33,219)	(392)	(870)	(14,672)	(249)	47	26,115	22,610	(92,260)	(826,498)
<b>Other Financing Sources/(Uses)</b>										
Issuance of Capital Leases	-	-	-	-	-	-	-	-	-	351,189
Transfers In	30,000	-	-	-	-	-	-	-	-	651,905
Transfers Out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	30,000	-	-	-	-	-	-	-	-	1,003,094
Net Change in Fund Balances	(3,219)	(392)	(870)	(14,672)	(249)	47	26,115	22,610	(92,260)	176,596
Fund Balances at Beginning of Year	135,295	392	870	14,672	249	(47)	101,427	46,835	92,260	859,387
Fund Balances at End of Year	\$ 132,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,542	\$ 69,445	\$ -	\$ 1,035,983

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

Page 3 of 3

	<b>PERMANENT FUNDS</b>										
	Winchester School Trust Fund	Winchester Bond Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Winchester Memorial Park Fund	Jane A Nisbet Fund	Beverly Pass Fund	Town Park Fund	Total
<b>Revenues</b>											
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,190,792
Interest and Dividends	73	-	681	173	-	-	84	-	144	754	3,516
Charges for Services	-	-	-	-	-	-	-	-	-	-	124,270
Other Revenue	2,550	-	-	-	-	-	-	-	-	-	253,459
Total Revenues	<u>2,623</u>	<u>-</u>	<u>681</u>	<u>173</u>	<u>-</u>	<u>-</u>	<u>84</u>	<u>-</u>	<u>144</u>	<u>754</u>	<u>1,572,037</u>
<b>Expenditures</b>											
General Government	-	-	-	-	-	-	-	-	-	-	438,474
Public Safety	-	-	-	-	-	-	-	-	-	-	392
Health	-	-	-	-	-	-	-	-	-	-	243,652
Education	961	-	-	-	-	-	-	-	-	-	436,459
Program and Project	-	-	-	-	-	-	-	-	-	-	15,796
Debt Service	-	-	-	-	-	-	-	-	-	-	136,897
Capital Outlay	-	-	-	-	-	-	-	-	-	-	1,164,640
Total Expenditures	<u>961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,436,310</u>
Excess/(Deficiency) of Revenues Over Expenditures	1,662	-	681	173	-	-	84	-	144	754	(864,273)
<b>Other Financing Sources/(Uses)</b>											
Issuance of Capital Leases	-	-	-	-	-	-	-	-	-	-	351,189
Transfers In	-	-	-	-	-	-	-	-	-	-	713,463
Transfers Out	-	-	-	-	-	-	-	-	-	(30,000)	(30,000)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>1,034,652</u>
Net Change in Fund Balances	1,662	-	681	173	-	-	84	-	144	(29,246)	170,379
Fund Balances at Beginning of Year	83,481	18	138,342	38,432	630	445	14,061	7,784	8,099	156,014	3,335,052
Fund Balances at End of Year	<u>\$ 85,143</u>	<u>\$ 18</u>	<u>\$ 139,023</u>	<u>\$ 38,605</u>	<u>\$ 630</u>	<u>\$ 445</u>	<u>\$ 14,145</u>	<u>\$ 7,784</u>	<u>\$ 8,243</u>	<u>\$ 126,768</u>	<u>\$ 3,505,431</u>

See accountant's report.

# Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments.

## **Agency Funds**

Student Activities - To account for the Batcheller, Hinsdale and Pearson school activity funds.

Other - To account for performance bonds held by the Town.

# TOWN OF WINCHESTER, CONNECTICUT

## Agency Funds

### Combining Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<u>Student Activities</u>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 8,678	\$ 18,164	\$ 13,621	\$ 13,221
Total Assets	<u>8,678</u>	<u>18,164</u>	<u>13,621</u>	<u>13,221</u>
<b>Liabilities:</b>				
Fiduciary Deposits	<u>8,678</u>	<u>18,164</u>	<u>13,621</u>	<u>13,221</u>
Total Liabilities	<u>\$ 8,678</u>	<u>\$ 18,164</u>	<u>\$ 13,621</u>	<u>\$ 13,221</u>
 <u>Other</u>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 18,895	\$ 48,150	\$ 9,800	\$ 57,245
Total Assets	<u>18,895</u>	<u>48,150</u>	<u>9,800</u>	<u>57,245</u>
<b>Liabilities:</b>				
Fiduciary Deposits	<u>18,895</u>	<u>48,150</u>	<u>9,800</u>	<u>57,245</u>
Total Liabilities	<u>\$ 18,895</u>	<u>\$ 48,150</u>	<u>\$ 9,800</u>	<u>\$ 57,245</u>
 <u>Total Agency Funds</u>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 27,573	\$ 66,314	\$ 23,421	\$ 70,466
Total Assets	<u>27,573</u>	<u>66,314</u>	<u>23,421</u>	<u>70,466</u>
<b>Liabilities</b>				
Fiduciary Deposits	<u>27,573</u>	<u>66,314</u>	<u>23,421</u>	<u>70,466</u>
Total Liabilities	<u>\$ 27,573</u>	<u>\$ 66,314</u>	<u>\$ 23,421</u>	<u>\$ 70,466</u>

See accountant's report.

## **Supplemental Schedules**

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Property Taxes Levied, Collected, and Outstanding  
For the Year Ended June 30, 2017

	Outstanding <u>July 1, 2016</u>	Current <u>Levy</u>	<u>Lawful Corrections</u>		Transfers to <u>Suspense</u>	Collectible <u>Taxes</u>	Receipt of <u>Taxes</u>	Receipt of Interest and Liens	Total <u>Receipts</u>	Outstanding <u>June 30, 2017</u>
			<u>Additions</u>	<u>Deductions</u>						
List of 10/1:										
2015		\$ 23,307,366	\$ 120,535	\$ 172,216	\$ (13,943)	\$ 23,241,742	\$ 22,902,097	\$ 130,110	\$ 23,032,207	\$ 339,645
2014	429,241	-	690	3,799	(72,397)	353,735	300,014	55,443	355,457	53,721
2013	74,882	-	32	-	(650)	74,264	39,747	17,740	57,487	34,517
2012	32,109	-	1,252	-	(254)	33,107	12,444	9,975	22,419	20,663
2011	23,176	-	1,252	-	-	24,428	12,949	6,757	19,706	11,479
2010	12,674	-	-	-	-	12,674	6,394	5,418	11,812	6,280
2009	2,393	-	-	235	-	2,158	-	-	-	2,158
2008	349	-	-	228	-	121	-	-	-	121
2007	349	-	-	228	-	121	-	67	67	121
2006	688	-	-	568	-	120	120	235	355	-
2005	784	-	-	553	-	231	115	245	360	116
2004	1,025	-	-	547	-	478	390	829	1,219	88
2003	977	-	-	887	-	90	-	-	-	90
2002	856	-	-	856	-	-	-	-	-	-
2001	851	-	-	851	-	-	(63)	-	(63)	(63)
	<b>\$ 580,354</b>	<b>\$ 23,307,366</b>	<b>\$ 123,761</b>	<b>\$ 180,968</b>	<b>\$ (87,244)</b>	<b>\$ 23,743,269</b>	<b>23,274,207</b>	<b>226,819</b>	<b>23,501,026</b>	<b>\$ 468,936</b>

Net Grand List - October 1, 2015

Tax Rate: 33.54 mills

Total Suspense Collections	52,174	30,190	82,364
Total Collections	<b>\$ 23,326,381</b>	<b>\$ 257,009</b>	<b>\$ 23,583,390</b>

See accountant's report.

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding  
For the Year Ended June 30, 2017

**Water Rents:**

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2016	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Rents	Collections Interest and Liens	Total	Water Rents Receivable June 30, 2017
2015	\$ 1,831,613	\$ (16,510)	\$ -	\$ 1,815,103	\$ 1,726,544	\$ 18,535	\$ 1,745,079	\$ 88,559
2014	84,682	3,145	-	87,827	84,129	17,836	101,965	3,698
2013	7,893	107	-	8,000	5,098	1,545	6,643	2,902
2012	2,208	566	-	2,774	749	969	1,718	2,025
2011	791	1	-	792	364	134	498	428
2010	148	-	-	148	-	-	-	148
	<b>\$ 1,927,335</b>	<b>\$ (12,691)</b>	<b>\$ -</b>	<b>\$ 1,914,644</b>	<b>\$ 1,816,884</b>	<b>\$ 39,019</b>	<b>\$ 1,855,903</b>	<b>\$ 97,760</b>

**Sewer Rents:**

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2016	Lawful Corrections	Transfers to Suspense	Adjusted Levy and Uncollected Balance	Rents	Collections Interest and Liens	Total	Sewer Rents Receivable June 30, 2017
2015	\$ 1,500,906	\$ (19,020)	\$ -	\$ 1,481,886	\$ 1,400,464	\$ 14,782	\$ 1,415,246	\$ 81,422
2014	62,661	1,441	-	64,102	60,797	-	60,797	3,305
2013	5,525	77	-	5,602	2,847	976	3,823	2,755
2012	2,328	-	-	2,328	701	969	1,670	1,627
2011	921	-	-	921	322	77	399	599
2010	103	(13)	-	90	65	84	149	25
	<b>\$ 1,572,444</b>	<b>\$ (17,515)</b>	<b>\$ -</b>	<b>\$ 1,554,929</b>	<b>\$ 1,465,196</b>	<b>\$ 16,888</b>	<b>\$ 1,482,084</b>	<b>\$ 89,733</b>

See accountant's report.

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## **Statistical Section**

## Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

**TOWN OF WINCHESTER, CONNECTICUT**  
Net Position By Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 1

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	\$ 40,755,815	\$ 37,616,669	\$ 37,575,954	\$ 37,937,496	\$ 37,955,510	\$ 38,299,684	\$ 38,706,670	\$ 38,445,171	\$ 38,586,005	\$ 39,174,225
Restricted	503,576	504,466	522,003	524,258	2,523,523	2,694,119	2,338,704	2,132,045	2,184,503	2,243,173
Unrestricted	<u>1,328,438</u>	<u>1,349,394</u>	<u>(1,027,616)</u>	<u>(2,747,154)</u>	<u>(5,462,501)</u>	<u>(6,442,404)</u>	<u>(5,878,735)</u>	<u>(5,515,045)</u>	<u>(4,450,938)</u>	<u>(2,520,690)</u>
Total Governmental Activities Net Position	<u>\$ 42,587,829</u>	<u>\$ 39,470,529</u>	<u>\$ 37,070,341</u>	<u>\$ 35,714,600</u>	<u>\$ 35,016,532</u>	<u>\$ 34,551,399</u>	<u>\$ 35,166,639</u>	<u>\$ 35,062,171</u>	<u>\$ 36,319,570</u>	<u>\$ 38,896,708</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 31,481,209	\$ 34,073,572	\$ 33,299,371	\$ 32,869,701	\$ 32,508,601	\$ 32,182,934	\$ 31,687,119	\$ 30,765,003	\$ 26,835,634	\$ 26,225,709
Unrestricted	<u>509,720</u>	<u>(207,422)</u>	<u>(869,187)</u>	<u>(1,193,895)</u>	<u>(1,292,067)</u>	<u>(924,692)</u>	<u>330,581</u>	<u>1,097,207</u>	<u>1,711,887</u>	<u>2,632,050</u>
Total Business-type Activities Net Position	<u>\$ 31,990,929</u>	<u>\$ 33,866,150</u>	<u>\$ 32,430,184</u>	<u>\$ 31,675,806</u>	<u>\$ 31,216,534</u>	<u>\$ 31,258,242</u>	<u>\$ 32,017,700</u>	<u>\$ 31,862,210</u>	<u>\$ 28,547,521</u>	<u>\$ 28,857,759</u>
Primary Government										
Net Investment in Capital Assets	\$ 72,237,024	\$ 71,690,241	\$ 70,875,325	\$ 70,807,197	\$ 70,464,111	\$ 70,482,618	\$ 70,393,789	\$ 69,210,174	\$ 65,421,639	\$ 65,399,934
Restricted	503,576	504,466	522,003	524,258	2,523,523	2,694,119	2,338,704	2,132,045	2,184,503	2,243,173
Unrestricted	<u>1,838,158</u>	<u>1,141,972</u>	<u>(1,896,803)</u>	<u>(3,941,049)</u>	<u>(6,754,568)</u>	<u>(7,367,096)</u>	<u>(5,548,154)</u>	<u>(4,417,838)</u>	<u>(2,739,051)</u>	<u>111,360</u>
Total Primary Government Net Position	<u>\$ 74,578,758</u>	<u>\$ 73,336,679</u>	<u>\$ 69,500,525</u>	<u>\$ 67,390,406</u>	<u>\$ 66,233,066</u>	<u>\$ 65,809,641</u>	<u>\$ 67,184,339</u>	<u>\$ 66,924,381</u>	<u>\$ 64,867,091</u>	<u>\$ 67,754,467</u>

## TOWN OF WINCHESTER, CONNECTICUT

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 2

Page 1 of 2

Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Education	\$ 26,648,882	\$ 23,531,203	\$ 23,545,291	\$ 23,668,453	\$ 22,869,216	\$ 23,083,862	\$ 24,007,954	\$ 25,103,389	\$ 26,325,204	\$ 26,996,253
Public safety	3,936,737	4,286,390	4,967,321	4,115,483	3,576,949	3,607,845	3,558,537	3,045,908	3,684,860	3,969,616
Public works	3,086,803	3,432,120	3,275,459	3,175,507	2,382,942	2,226,107	3,067,995	3,111,181	3,096,519	2,592,077
General government	3,143,876	4,343,136	3,342,550	3,358,796	3,617,443	3,881,057	3,184,962	3,738,169	3,044,626	3,118,521
Health	269,570	313,813	287,221	289,932	365,698	332,349	575,514	649,113	1,164,840	468,627
Parks and recreation	280,558	268,004	263,574	244,723	512,726	199,271	210,019	224,911	263,445	269,537
Library	196,756	197,941	161,795	194,141	194,141	176,474	176,474	200,003	206,000	214,034
Waste disposal and recycling	355,293	363,464	360,824	335,869	405,320	204,965	222,812	196,247	198,356	225,040
Interest on long-term debt	254,313	305,566	301,724	283,729	270,484	202,821	222,581	166,124	146,895	131,350
Total Governmental Activities Expenses	38,172,788	37,041,637	36,505,759	35,666,633	34,194,919	33,914,751	35,226,848	36,435,045	38,130,745	37,985,055
Business-Type Activities										
Water	2,008,912	1,809,639	1,976,247	1,763,578	1,798,146	1,632,254	1,522,972	1,624,816	1,575,518	1,581,381
Sewer	1,808,430	1,751,541	2,309,850	1,880,397	1,776,674	1,698,684	1,695,555	1,937,700	1,782,200	1,877,644
Total Business-Type Activities Expenses	3,817,342	3,561,180	4,286,097	3,643,975	3,574,820	3,330,938	3,218,527	3,562,516	3,357,718	3,459,025
Total Primary Government Expenses	\$ 41,990,130	\$ 40,602,817	\$ 40,791,856	\$ 39,310,608	\$ 37,769,739	\$ 37,245,689	\$ 38,445,375	\$ 39,997,561	\$ 41,488,463	\$ 41,444,080
Program Revenues										
Governmental Activities:										
Charges for Services:										
Education	\$ 217,359	\$ 224,163	\$ 211,054	\$ 171,398	\$ 191,980	\$ 117,548	\$ 102,112	\$ 170,174	\$ 131,074	\$ 124,270
Public safety	272,387	247,535	230,263	158,752	44,460	68,454	84,557	61,615	64,812	76,747
Public works	18,895	16,694	16,928	74,551	-	-	381,676	222,998	245,626	250,008
Health	-	-	-	-	21,680	40,105	77,678	75,893	66,807	73,513
General government	214,367	160,542	90,180	484,494	349,799	256,293	286,497	305,526	358,225	376,722
Parks and Recreation	55,578	7,726	52,606	28,493	10,500	10,500	10,500	10,500	15,000	15,000
Operating Grants and Contributions	14,018,112	12,036,009	12,122,738	11,374,639	12,213,309	11,969,905	13,081,110	13,340,706	14,465,116	15,412,406
Capital Grants and Contributions	1,430,470	753,033	778,542	932,659	364,085	483,407	650,810	45,448	426,070	469,124
Total Governmental Activities										
Program Revenues	16,227,168	13,445,702	13,502,311	13,224,986	13,195,813	12,946,212	14,674,940	14,232,860	15,772,730	16,797,790
Business-type Activities:										
Water:										
Charges for Services	1,564,815	1,542,744	1,497,962	1,513,425	1,600,046	1,694,717	1,937,052	1,806,242	1,790,896	1,959,915
Capital Grants and Contributions	-	94,396	-	-	-	-	-	-	-	-
Sewer:										
Charges for Services	1,259,016	1,137,164	1,133,761	1,171,571	1,347,344	1,439,621	1,662,134	1,522,131	1,498,439	1,743,060
Capital Grants and Contributions	266,251	2,234	-	2,685	2,714	-	1,317	-	-	-
Total Business-type Activities										
Program Revenues	3,090,082	2,776,538	2,631,723	2,687,681	2,950,104	3,134,338	3,600,503	3,328,373	3,289,335	3,702,975
Total Primary Government Program Revenues	\$ 19,317,250	\$ 16,222,240	\$ 16,134,034	\$ 15,912,667	\$ 16,145,917	\$ 16,080,550	\$ 18,275,443	\$ 17,561,233	\$ 19,062,065	\$ 20,500,765
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

**TOWN OF WINCHESTER, CONNECTICUT**  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

Table 2

Page 2 of 2

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net Revenues (Expenses):										
Governmental Activities	\$ (21,945,620)	\$ (23,595,935)	\$ (23,003,448)	\$ (22,441,647)	\$ (20,999,106)	\$ (20,968,539)	\$ (20,551,908)	\$ (22,202,185)	\$ (22,358,015)	\$ (21,187,265)
Business-type Activities	<u>(727,260)</u>	<u>(784,642)</u>	<u>(1,654,374)</u>	<u>(956,294)</u>	<u>(624,716)</u>	<u>(196,600)</u>	<u>381,976</u>	<u>(234,143)</u>	<u>(68,383)</u>	<u>243,950</u>
Total Primary Government Net Expense	<u>\$ (22,672,880)</u>	<u>\$ (24,380,577)</u>	<u>\$ (24,657,822)</u>	<u>\$ (23,397,941)</u>	<u>\$ (21,623,822)</u>	<u>\$ (21,165,139)</u>	<u>\$ (20,169,932)</u>	<u>\$ (22,436,328)</u>	<u>\$ (22,426,398)</u>	<u>\$ (20,943,315)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 20,563,030	\$ 20,168,038	\$ 20,094,437	\$ 20,820,308	\$ 20,828,728	\$ 20,720,481	\$ 23,977,690	\$ 22,563,841	\$ 22,693,437	\$ 23,220,525
Grants and Contributions Not Restricted to Specific Programs	860,523	1,008,005	656,303	622,394	-	-	322,157	334,480	275,647	475,567
Unrestricted Investment Earnings	116,768	10,581	18,379	44,360	3,451	268	84	240	227	41,920
Contributions to Permanent Fund Principal	-	-	-	-	-	-	3,369	2,877	2,550	2,550
Miscellaneous	556,727	348,863	303,654	449,522	84,106	105,287	1,239,163	424,294	126,873	90,129
Transfers	<u>(223,547)</u>	<u>(215,838)</u>	<u>(218,408)</u>	<u>(215,838)</u>	<u>(213,269)</u>	<u>(251,923)</u>	<u>(110,480)</u>	<u>(78,653)</u>	<u>(68,514)</u>	<u>(66,288)</u>
Total Governmental Activities	<u>21,873,501</u>	<u>21,319,649</u>	<u>20,854,365</u>	<u>21,720,746</u>	<u>20,703,016</u>	<u>20,574,113</u>	<u>25,431,983</u>	<u>23,247,079</u>	<u>23,030,220</u>	<u>23,764,403</u>
Business-type Activities:										
Unrestricted Investment Earnings	5,578	154	-	-	-	-	-	-	-	-
Transfers	<u>223,547</u>	<u>215,838</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>	<u>251,923</u>	<u>110,480</u>	<u>78,653</u>	<u>68,514</u>	<u>66,288</u>
Total Business-type Activities	<u>229,125</u>	<u>215,992</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>	<u>251,923</u>	<u>110,480</u>	<u>78,653</u>	<u>68,514</u>	<u>66,288</u>
Total Primary Government	<u>\$ 22,102,626</u>	<u>\$ 21,535,641</u>	<u>\$ 21,072,773</u>	<u>\$ 21,936,584</u>	<u>\$ 20,916,285</u>	<u>\$ 20,826,036</u>	<u>\$ 25,542,463</u>	<u>\$ 23,325,732</u>	<u>\$ 23,098,734</u>	<u>\$ 23,830,691</u>
Loss on Assets:										
Governmental Activities	-	-	-	484,079	401,978	70,707	-	-	-	-
Business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,992</u>	<u>\$ 47,825</u>	<u>\$ 13,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,071</u>	<u>\$ 449,803</u>	<u>\$ 84,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (72,119)	\$ (2,276,286)	\$ (2,149,083)	\$ (1,204,980)	\$ (698,068)	\$ (465,133)	\$ 4,880,075	\$ 1,044,894	\$ 672,205	\$ 2,577,138
Business-type Activities	<u>(498,135)</u>	<u>(568,650)</u>	<u>(1,435,966)</u>	<u>(793,448)</u>	<u>(459,272)</u>	<u>41,708</u>	<u>492,456</u>	<u>(155,490)</u>	<u>131</u>	<u>310,238</u>
Total Primary Government	<u>\$ (570,254)</u>	<u>\$ (2,844,936)</u>	<u>\$ (3,585,049)</u>	<u>\$ (1,998,428)</u>	<u>\$ (1,157,340)</u>	<u>\$ (423,425)</u>	<u>\$ 5,372,531</u>	<u>\$ 889,404</u>	<u>\$ 672,336</u>	<u>\$ 2,887,376</u>

**TOWN OF WINCHESTER, CONNECTICUT**  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 3

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>General Fund:</b>										
Reserved	\$ 85,163	\$ 125,094	\$ 50,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>1,124,767</u>	<u>865,410</u>	<u>711,143</u>	-	-	-	-	-	-	-
Nonspendable				-	3,050	-	-	-	-	-
Committed				-	-	-	-	-	450,000	1,085,000
Assigned				52,034	-	-	-	-	-	-
Unassigned				<u>(510,943)</u>	<u>(1,426,982)</u>	<u>(1,205,348)</u>	<u>3,526,109</u>	<u>5,163,031</u>	<u>5,724,511</u>	<u>6,246,790</u>
Total General Fund	<u>\$ 1,209,930</u>	<u>\$ 990,504</u>	<u>\$ 761,699</u>	<u>\$ (458,909)</u>	<u>\$ (1,423,932)</u>	<u>\$ (1,205,348)</u>	<u>\$ 3,526,109</u>	<u>\$ 5,163,031</u>	<u>\$ 6,174,511</u>	<u>\$ 7,331,790</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 503,576	\$ 692,921	\$ 588,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	223,163	128,123	(194,593)	-	-	-	-	-	-	-
Capital Projects Funds	(6,025,566)	(127,346)	(133,789)	-	-	-	-	-	-	-
Permanent Funds	<u>15,861</u>	<u>16,009</u>	<u>16,185</u>	-	-	-	-	-	-	-
Nonspendable				507,907	2,508,983	2,679,098	2,098,898	1,763,036	1,505,939	1,489,209
Restricted				237,487	238,638	180,102	241,494	379,883	680,158	756,686
Committed				308,806	376,093	391,493	948,908	696,739	1,149,002	1,259,536
Assigned				-	-	-	-	-	-	-
Unassigned				<u>1,545,024</u>	<u>(624,456)</u>	<u>(711,709)</u>	<u>(716,106)</u>	<u>(703,609)</u>	<u>(682,491)</u>	<u>(669,933)</u>
Total All Other Governmental Funds	<u>\$ (5,282,966)</u>	<u>\$ 709,707</u>	<u>\$ 276,379</u>	<u>\$ 2,599,224</u>	<u>\$ 2,499,258</u>	<u>\$ 2,538,984</u>	<u>\$ 2,573,194</u>	<u>\$ 2,136,049</u>	<u>\$ 2,652,608</u>	<u>\$ 2,835,498</u>

Note:  
The change in the classification of fund balance amounts in 2011 is discussed in the notes to the 2011 Financial Statements  
\*\* Prior year amounts have not been restated for the implementation of Statement 54.

**TOWN OF WINCHESTER, CONNECTICUT**  
Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Table 4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Property Taxes, Interest and Lien Fees	\$ 20,388,059	\$ 20,403,777	\$ 20,170,995	\$ 20,736,727	\$ 20,667,970	\$ 20,900,669	\$ 23,758,932	\$ 22,479,091	\$ 22,967,681	\$ 23,531,260
Intergovernmental Revenue	16,537,291	14,009,909	13,516,197	12,921,397	12,520,941	12,411,437	13,940,209	13,758,449	15,046,049	15,493,882
Other local revenues	1,589,592	1,016,074	1,058,662	1,419,863	873,307	808,282	2,418,090	1,522,283	1,282,047	1,362,573
<b>Total Revenues</b>	<u>38,514,942</u>	<u>35,429,760</u>	<u>34,745,854</u>	<u>35,077,987</u>	<u>34,062,218</u>	<u>34,120,388</u>	<u>40,117,231</u>	<u>37,759,823</u>	<u>39,295,777</u>	<u>40,387,715</u>
<b>Expenditures</b>										
Current:										
Education	\$ 26,571,531	\$ 23,302,950	\$ 23,406,821	\$ 23,493,166	\$ 22,320,536	\$ 22,660,688	\$ 23,846,496	\$ 24,901,947	\$ 25,842,814	\$ 25,758,001
Program and Project Expenses	389,932	780,930	589,488	302,286	161,960	155,109	810,473	505,184	566,682	571,682
Public Safety	3,223,021	3,439,359	3,246,833	3,277,314	3,281,243	3,108,489	3,392,423	3,205,229	3,432,816	3,637,606
Public Works	2,250,074	2,097,788	2,025,162	1,959,313	1,731,088	1,548,594	1,725,019	1,712,751	1,947,597	1,903,058
Miscellaneous	496,431	660,180	327,692	583,544	555,000	514,425	402,436	504,794	433,930	877,666
General Government	3,033,420	3,311,289	2,699,466	2,665,573	3,050,201	3,226,659	2,870,365	2,981,403	3,034,766	3,464,873
Health	269,570	313,813	287,221	289,932	297,473	295,203	565,181	542,775	570,928	578,965
Parks and Recreation	236,411	208,524	224,152	206,805	219,716	176,353	186,958	196,636	253,191	253,516
Library	196,756	197,941	161,795	194,141	194,141	176,474	176,474	200,003	206,000	214,034
Waste Disposal and Recycling	355,293	363,464	360,824	335,869	405,320	204,965	222,812	196,247	198,356	225,040
Debt Service:										
Principal	350,000	330,000	425,000	425,000	508,000	508,000	526,582	535,768	558,253	552,016
Interest & Issuance Costs	257,365	213,230	308,131	290,134	270,484	202,821	222,622	166,124	166,269	131,350
Capital Outlay	3,543,774	620,756	1,168,114	1,320,985	1,516,798	761,668	952,001	788,956	487,622	1,164,640
<b>Total Expenditures</b>	<u>41,173,578</u>	<u>35,840,224</u>	<u>35,230,699</u>	<u>35,344,062</u>	<u>34,511,960</u>	<u>33,539,448</u>	<u>35,899,842</u>	<u>36,437,817</u>	<u>37,699,224</u>	<u>39,332,447</u>
<b>Excess ( Deficiency) of Revenues Over Expenditures</b>	<u>(2,658,636)</u>	<u>(410,464)</u>	<u>(484,845)</u>	<u>(266,075)</u>	<u>(449,742)</u>	<u>580,940</u>	<u>4,217,389</u>	<u>1,322,006</u>	<u>1,596,553</u>	<u>1,055,268</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of Bonds & GANS	-	6,316,000	-	-	-	-	2,000,000	-	-	-
Issuance of Capital Lease	230,996	33,337	41,120	415,000	-	-	-	-	-	351,189
Repayment of GANS	-	-	-	-	-	-	(2,000,000)	-	-	-
Transfers In	184,390	59,530	161,836	-	305,556	310,602	877,354	771,991	716,095	751,005
Transfers Out	(407,937)	(275,368)	(380,244)	(215,838)	(518,825)	(562,525)	(987,834)	(850,644)	(784,609)	(817,293)
<b>Total Other Financing Sources (Uses)</b>	<u>7,449</u>	<u>6,133,499</u>	<u>(177,288)</u>	<u>199,162</u>	<u>(213,269)</u>	<u>(251,923)</u>	<u>(110,480)</u>	<u>(78,653)</u>	<u>(68,514)</u>	<u>284,901</u>
<b>Loss on Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,079</u>	<u>401,977</u>	<u>70,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(2,651,187)</u>	<u>5,723,035</u>	<u>(662,133)</u>	<u>(550,992)</u>	<u>(1,064,988)</u>	<u>258,310</u>	<u>4,106,909</u>	<u>1,243,353</u>	<u>1,528,039</u>	<u>1,340,169</u>
<b>Fund Balance at Beginning of Year</b>	<u>(1,421,849)</u>	<u>(4,022,824)</u>	<u>1,700,211</u>	<u>2,691,307</u>	<u>2,140,314</u>	<u>1,075,326</u>	<u>1,992,394</u>	<u>6,055,727</u>	<u>7,299,080</u>	<u>8,827,119</u>
<b>Fund Balance at End of Year</b>	<u>\$ (4,073,036)</u>	<u>\$ 1,700,211</u>	<u>\$ 1,038,078</u>	<u>\$ 2,140,315</u>	<u>\$ 1,075,326</u>	<u>\$ 1,333,636</u>	<u>\$ 6,099,303</u>	<u>\$ 7,299,080</u>	<u>\$ 8,827,119</u>	<u>\$ 10,167,288</u>
<b>Debt Service as a Percentage to Noncapital Expenditures</b>	1.61%	1.54%	2.15%	2.10%	2.36%	2.17%	2.14%	1.97%	1.95%	1.79%

Note: A \$1,653,229 prior period adjustment was recorded and the 2011 beginning fund balance was restated.

Note: A \$658,758 prior period adjustment was recorded and the 2014 beginning fund balance was restated for the implementation of GASB 67.

Note: A \$43,576 prior period adjustment was recorded and the 2015 beginning fund balance was restated to correct individual fund balances.

**TOWN OF WINCHESTER, CONNECTICUT**  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(In Thousands)

Table 5

Fiscal Year	Real Property		Personal Property		Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
2008	394,682	63,293	60,307	78,816	9,017	588,081	24.67	840,116	70%
2009	596,351	107,992	60,472	85,917	9,245	841,487	24.67	1,202,124	70%
2010	570,237	108,160	60,566	86,051	9,259	815,755	24.67	1,165,364	70%
2011	568,892	107,905	60,423	85,848	9,237	813,831	24.43	1,162,616	70%
2012	610,247	122,099	62,634	43,345	25,312	813,013	25.43	1,161,447	70%
2013	611,083	121,991	65,524	44,215	24,667	818,146	25.43	1,168,780	70%
2014	493,174	102,398	66,208	49,056	22,457	688,379	31.20	983,399	70%
2015	494,082	101,804	67,187	50,788	22,914	690,947	31.91	987,067	70%
2016	495,044	101,635	69,257	50,905	23,958	692,883	32.70	989,833	70%
2017	495,158	102,081	69,360	52,692	25,499	693,792	33.54	991,131	70%

Source: Assessor's Office - Town of Winchester, Connecticut

Note: By State law, property is assessed at 70% of actual value with periodic revaluation of real property. The estimated actual amount is the equalized grand list which is estimated by the state of Connecticut, office of Policy and Management.

**TOWN OF WINCHESTER, CONNECTICUT**

Principal Property Taxpayers  
Current Year and Nine Years Ago

Table 6

2017				2008			
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Gross Taxable Assessed Grand List</b>		<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Gross Taxable Assessed Grand List</b>
Connecticut Light and Power Co.	\$ 12,978,273	1	1.87%	Nineteen Twenty Three St Marks	\$ 9,984,380	1	1.72%
Howmet Casting and Services	11,214,578	2	1.62%	Connecticut Light and Power Co	7,201,540	2	1.24%
Winrock LLC	9,477,370	3	1.37%	Howmet Casting and Services	6,607,050	3	1.14%
DRT Power Systems LLC	4,288,342	4	0.62%	Yankee Gas	4,606,173	4	0.79%
Yankee Gas	3,374,552	5	0.49%	Litchfield Gardens Apts LLC	2,197,530	5	0.51%
Litchfield Gardens Association	3,310,020	6	0.48%	SKF USA	2,150,027	6	0.50%
Barden Corporation *	2,130,017	7	0.31%	Homer D Bronson Co	2,056,066	7	0.48%
Litchfield Heights Apartments	1,921,850	8	0.28%	Winsted Precision Ball	1,794,244	8	0.42%
Adam L & Deannie K Reeder	1,773,980	9	0.26%	Reynolds and Reynolds	1,345,081	9	0.31%
Camp Wahnee Associates Inc.	1,750,560	10	0.25%	Litchfield Heights Apartments	1,343,240	10	0.31%
	<u>\$ 52,219,542</u>		<u>7.54%</u>		<u>\$ 39,285,331</u>		<u>7.42%</u>

Source: Town Assessor's office

\* Formerly Winsted Precision Ball

**TOWN OF WINCHESTER, CONNECTICUT**  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Table 7

<b>Fiscal Year</b>	<b>Tax Levied for the Fiscal Year</b>	<b>Collected Within Fiscal Year of Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2008	20,275,676	19,734,037	97.33%	385,515	20,119,552	99.23%
2009	20,193,362	19,716,097	97.64%	329,753	20,045,850	99.27%
2010	20,100,013	19,592,274	97.47%	416,938	20,009,212	99.55%
2011	20,613,265	20,198,358	97.99%	397,921	20,596,279	99.92%
2012	20,735,196	20,224,636	97.54%	376,466	20,601,102	99.35%
2013	20,882,442	20,315,733	97.29%	380,390	20,696,123	99.11%
2014	23,715,401	23,020,269	97.07%	462,503	23,482,772	99.02%
2015	22,202,107	21,409,286	96.43%	486,575	21,895,861	98.62%
2016	22,816,003	22,223,820	97.40%	300,014	22,523,834	98.72%
2017	23,307,366	22,902,097	98.26%	-	22,902,097	98.26%

Source: Town Assessor's office and Finance office

**TOWN OF WINCHESTER, CONNECTICUT**  
Ratios of Net General Bonded Debt to  
Assessed Value and Net General Bonded Debt per Capita  
Last Ten Fiscal Years

Table 8

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt		Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Total Debt per Capita
	General				General					
	Obligation Bonds	Notes	Capital Leases	Notes	Obligation Bonds	Notes				
2008	330,000	6,151,000	844,498	-	7,880,000	-	\$ 15,205,498	6.20%	1.81%	\$ 1,401
2009	6,316,000	-	703,615	-	6,916,995	-	\$ 13,936,610	5.68%	1.16%	\$ 1,284
2010	5,891,000	-	376,359	-	5,954,573	-	\$ 12,221,932	4.98%	1.05%	\$ 1,087
2011	5,466,000	-	144,614	-	5,141,598	-	\$ 10,752,212	3.78%	0.92%	\$ 956
2012	5,041,000	332,000	85,092	-	4,348,057	-	\$ 9,806,149	3.22%	0.84%	\$ 866
2013	4,616,000	249,000	856	-	3,558,940	-	\$ 8,424,796	2.65%	0.72%	\$ 751
2014	4,196,000	166,000	43,047	-	2,949,236	-	\$ 7,354,283	2.26%	0.75%	\$ 657
2015	3,776,000	83,000	43,779	-	2,493,932	-	\$ 6,396,711	1.97%	0.65%	\$ 572
2016	3,356,000	-	113,894	-	2,053,017	-	\$ 5,522,911	1.71%	0.56%	\$ 505
2017	2,936,000	-	333,067	-	1,611,477	-	\$ 4,880,544	1.42%	0.49%	\$ 451

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

<sup>1</sup> See Table 5 for taxable property value data

<sup>2</sup> See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**TOWN OF WINCHESTER, CONNECTICUT**  
Schedule of Debt Limitation  
June 30, 2017

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 23,226,935
Reimbursement for Revenue Loss on: Tax Relief for Elderly and Disabled (Prior Year)	<u>61,848</u>
Base	<u><u>\$ 23,288,783</u></u>

	General Long-Term Debt			
	General Purposes (2.25 x base)	Schools (4.50 x base)	Urban Renewal (3.25 x base)	Enterprise (3.75 x base)
Debt Limitation:				
Statutory Debt Limits by Function	<u>\$ 52,399,762</u>	<u>\$ 104,799,524</u>	<u>\$ 75,688,545</u>	<u>\$ 87,332,936</u>
Indebtedness:				
Bonds Payable	2,936,000	-	-	1,275,000
Clean Water Fund Loans	-	-	-	336,477
Total Indebtedness	<u>2,936,000</u>	<u>-</u>	<u>-</u>	<u>1,611,477</u>
Debt Limitation in Excess of Debt*	<u>\$ 49,463,762</u>	<u>\$ 104,799,524</u>	<u>\$ 75,688,545</u>	<u>\$ 85,721,459</u>

\*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$163,021,481.

**TOWN OF WINCHESTER, CONNECTICUT**  
Legal Debt Margin Information  
Last Ten Fiscal Years

Table 10

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limitation	\$ 147,133,637	\$ 148,287,965	\$ 144,552,366	\$ 148,714,174	\$ 147,073,122	\$ 147,628,894	\$ 166,749,107	\$ 155,653,344	\$ 155,653,344	\$ 163,021,481
Total net debt applicable to limit	<u>\$ 16,159,953</u>	<u>\$ 13,936,610</u>	<u>\$ 11,845,575</u>	<u>\$ 11,022,599</u>	<u>\$ 9,389,057</u>	<u>\$ 8,174,940</u>	<u>\$ 7,145,236</u>	<u>\$ 6,269,932</u>	<u>\$ 5,409,017</u>	<u>\$ 4,547,477</u>
Legal debt margin	<u>\$ 130,973,684</u>	<u>\$ 134,351,355</u>	<u>\$ 132,706,791</u>	<u>\$ 137,691,575</u>	<u>\$ 137,684,065</u>	<u>\$ 139,453,954</u>	<u>\$ 159,603,871</u>	<u>\$ 149,383,412</u>	<u>\$ 150,244,327</u>	<u>\$ 158,474,004</u>
Total net debt applicable to the limit as a percentage of debt limit	10.98%	9.40%	8.19%	7.41%	6.38%	5.54%	4.29%	4.03%	3.48%	2.79%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual base. The calculation of the 2017 debt limit can be found on Table 9 of this Report.

**TOWN OF WINCHESTER, CONNECTICUT**

Table 11

**Debt Statement  
For the Year Ended June 30, 2017****Direct Debt**

General Obligation Bonds	\$ 4,211,000
Notes and Loans Payable	336,477
Capital Leases	<u>333,067</u>

Total Direct Debt	4,880,544
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Total Net Direct Debt (a)	2,936,000
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**Overlapping Debt**

	<u>-</u>
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Total Net Overall Debt	<u>\$ 2,936,000</u>
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(a) - Excludes leases and self-supporting water and sewer debt

**TOWN OF WINCHESTER, CONNECTICUT**

Current Debt Ratios

June 30, 2017

Table 12

<sup>1</sup> Population	10,829
Net Taxable Grand List (10/1/15) (70%)	\$ 693,792,000
Estimated Full Value	\$ 991,131,000
<sup>1</sup> Equalized Net Taxable Grand List (2015)	\$ 931,621,000
<sup>1</sup> Per Capita Income	\$ 31,050

	Total <u>Direct Debt</u>	Total Net <u>Direct Debt</u>	Total Net <u>Overall Debt</u>
Per Capita	\$ 4,880,544	\$ 2,936,000	\$ 2,936,000
	\$ 450.69	\$ 271.12	\$ 271.12
Ratio to Net Taxable Grand List	0.70%	0.42%	0.42%
Ratio to Estimated Full Value	0.49%	0.30%	0.30%
Ratio to Equalized Net Taxable Grand List	0.52%	0.32%	0.32%
Debt per Capita to Money Income per Capita	1.45%	0.87%	0.87%

<sup>1</sup> State of Connecticut Municipal Fiscal Indicators, Office of Policy and Management 2009-2016

**TOWN OF WINCHESTER, CONNECTICUT**  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Table 13

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Education Level in Years of Schooling</b>	<b>School Enrollment (1)</b>	<b>Unemployment Rate (2)</b>
2008	10,857	245,249	22,589	40	12+	991	4.9
2009	10,857	245,249	22,589	40	12+	996	8.9
2010	11,242	284,321	25,291	40	12+	979	8.7
2011	11,242	304,220	27,061	40	12+	948	8.6
2012	11,328	317,875	28,061	44	12+	715	8.1
2013	11,216	325,758	29,044	43	12+	654	8.6
2014	11,189	324,973	29,044	44	12+	637	6.0
2015	11,013	323,584	29,382	44	12+	584	5.4
2016	10,929	343,990	31,475	47	12+	545	5.6
2017	10,829	336,240	31,050	47	12+	565	5.9

Sources: Population, personal income, median age and education level provided by U.S Department of Commerce Bureau of Census and Department of Health Services, State of Connecticut

(1) Town of Winchester, Board of Education. Enrollment prior to 2012 includes grades K-8, subsequent to 2012 is grades K-6.

(2) State of Connecticut, Department of Labor

# TOWN OF WINCHESTER, CONNECTICUT

Principal Employers  
Current Year and Nine  
Years Ago

Table 14

Employer	2017			2008		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Town Employment
Town of Winchester	225	1	3.73%	270	1	4.64%
Howmet Corporation	185	2	3.06%	185	2	3.18%
Electric Motion	130	3	2.15%	140	3	2.41%
NW CT Community College	100	4	1.66%	100	4	1.72%
Foothills Visiting Nurse/Home Care	65	5	1.08%	65	7	1.12%
ICS	55	6	0.91%	55	8	0.95%
DRT Power Systems	54	7	0.89%			
Sterling Sintered Technologies	49	8	0.81%	55	9	0.95%
Northwest Community Bank	44	9	0.73%	85	5	1.46%
Barden Corporation	38	10	0.63%			
Superior Energy				40	10	0.69%
Homer D Bronson Co				70	6	1.20%

Source: Assessor's Office - Town of Winchester, Connecticut

**TOWN OF WINCHESTER, CONNECTICUT**  
Full-Time Equivalent Government Employees By Function/ Program  
Last Ten Fiscal Years

Table 15

	<b>FISCAL YEAR</b>									
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
<u>General Government</u>										
Management Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance	6.0	6.0	6.0	4.0	7.0	7.0	7.0	7.0	7.0	7.0
Planning	1.0	1.0	1.0	-	-	-	2.0	2.0	2.0	2.0
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other	8.0	8.0	8.0	9.0	8.0	9.0	8.0	7.0	7.0	7.0
<u>Public Safety</u>										
Officers	20.0	18.0	18.0	16.0	17.0	18.0	20.0	21.0	23.0	23.0
Civilians	5.0	4.0	3.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
<u>Public Works</u>	11.0	9.0	10.0	9.0	9.0	12.0	13.0	15.0	17.0	17.0
<u>Parks and Recreation</u>	-	1.0	-	-	-	-	1.0	1.0	1.0	1.0
<u>Water and Sewer Authority</u>	11.0	10.0	10.0	10.0	10.0	9.0	7.0	10.0	10.0	10.0
<u>Human Services</u>	-	-	-	-	-	-	-	-	-	-
<u>Town Properties</u>	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Board of Education</u>										
Certified	72.0	71.0	66.0	73.0	67.0	62.0	67.0	99.0	99.0	99.0
Noncertified	85.0	22.6	85.0	70.0	71.0	82.0	71.0	93.0	93.0	93.0
Total	<u>225.0</u>	<u>156.6</u>	<u>213.0</u>	<u>201.0</u>	<u>199.0</u>	<u>209.0</u>	<u>207.0</u>	<u>266.0</u>	<u>270.0</u>	<u>270.0</u>

Sources: Various Town departments

Notes: a full-time employee is scheduled to work a minimum 1,820 hours per year  
(including vacation and sick leave).

**TOWN OF WINCHESTER, CONNECTICUT**  
Operating Indicators By Function/Program  
Last Ten Fiscal Years

Table 16

	<b>FISCAL YEAR</b>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Government										
Workers Compensation										
Claims Processed	22	22	24	24	31	35	39	46	47	45
General Liability										
Claims Processed	14	6	30	27	17	9	27	34	32	31
Marriage Licenses Recorded	102	61	105	109	99	88	100	78	79	80
Birth Certificates Recorded	99	89	73	105	83	115	100	101	121	120
Death Certificates Recorded	106	125	121	125	125	130	128	122	110	108
Boards and Agencies										
Registered Voters	6,125	5,566	6,660	6,916	6,815	6,815	6,825	6,732	6,718	6,720
Elections and Referendums	5	4	4	4	7	3	2	2	3	5
Planning and Development										
Building Permits Issued	595	696	626	585	639	705	704	733	768	852
Rental Certificate of										
Occupancy Issued	78	40	67	28	66	90	239	142	140	138
Value of Building Permits	9,881,654	9,240,598	7,402,728	6,728,828	5,628,905	7,791,834	4,353,375	15,766,459	16,745,859	13,744,459
Public Safety										
Arrests	422	393	655	394	487	556	935	972	975	875
Parking Violations	199	198	499	96	872	1,197	1,200	1,289	1,400	1,689
Traffic Accidents	323	353	816	408	393	400	390	410	425	450
Traffic Stops	739	772	1,320	1,149	1,438	2,162	2,289	2,390	2,488	2,548
Police Calls	8,661	8,260	8,816	9,310	10,436	11,581	12,790	12,978	12,365	11,956
Animal Control Calls	160	362	624	204	307	409	550	499	504	480
Fire Dispatched	152	279	718	188	269	489	648	298	300	290
Ambulance Requests	897	1,142	1,284	1,245	1,357	1,737	1,569	1,532	1,468	1,466
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	655	506	452	325	1,538	1,750	1,250	3,278	3,670	3,670
Recreation Program Participants	844	740	627	1,550	1,468	1,520	1,595	2,198	2,100	2,100
Annual Participants	1,499	1,246	1,079	875	3,006	3,270	2,845	5,476	5,770	5,770

**TOWN OF WINCHESTER, CONNECTICUT**  
Operating Indicators By Function/Program  
Last Ten Fiscal Years

Table 16

	<b>FISCAL YEAR</b>									
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Public Libraries										
Volumes in Collection	34,240	36,361	40,627	43,058	46,884	48,982	59,745	77,466	77,466	77,466
Collection Size	38,970	40,369	45,157	47,258	52,098	44,291	53,979	61,045	61,045	610,454
Senior Citizens										
Meals on Wheels										
Provided - Anually	32,570	35,170	36,108	35,793	37,802	37,802	37,600	36,750	36,000	36,000
Meals at Senior Center										
Provided - Anually	5,632	6,274	6,897	8,171	7,172	7,172	7,000	9,800	10,000	10,000
Van Rides Provided to										
Seniors - Anually	5,632	5,385	4,670	4,482	6,504	6,504	6,000	11,000	11,000	11,000
Senior Mini-Bus Trips -										
number of senior anually	378	179	206	143	793	793	850	1,000	1,000	1,000
NW Transit Rides										
for Winsted Residents	5,548									
Education										
Workers Compensations										
Claims Processed	48	51	16	25	22	17	13	14	13	13
Elementary Schools	1	2	2	2	2	2	2	2	2	2
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
Water										
New Connections	1	1	-	-	1	-	4	9	10	17
Water Main Breaks	4	3	-	1	3	4	7	5	6	3
Average Daily Consumption	0.94	0.99	0.93	0.93	0.85	0.85	0.98	0.95	0.90	0.88
(million of gallons)										
Peak Daily Consumption	1.29	1.29	1.32	1.32	1.17	1.22	1.29	1.12	1.10	1.16
(million of gallons)										
Sewer										
Average Daily Sewage	1.26	1.23	1.37	1.49	1.43	1.64	3	3	3	3
Treatment (mil. of gallons)										

Source(s): Various Town Departments

n/a - information not available

**TOWN OF WINCHESTER, CONNECTICUT**  
Capital Asset Statistics By Function/Program  
Last Ten Fiscal Years

Table 17

	FISCAL YEAR									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Public Safety</u>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	4	4	4	4	4	4	4	4	4	4
Zone Offices	1	1	1	1	1	1	1	1	1	1
Police Vehicles	11	11	12	12	12	6	9	11	11	11
Fire Vehicles	12	12	9	9	9	8	8	7	7	7
<u>Public Works</u>										
Miles of Town Roads	81	81	81	81	81	81	81	81	81	81
Traffic Signals	13	13	13	13	13	13	13	13	13	13
Public Works Vehicles and Equipment	54	54	54	54	54	54	54	54	54	54
<u>Parks and Recreation</u>										
Acreage	30	30	30	30	30	30	30	30	30	30
Parks and Greens	4	4	4	4	4	4	4	4	4	4
Athletic Fields	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community Center	1	1	1	1	1	1	1	1	1	1
Senior Mini-Buses	2	2	2	2	2	2	2	2	2	2
<u>Education</u>										
Schools	4	4	4	4	4	4	4	4	4	4
<u>Water</u>										
Water Mains (miles)	40	40	40	40	40	40	40	40	40	40
Fire Hydrants	350	350	350	350	350	350	350	350	350	350
Storage Capacity (millions of gallons)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<u>Sewer</u>										
Sanitary Sewers (miles)	40	40	40	40	40	40	40	40	40	40
Treatment Capacity (millions of gallons)	3	3	3	3	3	3	3	3	3	3

Sources: Various Town Departments