

**TOWN OF WINCHESTER
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2012

Prepared By
Finance Department
Winchester
Winchester, Connecticut 06098

TOWN OF WINCHESTER, CONNECTICUT

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TOWN OF WINCHESTER, CONNECTICUT

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Introductory Section

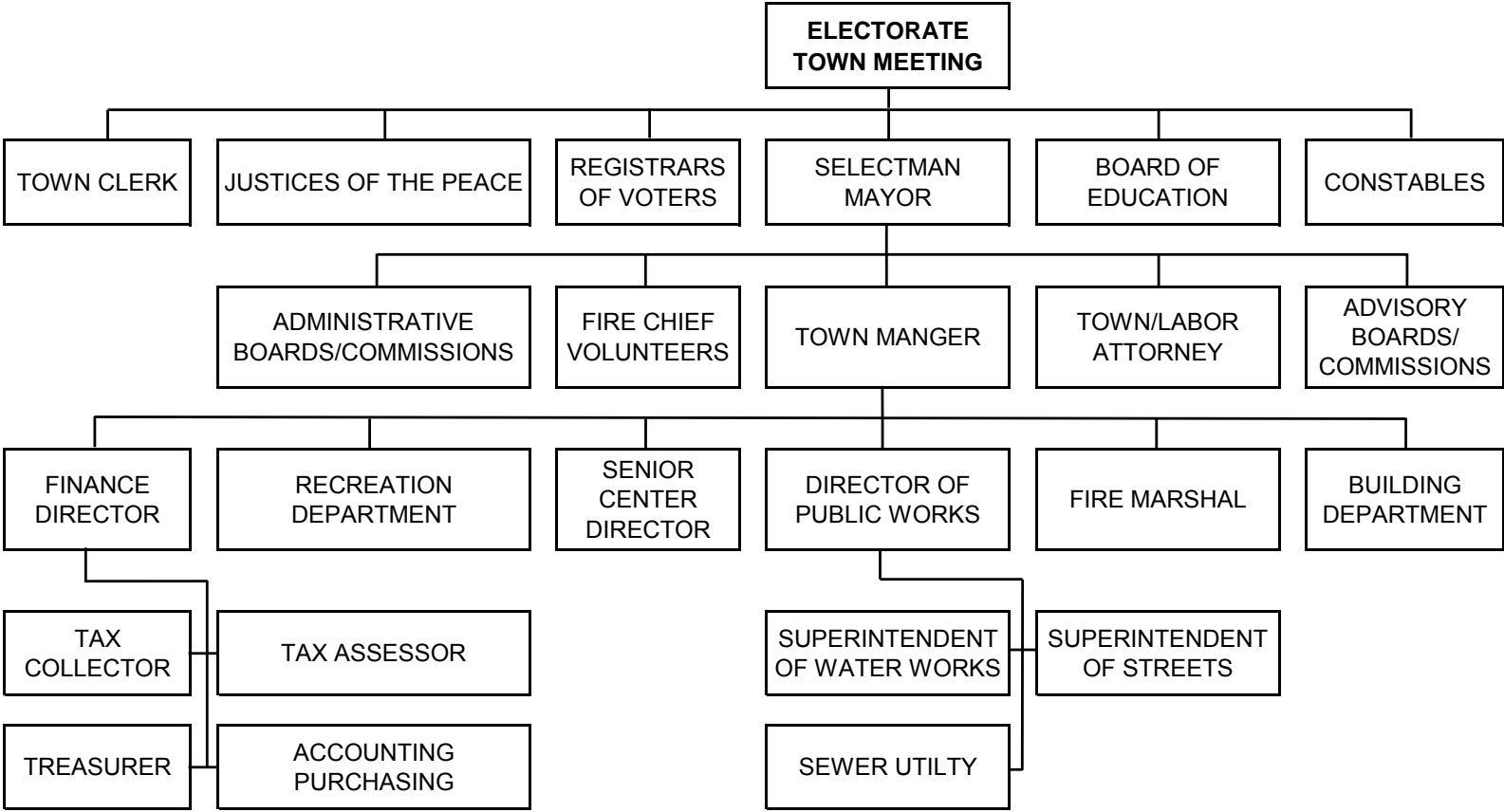
TOWN OF WINCHESTER, CONNECTICUT

List of Elected and Appointed Officials

As of June 30, 2012

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>
Mayor:	Maryann Welcome	Elected
Board of Selectman:	Glenn Albanesius	Elected
	James DiVita	Elected
	George Closson	Elected
	Kenneth Fracasso	Elected
	Michael Renzullo	Elected
	Althea Perez	Elected
Board of Tax Review:	Mark Arcelaschi, Chairman	Appointed
	Jackie Mulvey	Appointed
	Walter St. Onge, Jr.	Appointed
	Samuel Demonstranti	Appointed
	Joseph Beadle	Appointed
Director of Public Works:	James Rotondo	Appointed
Town Manager:	Dale L. Martin	Appointed
Director of Finance:	Henry L. Centrella, Jr.	Appointed
Treasurer:	Spencer C. Monroe	Appointed
Tax Collector:	Arlene M. Boutin	Appointed
Town Clerk:	Sheila S. Sedlack	Elected
Purchasing Agent:	Mark Douglass	Appointed
Town Assessor:	Janice L. McKie	Appointed
Superintendent of Schools:	Thomas Danehy	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 31, 2014

To the Board of Selectmen and Residents of the Town of Winchester:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, I am pleased to issue the Comprehensive Annual Financial Report (CAFR) of the Town of Winchester for the fiscal year ended June 30, 2012.

This report consists of management's representations concerning the finances of the Town of Winchester. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Winchester has established an internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Winchester's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Winchester's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Winchester's financial statements have been audited by King, King, & Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Winchester for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors rendered a qualified opinion that the Town of Winchester's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that the 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). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Winchester's MD&A can be found immediately following the independent auditors' 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.

Profile of the Government

The Town of Winchester, located in Litchfield County, is a political subdivision situated about 29 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 33.8 square miles. The City of Winsted is located within the Town of Winchester, but has no separate government. Winchester was first settled and incorporated as a Town in 1732. The Town sits at the crossroads of U.S. Route No. 44 and State Route No. 8. State Routes No. 20 and 183 also traverse the Town. The Town has approximately 81 miles of Town roads, of which 72.5 miles are paved, and 23.4 miles of State roads.

The Town of Winchester is governed under a home-rule charter last revised in 2010 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 first Monday in May. Prior to adjournment to budget referendum, the electors at the annual town budget meeting review the budget as presented by the Board of Selectmen and have the power to amend, but not increase, any line item of the budget. The annual budget meeting is then adjourned to a referendum for approval.

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.

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, health and social services categories. Recent data from the Connecticut Economic Resource Center indicates that Winchester's 2011 median household income is \$57,050, as compared to the State of Connecticut's \$69,243. The Town's population has been relatively stable since 2000 (and 0.5% growth is predicted between 2011 and 2020).

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 (73%) with an important industrial and commercial presence (11%).

The Town of Winchester's bond rating was reduced in November, 2010, from Aa3 to A1. The primary reason for this downgrade was due to decline in the Town's fund balance. The Town's rating was reduced again in July, 2013 to A3, and then withdrawn due to continued financial deterioration and insufficient or inadequate financial information.

Major Initiatives

Economic Development

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

The Commission has recognized that it needs to aggressively market certain of the Town's most favorable attributes. To accomplish the goals of the Commission, all developmental grants and similar incentives will be aggressively pursued. This would include but not be limited to new property development, facilities improvement grants, and recreational funding.

Comprehensive Economic Development Strategy (CEDS)

The Northwest Connecticut Economic Development Commission (NWCTEDC), in which the Town is a participant, has prepared a new Comprehensive Economic Development Strategy document. The plan, completed in 2012, identifies economic development projects which have positive impacts on the regional and local economy. The CEDS document will afford the Town access to Federal Economic Development Administration grant and loan funds which are currently not available.

In addition, the Town recently completed an update to its Plan of Conservation and Development to reflect current and future needs.

Regional Out-Reach

In conjunction with the CEDS project, the Town is also a member of the Litchfield Hills Council of Elected Officials (LHCEO), a regional planning organization. A popular and effective program among the eleven 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

The Town is actively working to assist with the remediation of “brownfield” sites. To date, the United States Environmental Protection Agency has awarded the Town \$550,000 in grant money to study and redevelop several potentially contaminated manufacturing sites located in the downtown and Highland Lake areas.

The Brownfield Revolving Loan Fund has funded two projects in downtown Winsted. When completed, these two projects will be certified as contaminant-free, enabling the respective property owners to pursue more favorable financing. One project entails the construction of senior citizen affordable housing units; the second, the continuing rehabilitation and rejuvenation of a historic mill factory into a regional artists’ enclave (both projects are near formal completion).

Main Street Enhancement Project

With the completion of the \$4.8± million Phase I of the Main Street Improvement Program, the Town took a major step forward in its goal of revitalizing its central business district. The Town will begin construction on Phase II of the project in 2013.

The Town also used CT Small Town Economic Assistance Program funds to refurbish a historic fountain in a critical and highly-visible park on the Town’s east end. An additional project similarly funded will build permanent restrooms at downtown ballfields, with construction likely in 2013.

Capital Improvement Project

Given the uncertain economic conditions, the Town is extensively reviewing its capital needs. A capital needs budget is included as part of the Town’s annual budget.

Budgetary Controls

Due to the criminal activities of the former Finance Director, the Town has reviewed and revised its budgetary controls, and implemented other changes, policies, and procedures recommended by the independent auditor. 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 through the use of 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.

Awards and Acknowledgements

Due to the criminal activities of the former Finance Director and the tardiness of these financial statements, the Town will not seek the coveted Government Finance Officers Association of the United States and Canada (GFOA) certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for this fiscal year. The award recognizes that the Town published an easily readable and efficiently organized Comprehensive Annual Financial report. The Town will again seek such recognition in the near future. It is with great regret that this award cannot be pursued for this report.

The preparation of this report would have not been accomplished without the services of the members of the Department of Finance, especially Finance Director Ms. Robin L. Manuele, as well as other Town staff. I would also like to thank the Board of Selectmen for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dale L. Martin". The signature is fluid and cursive, with the first name "Dale" and last name "Martin" clearly distinguishable.

Dale L. Martin
Town Manager

Financial Section

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King, King & Associates, CPAs

*Certified Public Accountants
Serving Businesses, Individuals, Nonprofits and Governments*

Member of
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Certified Public Accountants

Connecticut Society of
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectman
Town of Winchester, Connecticut

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Winchester, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management has identified a financial fraud involving revenues affecting the General, Waterworks, and Sewer funds. Accounting principles generally accepted in the United States of America require that revenues be recorded completely and accurately. The amount by which this departure would affect the assets, fund balances, and revenues of the affected funds has been estimated to be \$449,803 for the fiscal year ended June 30, 2012.

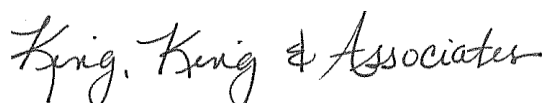
In our opinion, except for the effects of the embezzlement of the Town's revenues for the General, Waterworks, and Sewer funds, as described in the preceding paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental and enterprise funds of the Town of Winchester, CT as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, Small Cities, Sewer Assessment, and the aggregate remaining fund information of the Town of Winchester, CT, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2014, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 53 through 56 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's financial statements as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.



King, King & Associates, CPAs
Winsted, CT
January 25, 2014

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2012

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, 2012.

Financial Highlights

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$66,233,066 (*net assets*). Governmental activities reflect negative unrestricted net assets in the amount of (\$6,754,568) indicating that currently no net assets may be used to meet ongoing obligations to citizens and creditors. Business-type activities have negative unrestricted net assets of (\$1,292,067).
- The government's total net assets decreased by \$1,157,340.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$1,075,326, a decrease of \$1,064,989 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was (\$1,426,982).

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 assets* presents information on all of the Town of Winchester's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator 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 assets are changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in 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, 2012

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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Winchester maintains thirty-four (34) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The 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 30-54 of this report.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2012

Government-wide Financial Analysis

As noted earlier, net assets 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 \$66,233,066 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 7,261,167	\$ 8,449,422	\$ (731,420)	\$ (707,882)	\$ 6,529,747	\$ 7,741,540
Capital Assets	43,413,602	43,984,054	36,941,521	38,106,268	80,355,123	82,090,322
Total Assets	50,674,769	52,433,476	36,210,101	37,398,386	86,884,870	89,831,862
Long-term Liabilities	11,326,228	12,412,312	4,591,857	5,417,464	15,918,085	17,829,776
Other Liabilities	4,332,009	4,306,564	401,710	305,116	4,733,719	4,611,680
Total Liabilities	15,658,237	16,718,876	4,993,567	5,722,580	20,651,804	22,441,456
Net Assets:						
Invested in Capital Assets, net of Related Debt	37,955,510	37,937,496	32,508,601	32,869,701	70,464,111	70,807,197
Restricted	2,523,523	524,258	-	-	2,523,523	524,258
Unrestricted	(5,462,501)	(2,747,154)	(1,292,067)	(1,193,895)	(6,754,568)	(3,941,049)
Total Net Assets	\$ 35,016,532	\$ 35,714,600	\$ 31,216,534	\$ 31,675,806	\$ 66,233,066	\$ 67,390,406

The restricted portion of the Town of Winchester's net assets represents net assets restricted for Community Investments. Negative unrestricted net assets in the amount of (\$6,754,568) indicate that currently no net assets 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 is able to report positive balances in all categories of net assets except Unrestricted Net Assets, for the government as a whole.

Net assets of governmental activities decreased by \$698,068 during this fiscal year.

Net assets of business-type activities decreased by \$459,272 during this fiscal year.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2012

	Governmental Activities		Business-Type Activities		Totals	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 20,828,728	\$ 20,820,308	\$ -	\$ -	\$ 20,828,728	\$ 20,820,308
Unrestricted Grants	-	622,394	-	-	-	622,394
Unrestricted Investment Income	3,451	44,360	-	-	3,451	44,360
Other general revenues, net	84,106	449,522	-	-	84,106	449,522
<i>Program Revenues:</i>						
Charges for Services	618,419	917,688	2,947,390	2,684,996	3,565,809	3,602,684
Operating Grants and Contributions	12,213,309	11,374,639	-	-	12,213,309	11,374,639
Capital Grants and Contributions	364,085	932,659	2,714	2,685	366,799	935,344
Total Revenues	<u>34,112,098</u>	<u>35,161,570</u>	<u>2,950,104</u>	<u>2,687,681</u>	<u>37,062,202</u>	<u>37,849,251</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	3,617,443	3,358,796	-	-	3,617,443	3,358,796
Public Safety	3,576,949	4,115,483	-	-	3,576,949	4,115,483
Public Works	2,382,942	3,175,507	-	-	2,382,942	3,175,507
Health and Welfare	365,698	289,932	-	-	365,698	289,932
Libraries	194,141	194,141	-	-	194,141	194,141
Parks and Recreation	512,726	244,723	-	-	512,726	244,723
Waste disposal and recycling	405,320	335,869	-	-	405,320	335,869
Interest on long-term debt	270,484	283,729	-	-	270,484	283,729
Education	22,869,216	23,668,453	-	-	22,869,216	23,668,453
<i>Business-Type Activities:</i>						
Water Works	-	-	1,798,146	1,763,578	1,798,146	1,763,578
Sewer	-	-	1,776,674	1,880,397	1,776,674	1,880,397
Total Expenses	<u>34,194,919</u>	<u>35,666,633</u>	<u>3,574,820</u>	<u>3,643,975</u>	<u>37,769,739</u>	<u>39,310,608</u>
Change in Net Assets Before Transfers and Loss on Assets	(82,821)	(505,063)	(624,716)	(956,294)	(707,537)	(1,461,357)
Transfers	(213,269)	(215,838)	213,269	215,838	-	-
Loss on Assets	<u>(401,978)</u>	<u>(484,079)</u>	<u>(47,825)</u>	<u>(52,992)</u>	<u>(449,803)</u>	<u>(537,071)</u>
Change in Net Assets	(698,068)	(1,204,980)	(459,272)	(793,448)	(1,157,340)	(1,998,428)
Beginning Net Assets, as Restated	<u>35,714,600</u>	<u>36,919,580</u>	<u>31,675,806</u>	<u>32,469,254</u>	<u>67,390,406</u>	<u>69,388,834</u>
Ending Net assets	<u>\$ 35,016,532</u>	<u>\$ 35,714,600</u>	<u>\$ 31,216,534</u>	<u>\$ 31,675,806</u>	<u>\$ 66,233,066</u>	<u>\$ 67,390,406</u>

Governmental Activities

Governmental activities decreased the Town of Winchester's net assets by \$698,068. Sixty-one percent (61%) of the revenues of the Town were derived from property taxes, followed by thirty-six percent (36%) from grants and contributions, then two percent (2%) from charges for services, and less than one percent (1%) from other general revenues and investment earnings

Major revenue factors include:

- Receipt of significant unbudgeted State grant funds.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2012

For Governmental Activities, 67% of the Town's expenses relate to education, 11% relate to public safety and health and welfare, 7% relate to public works/capital outlay, and the remaining 15% relates to government and community services, administration, and other areas.

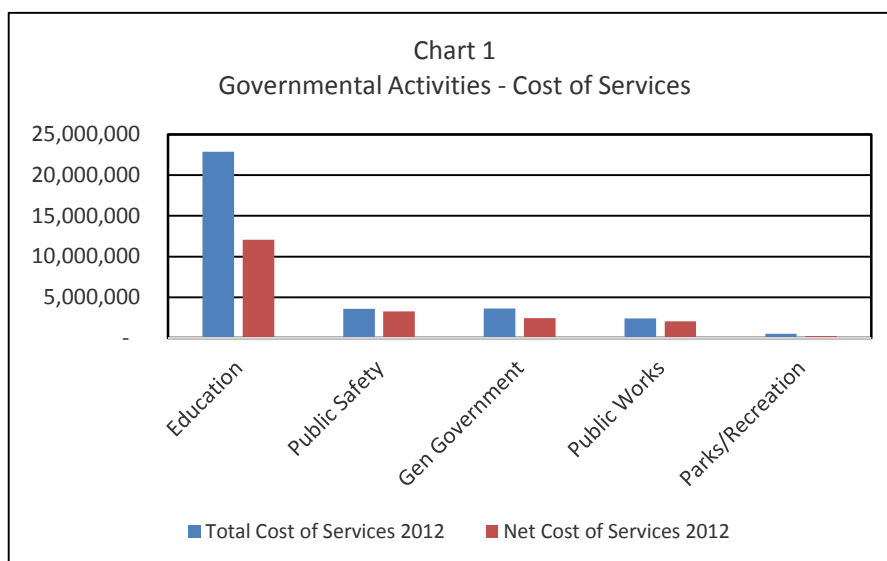
Major expense factors include:

- Recorded loss of assets exceeding \$400,000 due to criminal activities of former Finance Director.
- Reduction of expenditures from previous year of approximately \$1.5 million.
- Amended budget reflected increased Board of Education appropriation to comply with State's Minimum Budget Requirement.

Significant grant/projects included in governmental activities include:

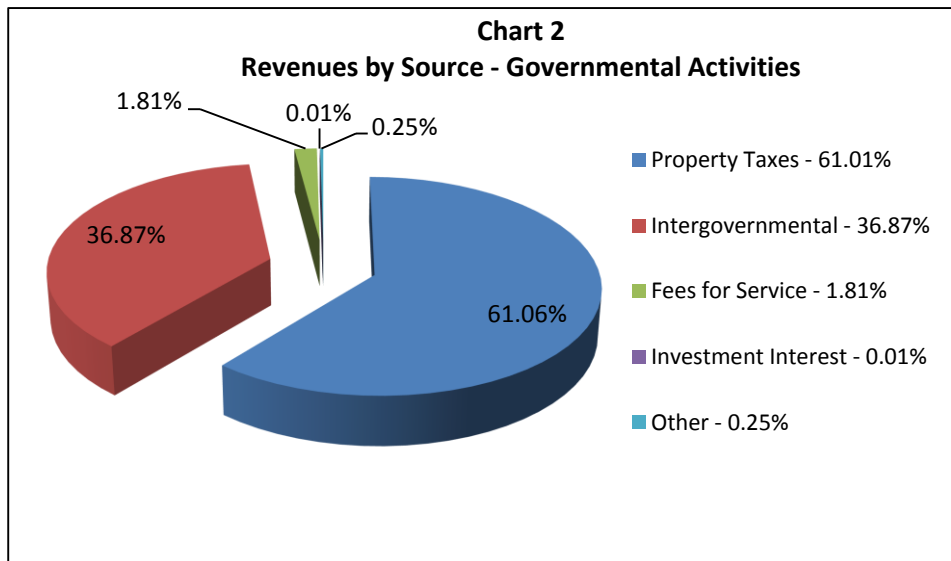
- School asbestos abatement project reimbursement.
- Small Town Economic Assistance Program (STEAP) award.

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, 2012

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

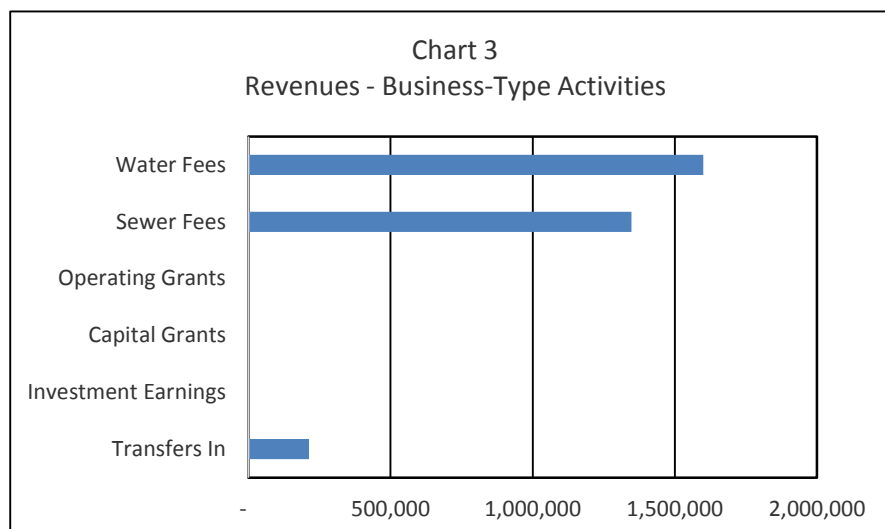


Business-Type activities

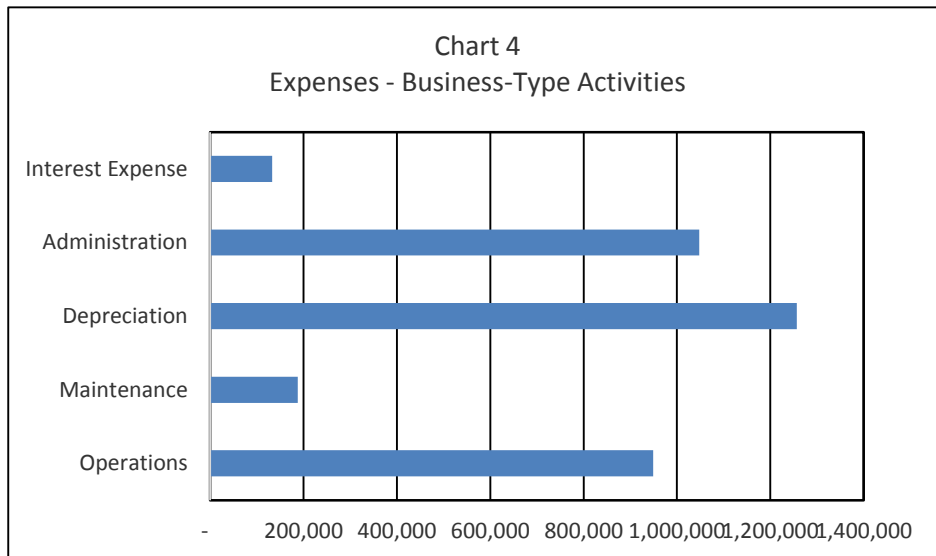
Business-type activities decreased the Town of Winchester's net assets by \$459,272. One hundred percent (100%) of the revenues of the business-type activities were derived from charges for services, and less than one percent (1%) from grants and contributions. Key elements of enterprise fund performance are as follows:

- Operating revenues increased by \$262,394 over the previous year's revenues.
- The change in net assets was \$(459,272 compared to \$793,448) in the previous year.
- \$47,825 was recorded as a Loss on Assets due to the criminal activities of the former Finance Director.

Charts 3 and 4 reflect the water sewer utility operations for fiscal year 2012 regarding sources of revenue and classes of expenses.



TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2012



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 \$1,075,326, a decrease of \$1,064,989 in comparison with the prior year.

The General Fund is the chief operating fund of the Town of Winchester. At the end of the current fiscal year, unassigned fund balance of the General Fund was (\$1,426,982). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, has further classified unreserved fund balance into two categories: Assigned and Unassigned. Assigned Fund Balance is also available for use in the General Fund at the direction of the Board of Selectmen.

The fund balance of the Town of Winchester's General Fund decreased by \$965,023 during the current fiscal year.

- The Small Cities Fund reclassified outstanding loan balances deferred revenue to nonspendable fund balance.
- The Sewer Assessment Fund continues to collect and send to the Sewer Fund less than the amounts originally anticipated, increasing its fund balance deficit.

TOWN OF WINCHESTER, CONNECTICUT

Management's Discussion and Analysis

June 30, 2012

General Fund Budgetary Highlights

- Extraordinary challenge to amend budget to shift \$1.3 million from other departments and accounts to support Board of Education (inadequately funded according to State statutes)
- Recorded loss of assets of over \$400,000 (due to criminal activities of former Finance Director)

Capital Asset and Debt Administration

Capital Assets: The Town of Winchester's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$80,355,123 (net of accumulated depreciation). This investment in capital assets includes land and buildings, vehicles, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- Patrol cruisers (2) for the Police Department
- Breathing apparatus for the Fire Department
- Mainframe computer upgrades for Town Hall
- Parking lot development at Town skate park
- Asbestos abatement at Pearson School

	<u>2012</u>	<u>2011</u>
<i>Governmental Activities:</i>		
Land	\$ 25,700,445	\$ 25,700,445
Buildings	727,349	746,845
Improvements	2,015,233	2,011,128
Machinery and Equipment	3,868,089	3,840,631
Infrastructure	11,102,486	11,685,005
	<u>\$ 43,413,602</u>	<u>\$ 43,984,054</u>

	<u>2012</u>	<u>2011</u>
<i>Business-type Activities:</i>		
Land	\$ 92,847	\$ 92,847
Buildings	21,456,539	22,167,355
Improvements	1,756,549	1,826,886
Machinery and Equipment	246,933	305,341
Infrastructure	13,388,653	13,713,832
	<u>\$ 36,941,521</u>	<u>\$ 38,106,261</u>

Additional information on the Town of Winchester's capital assets can be found in Note 3 on pages 40-41 of this report.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2012

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	\$ 5,041,000	2024
11/1/1998	General Purpose (Water)	3.50-5.50	1,500,000	200,000	2014
8/15/2002	Sewer	3.00-5.00	6,290,000	1,910,000	2022
1/15/2004	General Purpose (Water)	2.00-3.85	3,900,000	1,750,000	2019
<u>Other</u>					
11/1/2010	General Obligation Serial Note	3.00	415,000	332,000	2016
1/31/2008	Clean Water Fund Loas	2.00	642,019	488,057	2027
Total			<u>\$ 19,063,019</u>	<u>\$ 9,721,057</u>	

The Town of Winchester's total debt decreased by \$1,301,542 during the current fiscal year, 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 42-43 of this report.

Economic Factors and Next Year's Budgets and Rates

- Proper funding of the State's Minimum Budget Requirement
- Decennial revaluation scheduled for October, 2012
- Discovery and investigation of former Finance Director criminal activities
- Growing need for capital investment and restoration of adequate reserve funds
- Expired collective bargaining agreements

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 Assets

June 30, 2012

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 858,164	\$ 80,164	\$ 938,328
Receivables, net of allowance	4,514,722	276,967	4,791,689
Other assets	5,029	794,701	799,730
Internal balances	1,883,252	(1,883,252)	-
Capital assets:			
Assets not being depreciated	25,700,445	92,847	25,793,292
Assets being depreciated, net	<u>17,713,157</u>	<u>36,848,674</u>	<u>54,561,831</u>
Total assets	<u>50,674,769</u>	<u>36,210,101</u>	<u>86,884,870</u>
Liabilities:			
Accounts payable and accrued items	2,618,822	401,710	3,020,532
Due to other governments	161,226	-	161,226
Unearned revenue	1,551,961	-	1,551,961
Noncurrent liabilities:			
Due within one year	1,034,709	841,525	1,876,234
Due in more than one year	<u>10,291,519</u>	<u>3,750,332</u>	<u>14,041,851</u>
Total liabilities	<u>15,658,237</u>	<u>4,993,567</u>	<u>20,651,804</u>
Net Assets:			
Invested in capital assets, net of related debt	37,955,510	32,508,601	70,464,111
Restricted for community development	2,084,994	-	2,084,994
Restricted for purposes of trust:			
Nonexpendable	422,010	-	422,010
Expendable	16,519	-	16,519
Unrestricted	<u>(5,462,501)</u>	<u>(1,292,067)</u>	<u>(6,754,568)</u>
Total Net Assets	<u>\$ 35,016,532</u>	<u>\$ 31,216,534</u>	<u>\$ 66,233,066</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, 2012

Functions/program Activities	Program revenues				Net (expense) revenue and changes in net assets		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 3,617,443	\$ 349,799	\$ 789,971	\$ 56,400	\$ (2,421,273)	\$ -	\$ (2,421,273)
Library	194,141	-	-	-	(194,141)	-	(194,141)
Waste disposal and recycling	405,320	-	-	-	(405,320)	-	(405,320)
Public safety	3,576,949	44,460	40,175	243,290	(3,249,024)	-	(3,249,024)
Public works	2,382,942	-	268,801	64,185	(2,049,956)	-	(2,049,956)
Health	365,698	21,680	242,321	-	(101,697)	-	(101,697)
Parks and recreation	512,726	10,500	270,250	-	(231,976)	-	(231,976)
Education	22,869,216	191,980	10,601,791	210	(12,075,235)	-	(12,075,235)
Interest on long-term debt	270,484	-	-	-	(270,484)	-	(270,484)
Total governmental activities	<u>34,194,919</u>	<u>618,419</u>	<u>12,213,309</u>	<u>364,085</u>	<u>(20,999,106)</u>	<u>-</u>	<u>(20,999,106)</u>
Business-type activities							
Waterworks	1,798,146	1,600,046	-	-	-	(198,100)	(198,100)
Sewer	1,776,674	1,347,344	-	2,714	-	(426,616)	(426,616)
Total business-type activities	<u>3,574,820</u>	<u>2,947,390</u>	<u>-</u>	<u>2,714</u>	<u>-</u>	<u>(624,716)</u>	<u>(624,716)</u>
Total primary government	<u>\$ 37,769,739</u>	<u>\$ 3,565,809</u>	<u>\$ 12,213,309</u>	<u>\$ 366,799</u>	<u>(20,999,106)</u>	<u>(624,716)</u>	<u>(21,623,822)</u>
General revenues:							
Property taxes					20,828,728	-	20,828,728
Grants and contributions not restricted to specific programs					-	-	-
Unrestricted investment earnings					3,451	-	3,451
Miscellaneous					84,106	-	84,106
Transfers					(213,269)	213,269	-
Total general revenues and transfers					<u>20,703,016</u>	<u>213,269</u>	<u>20,916,285</u>
Loss on assets					<u>(401,978)</u>	<u>(47,825)</u>	<u>(449,803)</u>
Change in net assets					(698,068)	(459,272)	(1,157,340)
Net assets at beginning of year, as restated					<u>35,714,600</u>	<u>31,675,806</u>	<u>67,390,406</u>
Net assets at End of Year					<u>\$ 35,016,532</u>	<u>\$ 31,216,534</u>	<u>\$ 66,233,066</u>

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

TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet Governmental Funds June 30, 2012

	<u>General</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 656,313	\$ 8,214	\$ -	\$ 193,637	\$ 858,164
Receivables, net of allowance	1,021,027	2,084,994	862,738	240,095	4,208,854
Due from other funds	2,752,972	60,000	-	1,148,332	3,961,304
Other assets	<u>3,050</u>	<u>-</u>	<u>-</u>	<u>1,979</u>	<u>5,029</u>
Total Assets	<u>\$ 4,433,362</u>	<u>\$ 2,153,208</u>	<u>\$ 862,738</u>	<u>\$ 1,584,043</u>	<u>\$ 9,033,351</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued items	\$ 2,586,296	\$ -	\$ 3,321	\$ 29,205	\$ 2,618,822
Due to other funds	1,208,332	-	627,943	241,777	2,078,052
Due to other governments	-	-	-	161,226	161,226
Deferred revenue	<u>2,062,666</u>	<u>-</u>	<u>855,930</u>	<u>181,329</u>	<u>3,099,925</u>
Total Liabilities	<u>5,857,294</u>	<u>-</u>	<u>1,487,194</u>	<u>613,537</u>	<u>7,958,025</u>
Fund balances:					
Nonspendable	3,050	2,084,994	-	423,989	2,512,033
Restricted	-	68,214	-	170,424	238,638
Committed	-	-	-	376,093	376,093
Assigned	-	-	-	-	-
Unassigned	<u>(1,426,982)</u>	<u>-</u>	<u>(624,456)</u>	<u>-</u>	<u>(2,051,438)</u>
Total Fund Balances	<u>(1,423,932)</u>	<u>2,153,208</u>	<u>(624,456)</u>	<u>970,506</u>	<u>1,075,326</u>
Total Liabilities and Fund Balances	<u>\$ 4,433,362</u>	<u>\$ 2,153,208</u>	<u>\$ 862,738</u>	<u>\$ 1,584,043</u>	<u>\$ 9,033,351</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 Assets June 30, 2012

Fund balances reported in governmental funds Balance Sheet. \$ 1,075,326

**Amounts reported for governmental activities in the government- wide
Statement of Net Assets 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>	68,616,726
<i>Depreciation</i>	(25,203,124)

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>	692,034
<i>Sewer assessments receivable greater than 60 days</i>	855,930
<i>Interest receivable on property taxes</i>	219,033
<i>Interest receivable on sewer assessments</i>	86,835

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>	(5,373,000)
<i>Pension obligation</i>	(1,847,549)
<i>OPEB obligation</i>	(1,220,409)
<i>Pollution remediation</i>	(318,971)
<i>Capital leases payable</i>	(85,092)
<i>Claims and judgements</i>	(1,643,542)
<i>Early retirement incentives</i>	(70,000)
<i>Compensated Absences</i>	<u>(767,665)</u>

Net assets of governmental activities. \$ 35,016,532

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Property taxes, interest and lien fees	\$ 20,667,970	\$ -	\$ -	\$ -	\$ 20,667,970
Intergovernmental revenues	10,786,092	-	-	1,736,449	12,522,541
Interest and dividends	-	-	-	3,451	3,451
Charges for services	255,707	-	183,758	107,100	546,565
Licenses, fees and permits	167,787	-	-	14,945	182,732
Other revenue	84,106	-	-	54,853	138,959
Total Revenues	<u>31,961,662</u>	<u>-</u>	<u>183,758</u>	<u>1,916,798</u>	<u>34,062,218</u>
Expenditures					
Current					
General government	2,659,269	-	-	390,932	3,050,201
Library	194,141	-	-	-	194,141
Miscellaneous	555,000	-	-	-	555,000
Waste disposal and recycling	405,320	-	-	-	405,320
Public safety	3,230,940	-	-	50,303	3,281,243
Public works	1,730,427	-	-	661	1,731,088
Health	297,473	-	-	-	297,473
Parks and recreation	219,716	-	-	-	219,716
Board of Education	20,783,947	-	-	1,536,589	22,320,536
Program and project expenditures	150,838	11,122	-	-	161,960
Debt Service:					
Principal retirement	508,000	-	-	-	508,000
Interest	222,396	-	48,088	-	270,484
Capital outlay	1,450,700	-	-	66,098	1,516,798
Total Expenditures	<u>32,408,167</u>	<u>11,122</u>	<u>48,088</u>	<u>2,044,583</u>	<u>34,511,960</u>
Excess/(deficiency) of revenues over expenditures	(446,505)	(11,122)	135,670	(127,785)	(449,742)
Other Financing Sources/(Uses)					
Transfers in	94,508	-	-	211,048	305,556
Transfers out	(211,048)	-	(213,269)	(94,508)	(518,825)
Total Other Financing Sources/(Uses)	<u>(116,540)</u>	<u>-</u>	<u>(213,269)</u>	<u>116,540</u>	<u>(213,269)</u>
Loss on Assets	<u>(401,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(401,978)</u>
Net Change in Fund Balances	(965,023)	(11,122)	(77,599)	(11,245)	(1,064,989)
Fund Balances at Beginning of Year (as restated)	<u>(458,909)</u>	<u>2,164,330</u>	<u>(546,857)</u>	<u>981,751</u>	<u>2,140,315</u>
Fund Balances at End of Year	<u>\$ (1,423,932)</u>	<u>\$ 2,153,208</u>	<u>\$ (624,456)</u>	<u>\$ 970,506</u>	<u>\$ 1,075,326</u>

The notes to 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, 2012

Net change in fund balances - total governmental funds. **\$ (1,064,989)**

**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>	469,641
<i>Loss on disposition of fixed assets</i>	(61,200)
<i>Depreciation expense</i>	(978,893)

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>	160,758
<i>Sewer assessment revenue accrual basis change</i>	(132,784)
<i>Interest income on sewer assessments</i>	21,906

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

<i>General obligation bond principal payments</i>	508,000
<i>Accrued Interest</i>	82,413

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>	80,466
<i>Pension obligation</i>	(372,274)
<i>OPEB obligation</i>	(250,118)
<i>Claims and judgements</i>	182,260
<i>Early retirement incentives</i>	100,000
<i>Compensated Absences</i>	<u>556,746</u>

Change in net assets of governmental activities. **\$ (698,068)**

TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Assets

Proprietary Funds

June 30, 2012

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 25,817	\$ 54,347	\$ 80,164
Rents and assessments receivable, net	120,283	100,398	220,681
Interest Receivable	32,840	23,446	56,286
Due from other funds	-	869,366	869,366
Accrued utility revenue	382,073	266,474	648,547
Total current assets	<u>561,013</u>	<u>1,314,031</u>	<u>1,875,044</u>
Noncurrent assets:			
Nondepreciable capital assets	63,212	29,635	92,847
Capital assets, net of accumulated depreciation	16,726,785	20,121,889	36,848,674
Unamortized bond costs, net	47,574	98,580	146,154
Total noncurrent assets	<u>16,837,571</u>	<u>20,250,104</u>	<u>37,087,675</u>
Total assets	<u>17,398,584</u>	<u>21,564,135</u>	<u>38,962,719</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued items	241,761	159,949	401,710
Due to other funds	1,086,522	1,666,096	2,752,618
Current portion of long-term debt	370,786	470,739	841,525
Total current liabilities	<u>1,699,069</u>	<u>2,296,784</u>	<u>3,995,853</u>
Noncurrent liabilities:			
Compensated absences	41,795	64,735	106,530
Clean water fund loans	-	458,940	458,940
Bonds payable	1,624,283	1,560,579	3,184,862
Total noncurrent liabilities	<u>1,666,078</u>	<u>2,084,254</u>	<u>3,750,332</u>
Total Liabilities	<u>3,365,147</u>	<u>4,381,038</u>	<u>7,746,185</u>
Net Assets			
Invested in capital assets, net of related debt	14,815,714	17,692,887	32,508,601
Unrestricted	<u>(782,277)</u>	<u>(509,790)</u>	<u>(1,292,067)</u>
Total Net Assets	<u>\$ 14,033,437</u>	<u>\$ 17,183,097</u>	<u>\$ 31,216,534</u>

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

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:	\$ 1,519,488	\$ 1,289,350	\$ 2,808,838
Fines, penalties and interest	<u>80,558</u>	<u>57,994</u>	<u>138,552</u>
Total operating revenues	<u>1,600,046</u>	<u>1,347,344</u>	<u>2,947,390</u>
OPERATING EXPENSES			
Operations	448,538	500,840	949,378
Maintenance	89,728	98,023	187,751
Depreciation expense	613,261	643,903	1,257,164
Administration	<u>569,934</u>	<u>477,691</u>	<u>1,047,625</u>
Total operating expenses	<u>1,721,461</u>	<u>1,720,457</u>	<u>3,441,918</u>
Operating income/(loss)	(121,415)	(373,113)	(494,528)
NONOPERATING EXPENSES			
Interest expense	<u>(76,685)</u>	<u>(56,217)</u>	<u>(132,902)</u>
Loss before Transfers, Capital Grants and Loss on Assets	<u>(198,100)</u>	<u>(429,330)</u>	<u>(627,430)</u>
Transfers and Capital Grants:			
Capital grants	-	2,714	2,714
Transfers in	<u>-</u>	<u>213,269</u>	<u>213,269</u>
Total transfers and capital grants	<u>-</u>	<u>215,983</u>	<u>215,983</u>
Loss on Assets	<u>-</u>	<u>(47,825)</u>	<u>(47,825)</u>
Change in Net Assets	(198,100)	(261,172)	(363,622)
Net Assets - Beginning of Year (as restated)	<u>14,231,537</u>	<u>17,444,269</u>	<u>31,675,806</u>
Net Assets - End of Year	<u>\$ 14,033,437</u>	<u>\$ 17,183,097</u>	<u>\$ 31,312,184</u>

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

TOWN OF WINCHESTER, CONNECTICUT

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2012

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,532,095	\$ 1,254,903	\$ 2,786,998
Receipts from interfund services	10,692	10,692	21,384
Payments for interfund services	-	(119)	(119)
Payments to employees	(582,450)	(487,135)	(1,069,585)
Payments to suppliers	(464,325)	(576,210)	(1,040,535)
Payments to suppliers loss on cash	-	(47,825)	(47,825)
Net cash provided by operating activities	<u>496,012</u>	<u>154,306</u>	<u>650,318</u>
Cash flows from noncapital financing activities:			
Advance/(Repayment) from General Fund	<u>(48,678)</u>	<u>217,218</u>	<u>168,540</u>
Net cash provided/(used) by noncapital financing activities	<u>(48,678)</u>	<u>217,218</u>	<u>168,540</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(73,424)	(19,000)	(92,424)
Capital Grants	-	2,714	2,714
Principal payments on bonds payable	(350,000)	(415,000)	(765,000)
Principal payments on clean water fund loans	-	(28,540)	(28,540)
Interest paid on bonds payable and clean water fund loans	(73,660)	(52,419)	(126,079)
Highland Lake Assessments	-	135,069	135,069
Net cash used by capital and related financing activities	<u>(497,084)</u>	<u>(377,176)</u>	<u>(874,260)</u>
Cash flows from investing activities:			
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(49,750)	(5,652)	(55,402)
Cash and Cash Equivalents at Beginning of Year	<u>75,567</u>	<u>59,999</u>	<u>135,566</u>
Cash and Cash Equivalents at End of Year	<u>\$ 25,817</u>	<u>\$ 54,347</u>	<u>\$ 80,164</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:			
Operating income/(loss)	\$ (121,415)	\$ (373,113)	\$ (494,528)
Adjustments to reconcile income to net cash provided (used) by operating activities:			
Depreciation	613,261	643,903	1,257,164
Loss on cash	-	(47,825)	(47,825)
Change in assets and liabilities:			
(Increase) decrease in rents receivable	(10,874)	(32,799)	(43,673)
(Increase) decrease in interest receivable	(32,840)	(23,446)	(56,286)
(Increase) decrease in accrued utility revenue	(13,545)	(25,504)	(39,049)
(Increase) decrease in amounts due from other funds	-	(119)	(119)
(Increase) decrease in prepaid items	(5,430)	-	(5,430)
Increase (decrease) in accounts payable and accrued expenses	79,371	22,653	102,024
Increase (decrease) in accrued vacation and sick leave benefits	(12,516)	(9,444)	(21,960)
Total adjustments	<u>617,427</u>	<u>527,419</u>	<u>1,144,846</u>
Net cash provided by operating activities	<u>\$ 496,012</u>	<u>\$ 154,306</u>	<u>\$ 650,318</u>

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

TOWN OF WINCHESTER, CONNECTICUT

Statement of Fiduciary Net Assets

June 30, 2012

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 64,445
Investments, at fair value:		
Short-term investments	81,655	-
Mutual Funds	<u>6,270,008</u>	<u>-</u>
Accrued income	<u>13,690</u>	<u>-</u>
Employers Contribution Receivable	<u>1,111,207</u>	<u>-</u>
Total Assets	<u>\$ 7,476,560</u>	<u>\$ 64,445</u>
Liabilities		
Accounts Payable	-	245
Fiduciary Deposits	<u>-</u>	<u>64,200</u>
Total Liabilities	<u>-</u>	<u>\$ 64,445</u>
Net Assets		
Restricted for Pension Benefits	<u>\$ 7,476,560</u>	

See accountant's report

TOWN OF WINCHESTER, CONNECTICUT

Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2012

	Pension Trust Fund
Additions	
Contributions:	
Employer	\$ 411,630
Plan members	120,220
Total contributions	<u>531,850</u>
 Investment Income:	
Net Appreciation in Fair Value of Investments	53,476
Interest	124,571
Net investment income	<u>178,047</u>
 Total Additions	<u>709,897</u>
 Deductions	
Benefits	574,854
Administrative expenses	13,841
Total Deductions	<u>588,695</u>
 Change in Net Assets	121,202
 Net Assets at Beginning of Year	<u>7,355,358</u>
 Net Assets at End of Year	<u>\$ 7,476,560</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 assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The 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 *Small Cities Fund* 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.

The *Sewer Assessment Fund* is used to account for the sewer assessment revenues and expenditures related to the Highland Lake sewer project. The Town has elected to keep the *Sewer Assessment Fund* as a major fund for 2012.

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. Also included in this fund is the water treatment plant project. The Board of Selectmen, as empowered by the Town Charter, acts as the Water Board and 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. Also included in this fund are the inflow/infiltration analysis program, the wastewater treatment plant project and the Highland Lake sewer project. Authority over the operations of the Sewer Fund is with the Water Pollution Control Authority.

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.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. 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.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

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.

Assets, Liabilities, and Net Assets 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.

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.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt 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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Fund Equity and Net Assets – Equity in the government-wide financial statements is defined as “net assets” and are classified in the following categories:

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

Restricted Net Assets – This category 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 Assets – This category represents the net assets of the Town, which are not restricted for any project or other purpose.

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 or requiring it to maintain a minimum fund balance.

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, 2007. 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 15, 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 legally enacted at the annual Town budget meeting 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. Management can transfer amounts 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 change 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.

Budgeted amounts are as originally adopted, or as amended by the Board of Selectmen. Additional appropriations in the amount of \$243,004 were made for the year ended June 30, 2012.

Excess of Expenditures over Appropriations

For the year ended June 30, 2012 expenditures exceeded appropriations in the General Fund at the following department levels:

Board of Selectmen	Unemployment Compensation
Town Clerk	Cemeteries
Accounting Department	Soldiers Monument Commission
Election Expenditures	Planning and Community Development
Insurance	Civil Service Commission
Town Manager	Miscellaneous
Building Department	Civil Preparedness
Tax Collector	Dispatch
Zoning Board of Appeals	Streetlighting
Advisory Comm for the Disabled	Capital outlay
Purchasing/Data Processing	Transfers out
Senior Citizens	Loss on Assets

A number of departmental budgets were shown as exceeded as the result of corrective entries to account for a \$144,140 inventory supply previously reported as an asset.

The Loss on Assets is solely attributable to criminal activities (theft) by the previous Finance Director.

Several items were recorded in the Miscellaneous Department that had not been previously budgeted or reported, such as approximately \$39,000 of bank and credit card fees and \$44,000 of accounting adjustments.

The excess in Capital Outlay is primarily due to expenditures related to appropriations made in a prior year; those appropriations were not made permanent through transfers to a Capital Projects Fund. Other contributing factors include approximately \$118,000 additional costs on an asbestos remediation project and projects that were funded by additional grant revenues, such as STEAP. A policy of transferring capital appropriations to a Capital Projects Fund has been implemented for future years, which will improve reporting for multi-year capital projects.

Deficit Fund Equity

The following funds had deficit fund balances as of June 30, 2012:

General Fund	\$	1,426,982
Sewer Assessment Fund		624,456

The town plans to fund deficits through future revenues.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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, 2012.

Detailed Cash Notes on all Funds

	Governmental Funds	Fiduciary Funds	Proprietary Funds	Total
Demand Accounts	\$ 858,164	\$ 64,445	\$ 80,164	\$ 1,002,773
Total	<u>858,164</u>	<u>64,445</u>	<u>80,164</u>	<u>\$ 1,002,773</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 \$1,002,773 and the bank balance was \$2,289,494. As of June, 30, 2012, none of the Town's bank balance of \$2,289,494 was exposed to custodial credit risk, as it was fully FDIC insured.

Investments

As of June 30, 2012 the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Not Applicable	Investment Maturities		
				Less Than 1	1-10	More Than 10
Short-term Investments	N/A	\$ 81,655	\$ -	\$ 81,655	\$ -	\$ -
Mutual Funds	N/A	<u>6,270,008</u>	<u>6,270,008</u>	-	-	-
Total Investments		<u>\$ 6,351,663</u>	<u>\$ 6,270,008</u>	<u>\$ 81,655</u>	<u>\$ -</u>	<u>\$ -</u>

N/A - Not Applicable

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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	Small Cities	Sewer Assessment	Waterworks	Sewer	Nonmajor and Other Funds	Total
Receivables:							
Property taxes	\$ 757,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 757,280
Sewer assessment	-	-	862,738	-	-	-	862,738
Intergovernmental	294,344	-	-	-	-	240,095	534,439
Loans *	-	2,084,994	-	-	-	-	2,084,994
Interest, Liens, and Fees	-	-	-	32,840	23,446	-	56,286
Rents and assessments	-	-	-	136,189	108,603	-	244,792
Accounts	14,818	-	-	-	-	-	14,818
Gross receivables	<u>1,066,442</u>	<u>2,084,994</u>	<u>862,738</u>	<u>169,029</u>	<u>132,049</u>	<u>240,095</u>	<u>4,555,347</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>-</u>	<u>(15,906)</u>	<u>(8,205)</u>	<u>-</u>	<u>(69,526)</u>
Net Total Receivables	<u>\$ 1,021,027</u>	<u>\$ 2,084,994</u>	<u>\$ 862,738</u>	<u>\$ 153,123</u>	<u>\$ 123,844</u>	<u>\$ 240,095</u>	<u>\$ 4,485,821</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	\$ 692,034	\$ -
Prepaid taxes	-	1,370,632
Sewer Assessment:		
Assessments receivable not yet due	855,930	-
Nonmajor Governmental Funds:		
Education grants	-	181,329
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,547,964</u>	<u>\$ 1,551,961</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 25,700,445	\$ -	\$ -	\$ 25,700,445
Total capital assets, not being depreciated	<u>25,700,445</u>	<u>-</u>	<u>-</u>	<u>25,700,445</u>
Capital assets, being depreciated				
Buildings	3,785,906	-	-	3,785,906
Improvements	3,181,485	60,317	-	3,241,802
Machinery & Equipment	8,915,273	409,324	(281,407)	9,043,190
Infrastructure	<u>26,845,383</u>	<u>-</u>	<u>-</u>	<u>26,845,383</u>
Total capital assets, being depreciated	<u>42,728,047</u>	<u>469,641</u>	<u>(281,407)</u>	<u>42,916,281</u>
Less accumulated depreciation for:				
Buildings	3,039,061	19,496	-	3,058,557
Improvements	1,170,357	56,212	-	1,226,569
Machinery & Equipment	5,074,642	320,666	(220,207)	5,175,101
Infrastructure	<u>15,160,378</u>	<u>582,519</u>	<u>-</u>	<u>15,742,897</u>
Total accumulated depreciation	<u>24,444,438</u>	<u>978,893</u>	<u>(220,207)</u>	<u>25,203,124</u>
Total capital assets, being depreciated	<u>18,283,609</u>	<u>(509,252)</u>	<u>(61,200)</u>	<u>17,713,157</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 43,984,054</u>	<u>\$ (509,252)</u>	<u>\$ (61,200)</u>	<u>\$ 43,413,602</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	<u>92,847</u>	<u>-</u>	<u>-</u>	<u>92,847</u>
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	3,031,252	-	-	3,031,252
Machinery & Equipment	5,228,097	92,424	-	5,320,521
Infrastructure	<u>15,646,258</u>	<u>-</u>	<u>-</u>	<u>15,646,258</u>
Total capital assets, being depreciated	<u>59,446,418</u>	<u>92,424</u>	<u>-</u>	<u>59,538,842</u>
Less accumulated depreciation for:				
Buildings	13,373,456	710,816	-	14,084,272
Improvements	1,204,366	70,337	-	1,274,703
Machinery & Equipment	4,922,756	150,832	-	5,073,588
Infrastructure	<u>1,932,426</u>	<u>325,179</u>	<u>-</u>	<u>2,257,605</u>
Total accumulated depreciation	<u>21,433,004</u>	<u>1,257,164</u>	<u>-</u>	<u>22,690,168</u>
Total capital assets, being depreciated, net	<u>38,013,414</u>	<u>(1,164,740)</u>	<u>-</u>	<u>36,848,674</u>
<i>Business Activities capital assets, net</i>	<u>\$ 38,106,261</u>	<u>\$ (1,164,740)</u>	<u>\$ -</u>	<u>\$ 36,941,521</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	\$ 65,018
Public Safety	145,045
Public Works	686,637
Education	59,433
Parks and Recreation	<u>22,760</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 978,893</u>
Business-type activities	
Water	\$ 643,903
Sewer	<u>613,261</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,257,164</u>

Interfund Transfers, Receivables, and Payables

Transfer to:	Transfer from:				Total
	General Fund	Sewer Assessments	Town Aid Road	Winchester Sinking Fund	
General Fund	\$ -	\$ -	\$ 5,350	\$ 89,158	\$ 94,508
Dog Fund	83,136	-	-	-	83,136
Police Retirees Benefit Fund	127,912	-	-	-	127,912
Sewer Fund	-	213,269	-	-	213,269
	<u>\$ 211,048</u>	<u>\$ 213,269</u>	<u>\$ 5,350</u>	<u>\$ 89,158</u>	<u>\$ 518,825</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. The Winchester Sinking Fund was closed to the General Fund in the current year.

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. The amounts due to the General Fund for the Water and Sewer Funds and the amounts due from the General Fund to Nonmajor Funds are not expected to be repaid within one year. The composition of interfund balances as of June 30, 2012 is as follows:

Due From:	Due To:				Total
	General Fund	Small Cities	Nonmajor Funds	Sewer Fund	
General Fund	\$ -	\$ 60,000	\$ 1,148,332	\$ -	\$ 1,208,332
Nonmajor Funds	241,777	-	-	-	241,777
Sewer Assessments	-	-	-	627,943	627,943
Sewer Fund	1,666,096	-	-	-	1,666,096
Water Fund	845,099	-	-	241,423	1,086,522
	<u>\$ 2,752,972</u>	<u>\$ 60,000</u>	<u>\$ 1,148,332</u>	<u>\$ 869,366</u>	<u>\$ 4,830,670</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, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds and notes	\$ 5,881,000	\$ -	\$ 508,000	\$ 5,373,000	\$ 508,000
Capital leases	165,558	-	80,466	85,092	84,236
Compensated absences	1,324,411	-	556,746	767,665	247,632
Heart and hypertension	1,825,802	-	182,260	1,643,542	154,841
Pollution remediation (as restated)	318,971	-	-	318,971	-
Early retirement incentives	170,000	-	100,000	70,000	40,000
Pension obligation	1,475,275	372,274	-	1,847,549	-
OPEB obligation	970,291	250,118	-	1,220,409	-
Total Governmental Activities Long-Term Liabilities	\$ 12,131,308	\$ 622,392	\$ 1,427,472	\$ 11,326,228	\$ 1,034,709
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 4,625,000	\$ -	\$ 765,000	\$ 3,860,000	\$ 760,000
Plus deferred amounts:					
Issuance premiums on refunding	94,967	-	10,105	84,862	-
Total bonds payable	4,719,967	-	775,105	3,944,862	760,000
Clear water fund loans	516,597	-	28,540	488,057	29,117
Compensated absences	180,898	-	21,960	158,938	52,408
Total Business-Type Activities Long-Term Liabilities	\$ 5,417,462	\$ -	\$ 825,605	\$ 4,591,857	\$ 841,525

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

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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, 2012</u>
General Purposes:						
Public Improvements	8/14/2008	6,316,000	4.02%	8/15/2023	\$ 416,000 - 425,000	\$ 5,041,000
Fire Truck	11/1/2010	415,000	3%	11/1/2015	83,000	332,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	1,910,000
General refunding	1/15/2004	3,900,000	2-4%	8/1/2018	235,000	1,750,000
Water mains	11/1/1998	1,500,000	3.5-5.5%	11/1/2013	100,000	200,000
						<u>\$ 9,233,000</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</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	508,000	202,821	760,000	149,275
2014	503,000	183,346	580,000	121,925
2015	503,000	163,972	425,000	102,381
2016	503,000	144,598	410,000	86,163
2017	420,000	126,469	410,000	69,563
2018-2022	2,100,000	379,085	1,275,000	136,250
2023-2024	836,000	33,527	-	-
Total	<u>\$ 5,373,000</u>	<u>\$1,233,818</u>	<u>\$ 3,860,000</u>	<u>\$ 665,557</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, 2012 was \$488,057. 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
2013	\$ 29,117	\$ 9,495
2014	29,704	8,907
2015	30,304	8,308
2016	30,916	7,696
2017	31,540	7,072
2018-2022	167,508	25,552
2023-2027	168,968	8,004
Total	<u>\$ 488,057</u>	<u>\$ 75,034</u>

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

Pollution Remediation

Pursuant to local laws, the Town has recorded a liability of \$318,971 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 2011 and 2012, the Board of Education offered the following options for each teacher who was eligible and who opted to participate: a) the sum of \$30,000 (less state and federal taxes and FICA contribution), payable in three equal installments, with the first payment paid to the teacher on January 4th of the following fiscal year, with annual payments in each ensuing year being due on or about January 4th; b) contribution to each teacher \$10,000 each year for three years as a subsidy towards that teacher's health insurance costs, paid by the Board beginning in August of the next fiscal year. In 2011, three teachers chose the first option and in 2012, no teachers chose either option; therefore, a liability of \$70,000 has been recorded in the government-wide financial statements.

Leases

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of police and public works vehicles and 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	\$ 437,330
Less accumulated depreciation	<u>(214,773)</u>
Total	<u>\$ 222,557</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, 2012 were as follows:

	Governmental Activities
Year ending June 30:	
2013	\$ 88,229
2014	897

Operating Leases

During the fiscal year 2011, the Board of Education signed a copier lease agreement for six copiers. The lease requires 60 monthly payments of \$4,791. Total lease payments in the current fiscal year were \$58,318.

The Town has entered into several lease agreements for equipment. These leases require monthly payments from \$84 to \$1,440. These leases expire ranging from May 2013 to January 2016. Total lease expense for 2012 was \$25,228.

Future minimum lease payments under current agreements are as follows:

	Governmental Activities
Year ending June 30:	
2013	\$ 83,091
2014	72,440
2015	60,836
2016	58,518
2017	38,328

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, 2012 are as follows:

	General Fund	Major Special Revenue Fund Small Cities	Non-Major Governmental Funds	Total
Fund balances:				
Nonspendable:				
General Fund	\$ 3,050	\$ -	\$ -	\$ 3,050
Small Cities	-	2,084,994	-	2,084,994
Cafeteria Fund	-	-	1,979	1,979
Winchester School Trust	-	-	75,240	75,240
Winchester Sinking Fund	-	-	18	18
Forest View Cemetery Fund	-	-	138,267	138,267
Winchester Center Cemetery Fund	-	-	38,410	38,410
Winchester Memorial Park Fund	-	-	14,061	14,061
Other Fund	-	-	156,014	156,014
Total Nonspendable	<u>\$ 3,050</u>	<u>\$ 2,084,994</u>	<u>\$ 423,989</u>	<u>\$ 2,512,033</u>
Restricted for:				
Small Cities	\$ -	\$ 68,214	\$ -	\$ 68,214
Homeless Shelter Fund	-	-	188	188
Elderly Enrichment Part I Fund	-	-	41,760	41,760
Soldiers Monument Fund	-	-	1,482	1,482
Cemetery Association Trust Fund	-	-	672	672
Soldiers Monument Restoration Fund	-	-	104,326	104,326
Bullet Proof Vest Fund	-	-	1,923	1,923
PEEP Grant Fund	-	-	3	3
JAG Grant Fund	-	-	3,068	3,068
EDC Donation Fund	-	-	224	224
Redevelopment Fund	-	-	259	259
Forest View Cemetery Chapel Trust	-	-	629	629
Crippled Children Fund	-	-	445	445
Jane A Nisbet Fund	-	-	7,784	7,784
Beverly Passbook Fund	-	-	7,661	7,661
Total Restricted	<u></u>	<u>\$ 68,214</u>	<u>\$ 170,424</u>	<u>\$ 238,638</u>
Committed to:				
Industrial Park #2 Fund	\$ -	\$ -	\$ 186,984	\$ 186,984
Cafeteria Fund	-	-	106,693	106,693
City Sidewalks Fund	-	-	861	861
Highland Lake Catch Basin Fund	-	-	870	870
Capital Improvements Fund	-	-	80,685	80,685
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,093</u>	<u>\$ 376,093</u>

NOTE 5 - EMPLOYEE RETIREMENT PLAN

Pension Trust Fund

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 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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The Town of Winchester Employees' Retirement Fund covers all eligible employees of the Town. The Town provides all retirement, death and disability benefits through a single employer, contributory defined benefit plan. Under the plan all full-time paid employees of the Town are eligible to join and contribute to the plan after six months of employment. Police officers are covered by CMERS; employees covered by the State of Connecticut Teachers' Retirement Plan and alternate funding source employees are not eligible to participate in this plan.

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 normal retirement (age 65; 5 years of service; 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 are returnable after retirement (less any benefits paid) provided in each case that no death benefits are otherwise paid.

Plan membership consisted of the following at January 1, 2012, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries	
currently receiving benefits	44
Terminated employees entitled to benefits	
but not yet receiving them	2
Current Plan Members	<u>58</u>
Total plan participants	<u>104</u>

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.

Method Used to Value Investments: All funds are invested and administered through Bank of America Merrill Lynch, sole Trustee, and are reported at fair value. Investment income is recognized as earned.

Contributions

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. The Town is required by its Charter to contribute the remaining amounts necessary to fund the Plan. For the year ended June 30, 2012, the Town's required contribution was \$517,790, which represents 19.6% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Town of Winchester Employee's Retirement Fund for the year ended June, 30 2012, were as follows:

	<u>6/30/2012</u>
Annual Required Contribution (ARC)	\$ 517,790
Interest on Net Pension Obligation	118,022
Adjustment to Annual Required Contributions	<u>(121,322)</u>
Annual Pension Cost	514,490
Contributions Made**	<u>142,216</u>
Increase in Net Pension Obligation	372,274
Net Pension Obligation, Beginning	<u>1,475,275</u>
Net Pension Obligation, Ending	<u>\$ 1,847,549</u>

** Contribution not made as of June 30, 2012.

Contributions for the prior fiscal year were made during the current fiscal year.

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8% investment rate of return and (b) 3% projected salary increases. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The remaining amortized period for benefit improvements as of January 1, 2012 is 30 years, open method, on a level-dollar basis.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
June 30, 2010	\$ 459,291	\$ -	0%	\$ 1,209,740
June 30, 2011	462,902	197,367	42.6%	1,475,275
June 30, 2012	514,490	142,216	27.6%	1,847,549

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Funded Status and Funding Progress

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
1/1/2007	7,049,614	8,362,280	1,312,666	84.3%	2,554,129	51.4%
1/1/2008	7,564,943	8,931,372	1,366,429	84.7%	2,623,653	52.1%
1/1/2009	7,013,154	9,077,763	2,064,609	77.3%	2,650,649	77.9%
1/1/2010	7,145,859	9,582,672	2,436,813	74.6%	2,599,696	93.7%
1/1/2011	7,126,464	9,927,463	2,800,999	71.8%	2,639,621	106.1%
1/1/2012	6,956,843	9,524,425	2,567,582	73.0%	2,793,584	91.9%

Schedule of Employer Contributions

Valuation Date	Annual Required Contribution	Percentage of APC Contributed
1/1/2007	352,407	71%
1/1/2008	332,328	76%
1/1/2009	330,629	0%
1/1/2010	460,970	0%
1/1/2011	465,608	42%
1/1/2012	517,790	27%

Teachers

Teachers participate in a contributory defined-benefit plan established under Chapter 167a of the Connecticut General Statutes and administered by the Connecticut State Teachers' Retirement Board. Full-time certified teachers are vested in the system after ten years of service in this state.

All certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service teachers were fully vested in their own contributions. After 10 years of service teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183b (7).

The State's aggregate contribution to the plan for the fiscal year ended June 30, 2012 for all participating local governments was \$757,246,000. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2012 was \$980,182 and is recognized in the governmental funds GAAP-basis statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2012, teachers of the Town contributed \$345,180 to the plan, and covered payroll for the year was \$4,761,103.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Effective July 1, 1989, 1% of the mandatory 7% contribution is placed into a fund from which retirees' health insurance premiums will be paid. This 1% contribution is no longer credited to the member's individual account and does not vest.

Municipal Employees' Retirement System

Plan Description

All Town employees not covered by the Town pension plan or the teacher retirement system participate in the Connecticut Municipal Employees' Retirement System (CMERS). CMERS is a cost-sharing, multiple employer public employee retirement system (PERS) defined-benefit plan established by the State of Connecticut to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. All benefits vest after 5 years of continuous service. Members who retire after age 55 or after 25 years of service are entitled to an annual retirement benefit, payable monthly for life. CMERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial report as a pension trust fund. CMERS issues a financial report that may be obtained by writing to the State of Connecticut, Office of the State Comptroller, Municipal Employees' Retirement Fund, 55 Elm Street, Hartford, CT 06106.

Contributions Required and Contributions Made

Each participating municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general city employees, and within those two groups, with versus without Social Security. Covered employees are required to contribute 2.5% of earnings upon which Social Security is paid, plus 5% of earnings on which no Social Security tax is paid. The Statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level-dollar amortization (including interest and principal) over varying time periods depending on the unit's date of participation and other factors.

Contributions for employees of the Town of Winchester were as follows:

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2010	218,362	100%
6/30/2011	198,235	100%
6/30/2012	242,130	100%

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligations

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 Town allows certain retirees and their spouses to remain on the Town's health insurance plan. Premiums for police retirees are paid from the Retiree Insurance Fund. When no funds are left it is assumed that the retiree will pay 100% of the premiums. All other eligible employees pay 100% of the premiums. Non-certified BOE employees are not eligible to participate.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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)	\$ 619,329
Interest on net OPEB obligation	43,663
Adjustment to annual required contribution	<u>(57,009)</u>
Annual OPEB cost	605,983
Contributions made	<u>355,865</u>
Increase in net OPEB obligation	250,118
Net OPEB obligation, beginning of year	<u>970,291</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,220,409</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. Data is presented beginning with the fiscal year ended June 30, 2012, due to this being the year of transition.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
June 30, 2010	\$ 706,692	\$ 388,489	55.0%	\$ 717,758
June 30, 2011	711,533	459,000	64.5%	970,291
June 30, 2012	605,983	355,865	58.7%	1,220,409

As of July 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$9 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8 million. For 2012, the UAAL was 113.1% of the covered payroll.

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.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% 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 10% initially, reduced by decrements of 1% per year to an ultimate rate of 5% for 2015 and later. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012 was 27 years.

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 years ended June 30, 2011 and 2012.

A schedule of changes in the claims liability for heart and hypertension judgments for the years ended June 30, 2012 and 2011, 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
2010-11	\$ 1,771,672	\$ 219,961	\$ 165,831	\$ 1,825,802
2011-12	1,825,802	-	182,260	1,643,542

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 208 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.

Payments to the Workers' Compensation Pool are made through the General Fund.

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.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

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. Based on prior experience, Town management believes such disallowances, if any, will not be material.

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 New Hartford, CT is responsible for approximately 51% of any such shortfall.

NOTE 8 - PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

General Fund

The General Fund beginning fund balance was decreased by \$623,470. This restatement is due to a prior year decrease to cash for \$285,284, prior year decrease to accounts payable for \$178,051, prior year decrease of \$56,306 for interfund activity, increase of \$47,778 in fund balance for the separation of the Dog Fund, increase in fund balance of \$6,605 for combining the EFTPS Fund with the General Fund, and an increase in fund balance for other miscellaneous revenue items.

Small Cities Fund

The beginning fund balance of the Small Cities Fund has been increased by \$2,084,994 to reclassify the balance of outstanding loans receivable from deferred revenue to nonexpendable fund balance.

Dog Fund

The Dog Fund has been separated from the General Fund and reported as a non-major special revenue fund, as license revenue is a significant recurring source of fund revenue. This reclassification increased the General Fund beginning fund balance by \$47,778.

EFTPS Fund

After implementation of GASB Statement No. 54, the Town reviewed its special revenue funds to determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue also needs to constitute a substantial portion of the resources in the fund. As a result, the EFTPS fund (used for remittance of payroll taxes) is now reported as a part of the General Fund. This reclassification increased beginning fund balance \$5,233.

Sewer Fund

The beginning fund balance of the Sewer Fund has been decreased by \$87,235 reflecting a correction to decrease prior year cash balances by \$14,517 and reclassify capital asset balances reported between the Sewer and Water Funds.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

Water Fund

The beginning fund balance of the Water Fund has been increased by \$134,867 to decrease prior year cash balances by \$25,418 and reclassify capital asset balances reported between the Sewer and Water Funds.

Brownfields Pilot Program

The beginning fund balance of the Brownfields Pilot Program has been increased by \$20,090 to restate a balance that was previously reported as due to the General Fund.

Skate Park Fund

The beginning fund balance of the Skate Park Fund has been decreased by \$7 to restate that the bank account was closed in the prior year.

Capital Improvements Fund

The beginning fund balance of the Capital Improvements Fund has been increased by \$224,634 to report an appropriation from the General Fund for Main St. improvements that were approved in prior years.

NOTE 9 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated subsequent events through January 25, 2014, which represents the date that these statements were available to be issued. The following events have been identified:

A complaint was filed under Section 10-4b of the CT General Statutes that the Town failed to comply with the Minimum Budget Requirement. An investigation by the State Board of Education reports that the Town was not in compliance with the requirements for the 2012-2013 fiscal year. State Statutes specify three potential outcomes for this violation: the ECS grant for a subsequent year will be reduced by twice the amount of the shortfall, in a subsequent year the Town can appropriate the MBR for that year plus twice the 2012-13 shortfall, or the Town can petition to waive for reasonable cause.

The Town has been unable to obtain renewals for bonding insurance covering several employees. Several insurance carriers have declined to offer coverage to the Town, citing result financial difficulties, past embezzlement, and the current complaint against the Town regarding the Board of Education. The existing bonding insurance policies expire between February and May 2014.

Criminal charges have been filed against the prior Finance Director, who has been charged with taking over 2 million dollars. The loss on assets reported in the current year is \$401,978 in the General Fund and \$47,825 in the Sewer Fund.

The Town received \$600,000 in insurance proceeds in connection with the criminal charges that were filed against the prior Finance Director.

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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, 2012

Page 1 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
Revenues				
Taxes				
Property Taxes	\$ 20,381,339	\$ 20,381,339	\$ 20,079,644	\$ (301,695)
Property Taxes - Prior Years	425,000	425,000	383,217	(41,783)
Interest and Lien Fees	225,000	225,000	205,109	(19,891)
Total Taxes	<u>21,031,339</u>	<u>21,031,339</u>	<u>20,667,970</u>	<u>(363,369)</u>
Intergovernmental Revenue				
State of Connecticut - General Government	1,210,422	1,210,422	1,915,840	705,418
State of Connecticut - Board of Education	7,944,460	7,944,460	7,890,070	(54,390)
Total Fees, Fines, and Permits	<u>9,154,882</u>	<u>9,154,882</u>	<u>9,805,910</u>	<u>651,028</u>
Other local revenues				
Licenses, fees and permits				
Cemeteries	14,000	14,000	19,196	5,196
Town Clerk	150,000	150,000	161,926	11,926
Charges for services				
In lieu of taxes - Housing Authority	30,000	30,000	28,721	(1,279)
Building Department	153,500	153,500	136,622	(16,878)
Planning and Zoning	5,000	5,000	7,710	2,710
Inland Wetlands Commission	7,000	7,000	8,780	1,780
Zoning Board of Appeals	4,500	4,500	6,040	1,540
Police Department	30,000	30,000	25,496	(4,504)
Fire and ambulance	30,550	30,550	4,019	(26,531)
Sale of land and equipment	10,450	10,450	15,819	5,369
Park and Recreation Department	21,000	21,000	10,500	(10,500)
Rental Income	12,000	12,000	12,000	-
Interest and dividends	60,000	60,000	-	(60,000)
Other	<u>14,302</u>	<u>14,302</u>	<u>70,771</u>	<u>56,469</u>
Total other local revenues	<u>542,302</u>	<u>542,302</u>	<u>507,600</u>	<u>(34,702)</u>
Other Financing Sources				
Transfers in	<u>4,000</u>	<u>4,000</u>	<u>94,508</u>	<u>90,508</u>
Total Revenues	<u>\$ 30,732,523</u>	<u>\$ 30,732,523</u>	<u>\$ 31,075,988</u>	<u>\$ 343,465</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

Page 2 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Expenditures				
General Government				
Board of Selectmen	\$ 780,024	\$ 47,875	\$ 51,557	\$ (3,682)
Town Clerk	183,673	184,050	195,207	(11,157)
Treasurer	5,716	5,716	5,716	-
Accounting Department	164,166	164,166	208,966	(44,800)
Election Expenditures	54,018	43,518	49,349	(5,831)
Insurance	387,338	387,338	506,546	(119,208)
Town Counsel	70,656	63,656	60,418	3,238
Town Manager	184,366	167,932	175,205	(7,273)
Building Department	254,940	219,478	228,128	(8,650)
Assessor	235,921	214,921	190,551	24,370
Board of Tax Review	3,198	3,198	2,025	1,173
Tax Collector	77,965	78,211	83,915	(5,704)
Planning and Zoning	46,614	25,014	1,099	23,915
Building	202,469	202,469	188,542	13,927
Inland Wetland Commission	4,680	3,054	1,304	1,750
Zoning Board of Appeals	2,476	2,476	6,866	(4,390)
Laurel City Commission	4,414	4,414	1,243	3,171
Advisory Comm for the Disabled	942	942	5,028	(4,086)
Litchfield Conservation District	1,768	1,768	1,768	-
Purchasing/Data Processing	156,231	156,437	165,735	(9,298)
Probate Court	7,029	6,029	5,849	180
Senior Citizens	168,106	168,106	170,147	(2,041)
Rural Transit District	1,965	1,965	1,965	-
Vacation and sick pay accrual	15,000	58,752	58,751	1
Highland Lake	16,500	11,500	1,500	10,000
Economic Development Commission	11,998	6,998	6,139	859
School crossing guards	59,208	59,208	59,173	35
Judgements and losses	1	1	-	1
Conservation Commission	294	294	-	294
Unemployment compensation	5,000	8,500	24,168	(15,668)
Cemeteries	40,152	36,652	41,786	(5,134)
Soldiers Monument Commission	7,210	7,210	7,892	(682)
Planning and Community Development	136,853	113,603	138,347	(24,744)
Redevelopment Agency	540	540	-	540
Civil Service Commission	2,710	2,710	6,884	(4,174)
Friends of Main Street	7,500	7,500	7,500	-
Total General Government	3,301,641	2,466,201	2,659,269	(193,068)
Library	\$ 194,141	\$ 194,141	\$ 194,141	\$ -

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

Page 3 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Miscellaneous	\$ 484,144	\$ 455,981	\$ 682,912	\$ (226,931)
Waste disposal and recycling	<u>405,320</u>	<u>405,320</u>	<u>405,320</u>	<u>-</u>
Public Safety				
Police Department	2,673,602	2,585,647	2,552,341	33,306
Fire Department	377,520	385,020	355,459	29,561
Civil Preparedness	9,197	9,197	13,005	(3,808)
Winchester Fire Department	42,806	42,806	42,758	48
Ambulance	76,475	76,475	2,136	74,339
Dispatch	<u>302,445</u>	<u>257,675</u>	<u>265,241</u>	<u>(7,566)</u>
Total Public Safety	3,482,045	3,356,820	3,230,940	125,880
Public Works				
Public Works Department	1,788,018	1,643,371	1,577,135	66,236
Streetlighting	<u>130,617</u>	<u>146,617</u>	<u>153,292</u>	<u>(6,675)</u>
Total Public Works	1,918,635	1,789,988	1,730,427	59,561
Health				
Department of Health	121,411	121,411	121,166	245
Youth and Family Services	31,664	31,664	31,664	-
Paramedic	<u>145,000</u>	<u>145,000</u>	<u>144,643</u>	<u>357</u>
Total Health	298,075	298,075	297,473	602
Parks and Recreation				
Park and Recreation Department	<u>224,107</u>	<u>224,288</u>	<u>219,716</u>	<u>4,572</u>
Education				
Board of Education	<u>18,600,000</u>	<u>19,955,298</u>	<u>19,803,765</u>	<u>151,533</u>
Program and project expenses	<u>145,878</u>	<u>150,878</u>	<u>150,838</u>	<u>40</u>
Debt Service				
Principal Retirement	508,000	508,000	508,000	-
Interest	<u>222,396</u>	<u>222,396</u>	<u>222,396</u>	<u>-</u>
Total Debt Service	730,396	730,396	730,396	-
Capital outlay	<u>910,918</u>	<u>910,918</u>	<u>1,450,700</u>	<u>(539,782)</u>
Total Expenditures	\$ 30,695,300	\$ 30,938,304	\$ 31,555,897	\$ (617,593)

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Revenues and Expenditures - Budget and Actual
For the Year Ended June 30, 2012

Page 4 of 4

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Other Financing Uses				
Transfers out	\$ 37,223	\$ 37,223	\$ 83,136	\$ (45,913)
Loss on Assets	-	-	401,978	(401,978)
Total	<u>30,732,523</u>	<u>30,975,527</u>	<u>32,041,011</u>	<u>(1,065,484)</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ (243,004)</u>	<u>\$ (965,023)</u>	<u>\$ (722,019)</u>

See accountant's report.

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.

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	\$ 31,961,662	\$ -	\$ (980,182)	\$ 30,981,480
Expenditures	<u>32,408,167</u>	<u>127,912</u>	<u>(980,182)</u>	<u>31,555,897</u>
Excess of Revenues Over / (Under) Expenditures	(446,505)	(127,912)	-	(574,417)
Other Financing Sources / (Uses)	<u>(116,540)</u>	<u>127,912</u>	<u>-</u>	<u>11,372</u>
Loss on Assets	<u>(401,978)</u>	<u>-</u>	<u>-</u>	<u>(401,978)</u>
Excess of Revenues and Other Sources Over Expenditures, Loss on Assets, and Other Uses	<u>\$ (965,023)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (965,023)</u>

Perspective Differences: Expenses for the Police Retiree Fund are shown as a transfer for the GAAP statements and as an expense for budgetary purposes.

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

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Supplemental, Combining, and Individual 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.

Federal and State Education Grants Fund - To account for revenues and expenditures of various education grants.

Town Aid Roads Fund - To account for state grant revenues and expenditures for Town improved and unimproved roads.

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

Dog Fund – To account for activities of the Town's Dog Warden, of which a portion of the fees must be paid to the State of Connecticut.

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.

Infrastructure Assets - To account for revenues and expenditures relating to water improvements, drain improvements and lighting.

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.

Police Retirees Benefit Fund - To account for the revenues and expenditures relating to the police officers contributions to a retirement fund to pay for medical benefits.

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.

PEEP Grant Fund - To account for the revenue and expenditures for a grant to assist families with medical care for children.

Day Care Center Playground Fund - To account for the revenue and expenditures for construction of a new playground at the Batcheller School.

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.

Capital Projects Fund

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

Permanent Funds

Winchester School Trust Fund - To account for funds established to provide scholarships on an annual basis to local youth who excel in the school system.

Winchester 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 Passbook Fund - This fund was established as a scholarship fund.

Other - To account for funds contributed to the Town, the income on which is used for decorating various grave sites and repairs and maintenance of the local parks.

TOWN OF WINCHESTER, CONNECTICUT

Page 1 of 3

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

SPECIAL REVENUE FUNDS										
	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Homeless Shelter Fund	Dog Fund	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Police Retirees Benefit Fund	Cemetery Association Trust Fund
Assets										
Cash and cash equivalents	\$ 70	\$ 33,362	\$ -	\$ 188	\$ 4,328	\$ 861	\$ 31,947	\$ 1,482	\$ 11,757	\$ 672
Receivables, net	-	73,331	126,179	-	-	-	-	-	-	-
Inventory	-	1,979	-	-	-	-	-	-	-	-
Due from other funds	340,044	-	55,150	-	3,768	-	14,148	-	-	-
Total Assets	\$ 340,114	\$ 108,672	\$ 181,329	\$ 188	\$ 8,096	\$ 861	\$ 46,095	\$ 1,482	\$ 11,757	\$ 672
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,835	\$ -	\$ -	\$ -
Deferred revenue	-	-	181,329	-	-	-	-	-	-	-
Due to other governments	153,130	-	-	-	8,096	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	500	-	11,757	-
Total Liabilities	153,130	-	181,329	-	8,096	-	4,335	-	11,757	-
Fund Balances:										
Nonspendable	-	1,979	-	-	-	-	-	-	-	-
Restricted	-	-	-	188	-	-	41,760	1,482	-	672
Committed	186,984	106,693	-	-	-	861	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	186,984	108,672	-	188	-	861	41,760	1,482	-	672
Total Liabilities and Fund Balances	\$ 340,114	\$ 108,672	\$ 181,329	\$ 188	\$ 8,096	\$ 861	\$ 46,095	\$ 1,482	\$ 11,757	\$ 672

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Page 2 of 3

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	SPECIAL REVENUE FUNDS							CAPITAL FUNDS	PERMANENT FUNDS
	Soldiers Monument Restoration <u>Fund</u>	Bullet Proof Vests <u>Fund</u>	Highland Lake Catch Basin <u>Fund</u>	PEEP Grant <u>Fund</u>	JAG Grant <u>Fund</u>	EDC Donation <u>Fund</u>	Redevelopment <u>Fund</u>	Capital Improvements <u>Fund</u>	Winchester School Trust <u>Fund</u>
Assets									
Cash and cash equivalents	\$ 14,326	\$ 1,923	\$ 4,736	\$ 3	\$ 3,068	\$ 224	\$ 259	\$ 897	\$ 41,423
Receivables, net	-	-	-	-	-	-	-	40,585	-
Inventory	-	-	-	-	-	-	-	-	-
Due from other funds	90,000	-	-	-	-	-	-	290,227	33,817
Total Assets	\$ 104,326	\$ 1,923	\$ 4,736	\$ 3	\$ 3,068	\$ 224	\$ 259	\$ 331,709	\$ 75,240
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,370	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	3,866	-	-	-	-	225,654	-
Total Liabilities	-	-	3,866	-	-	-	-	251,024	-
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	75,240
Restricted	104,326	1,923	-	3	3,068	224	259	-	-
Committed	-	-	870	-	-	-	-	80,685	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	104,326	1,923	870	3	3,068	224	259	80,685	75,240
Total Liabilities and Fund Balances	\$ 104,326	\$ 1,923	\$ 4,736	\$ 3	\$ 3,068	\$ 224	\$ 259	\$ 331,709	\$ 75,240

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Page 3 of 3

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2012

PERMANENT FUNDS										
	Winchester Sinking <u>Fund</u>	Forest View Cemetery <u>Fund</u>	Winchester Center Cemetery <u>Fund</u>	Forest View Cemetery Chapel Trust <u>Fund</u>	Crippled Children Trust Fund	Winchester Memorial <u>Park Fund</u>	Jane A Nisbet Fund	Beverly Passbook <u>Fund</u>	<u>Other</u>	<u>Total</u>
Assets										
Cash and cash equivalents	\$ 18	\$ 24,812	\$ 9,603	\$ -	\$ -	\$ -	\$ -	\$ 7,661	\$ 17	\$ 193,637
Receivables, net	-	-	-	-	-	-	-	-	-	240,095
Inventory	-	-	-	-	-	-	-	-	-	1,979
Due from other funds	-	113,455	28,807	629	445	14,061	7,784	-	155,997	1,148,332
Total Assets	<u>\$ 18</u>	<u>\$ 138,267</u>	<u>\$ 38,410</u>	<u>\$ 629</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,661</u>	<u>\$ 156,014</u>	<u>\$ 1,584,043</u>
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,205
Deferred revenue	-	-	-	-	-	-	-	-	-	181,329
Due to other governments	-	-	-	-	-	-	-	-	-	161,226
Due to other funds	-	-	-	-	-	-	-	-	-	241,777
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,537</u>
Fund Balances:										
Nonspendable	18	138,267	38,410	-	-	14,061	-	-	156,014	423,989
Restricted	-	-	-	629	445	-	7,784	7,661	-	170,424
Committed	-	-	-	-	-	-	-	-	-	376,093
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>18</u>	<u>138,267</u>	<u>38,410</u>	<u>629</u>	<u>445</u>	<u>14,061</u>	<u>7,784</u>	<u>7,661</u>	<u>156,014</u>	<u>970,506</u>
Total Liabilities and Fund Balances	<u>\$ 18</u>	<u>\$ 138,267</u>	<u>\$ 38,410</u>	<u>\$ 629</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,661</u>	<u>\$ 156,014</u>	<u>\$ 1,584,043</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, 2012

Page 1 of 3

SPECIAL REVENUE FUNDS											
	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Town Aid Roads Fund	Homeless Shelter Fund	Dog Fund	Brownfield Pilot Program	Infrastructure Assets	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund
Revenues											
Intergovernmental revenues	\$ -	\$ 329,299	\$ 1,086,776	\$ -	\$ -	\$ -	\$ 25,054	\$ -	\$ -	\$ 236,542	\$ -
Interest and dividends	-	-	-	-	-	-	-	-	1	-	2
Charges for services	-	107,100	-	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	14,945	-	-	-	-	-
Other revenue	-	3,733	-	-	-	-	-	-	-	-	-
Total Revenues	-	440,132	1,086,776	-	-	14,945	25,054	-	1	236,542	2
Expenditures											
General government	-	-	-	-	22	-	25,150	-	-	225,870	-
Public safety	-	-	-	-	-	50,303	-	-	-	-	-
Public works	-	-	-	-	-	-	-	661	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Education	-	450,891	1,085,698	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	450,891	1,085,698	-	22	50,303	25,150	661	-	225,870	-
Excess/(Deficiency) of Revenues Over Expenditures	-	(10,759)	1,078	-	(22)	(35,358)	(96)	(661)	1	10,672	2
Other Financing Sources/(Uses)											
Transfers in	-	-	-	-	-	83,136	-	-	-	-	-
Transfers out	-	-	-	(5,350)	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	(5,350)	-	83,136	-	-	-	-	-
Net change in fund balances	-	(10,759)	1,078	(5,350)	(22)	47,778	(96)	(661)	1	10,672	2
Fund Balances at Beginning of Year (as restated)	186,984	119,431	(1,078)	5,350	210	(47,778)	96	661	860	31,088	1,480
Fund Balances at End of Year	\$ 186,984	\$ 108,672	\$ -	\$ -	\$ 188	\$ -	\$ -	\$ -	\$ 861	\$ 41,760	\$ 1,482

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, 2012

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	SPECIAL REVENUE FUNDS									CAPITAL PROJECTS FUND
	Police Retirees Benefit Fund	Cemetery Association Trust Fund	Soldiers Monument Restoration Fund	Bullet Proof Vests Fund	Highland Lake Catch Basin Fund	PEEP Grant Fund	JAG Grant Fund	EDC Donation Fund	Redevelopment Fund	Capital Improvements Fund
Revenues										
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 1,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,178
Interest and dividends	-	1	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	-	-	-	-	-
Other revenue	<u>38,575</u>	<u>-</u>	<u>11,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>350</u>	<u>-</u>
Total Revenues	<u>38,575</u>	<u>1</u>	<u>11,145</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>350</u>	<u>57,178</u>
Expenditures										
General government	137,770	-	-	-	-	-	-	2,012	91	-
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,098</u>
Total Expenditures	<u>137,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,012</u>	<u>91</u>	<u>66,098</u>
Excess/(Deficiency) of Revenues Over Expenditures	(99,195)	1	11,145	1,600	-	-	-	(962)	259	(8,920)
Other Financing Sources/(Uses)										
Transfers in	127,912	-	-	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>127,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	28,717	1	11,145	1,600	-	-	-	(962)	259	(8,920)
Fund Balances at Beginning of Year (as restated)	<u>(28,717)</u>	<u>671</u>	<u>93,181</u>	<u>323</u>	<u>870</u>	<u>3</u>	<u>3,068</u>	<u>1,186</u>	<u>-</u>	<u>89,605</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 672</u>	<u>\$ 104,326</u>	<u>\$ 1,923</u>	<u>\$ 870</u>	<u>\$ 3</u>	<u>\$ 3,068</u>	<u>\$ 224</u>	<u>\$ 259</u>	<u>\$ 80,685</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, 2012

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	PERMANENT FUNDS										
	Winchester School Trust <u>Fund</u>	Winchester Sinking Fund	Forest View Cemetery <u>Fund</u>	Winchester Center Cemetery <u>Fund</u>	Forest View Cemetery Chapel Trust <u>Fund</u>	Crippled Children Trust Fund	Winchester Memorial Park Fund	Jane A Nisbet Fund	Beverly Passbook Fund	Other	Total
Revenues											
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,736,449
Interest and dividends	3,213	-	60	5	-	-	-	-	169	-	3,451
Charges for services	-	-	-	-	-	-	-	-	-	-	107,100
Licenses, fees and permits	-	-	-	-	-	-	-	-	-	-	14,945
Other revenue	-	-	-	-	-	-	-	-	-	-	54,853
Total Revenues	<u>3,213</u>	<u>-</u>	<u>60</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169</u>	<u>-</u>	<u>1,916,798</u>
Expenditures											
General government	-	-	-	-	-	-	-	-	-	17	390,932
Public safety	-	-	-	-	-	-	-	-	-	-	50,303
Public works	-	-	-	-	-	-	-	-	-	-	661
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	1,536,589
Capital outlay	-	-	-	-	-	-	-	-	-	-	66,098
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17</u>	<u>2,044,583</u>
Excess/(Deficiency) of Revenues Over Expenditures	3,213	-	60	5	-	-	-	-	169	(17)	(127,785)
Other Financing Sources/(Uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	211,048
Transfers out	-	(89,158)	-	-	-	-	-	-	-	-	(94,508)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(89,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,540</u>
Net change in fund balances	3,213	(89,158)	60	5	-	-	-	-	169	(17)	(11,245)
Fund Balances at Beginning of Year (as restated)	<u>72,027</u>	<u>89,176</u>	<u>138,207</u>	<u>38,405</u>	<u>629</u>	<u>445</u>	<u>14,061</u>	<u>7,784</u>	<u>7,492</u>	<u>156,031</u>	<u>981,751</u>
Fund Balances at End of Year	<u>\$ 75,240</u>	<u>\$ 18</u>	<u>\$ 138,267</u>	<u>\$ 38,410</u>	<u>\$ 629</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,661</u>	<u>\$ 156,014</u>	<u>\$ 970,506</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

Town Deposit Fund - To account for funds used for public schools.

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

Town Hall Employees - To account for funds set aside for employee celebrations

Employee Union - Refund of union dues for Town hall employees

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, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>Town Deposit</u>				
Assets:				
Cash and cash equivalents	\$ 1	\$ -	\$ 1	\$ -
Total Assets	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Liabilities:				
Fiduciary Deposits	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Liabilities	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
<u>Student Activities</u>				
Assets:				
Cash and cash equivalents	\$ 18,135	\$ 22,272	\$ 24,739	\$ 15,668
Total Assets	<u>18,135</u>	<u>22,272</u>	<u>24,739</u>	<u>15,668</u>
Liabilities:				
Fiduciary Deposits	<u>18,135</u>	<u>22,272</u>	<u>24,739</u>	<u>15,668</u>
Total Liabilities	<u>\$ 18,135</u>	<u>\$ 22,272</u>	<u>\$ 24,739</u>	<u>\$ 15,668</u>
<u>Town Hall Employees</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 289	\$ -	\$ 289
Total Assets	<u>-</u>	<u>289</u>	<u>-</u>	<u>289</u>
Liabilities:				
Fiduciary Deposits	<u>-</u>	<u>289</u>	<u>-</u>	<u>289</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ -</u>	<u>\$ 289</u>
<u>Employee Union</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ 27,653	\$ -	\$ 27,653
Total Assets	<u>-</u>	<u>27,653</u>	<u>-</u>	<u>27,653</u>
Liabilities:				
Fiduciary Deposits	<u>-</u>	<u>27,653</u>	<u>-</u>	<u>27,653</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 27,653</u>	<u>\$ -</u>	<u>\$ 27,653</u>
<u>Other</u>				
Assets:				
Cash and cash equivalents	\$ 20,827	\$ 8	\$ -	\$ 20,835
Total Assets	<u>20,827</u>	<u>8</u>	<u>-</u>	<u>20,835</u>
Liabilities:				
Fiduciary Deposits	20,582	8	-	20,590
Accounts payable	<u>245</u>	<u>-</u>	<u>-</u>	<u>245</u>
Total Liabilities	<u>\$ 20,827</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 20,835</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 38,963	\$ 50,222	\$ 24,740	\$ 64,445
Total Assets	<u>38,963</u>	<u>50,222</u>	<u>24,740</u>	<u>64,445</u>
Liabilities				
Fiduciary Deposits	38,718	50,222	24,740	64,200
Accounts payable	<u>245</u>	<u>-</u>	<u>-</u>	<u>245</u>
Total Liabilities	<u>\$ 38,963</u>	<u>\$ 50,222</u>	<u>\$ 24,740</u>	<u>\$ 64,445</u>

See accountant's report.

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Supplemental Schedules

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Property Taxes Levied, Collected and Outstanding
For the Year Ended June 30, 2012

	Outstanding July 1, 2011	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Receipt of Taxes	Receipt of Interest and Liens	Total Receipts	Outstanding June 30, 2012
			Additions	Deductions						
List of										
10/1:										
2010		\$ 20,735,196	\$ 33,177	\$ 76,374	\$ (7,499)	20,684,500	\$ 20,224,636	\$ 98,713	\$ 20,323,349	\$ 459,864
2009	\$ 459,973	-	3,133	1,928	(40,561)	420,617	299,509	62,735	362,244	121,108
2008	71,620	-	5,081	246	-	76,455	35,423	11,183	46,606	41,032
2007	35,722	-	2,324	-	-	38,046	12,528	7,928	20,456	25,518
2006	28,441	-	703	-	-	29,144	7,062	4,712	11,774	22,082
2005	18,539	-	1,777	-	-	20,316	2,395	660	3,055	17,921
2004	18,619	-	-	-	-	18,619	772	1,153	1,925	17,847
2003	8,947	-	34	-	-	8,981	556	727	1,283	8,425
2002	8,497	-	-	-	-	8,497	459	561	1,020	8,038
2001	8,338.00	-	-	-	-	8,338	-	-	-	8,338
2000	7,550.00	-	-	-	-	7,550	-	-	-	7,550
1999	6,640.00	-	-	-	-	6,640	-	-	-	6,640
1998	6,922	-	-	-	-	6,922	-	-	-	6,922
1997	5,995	-	-	-	-	5,995	-	-	-	5,995
1996	-	-	-	-	-	-	-	-	-	-
	\$ 685,803	\$ 20,735,196	\$ 46,229	\$ 78,548	\$ (48,060)	\$ 21,340,620	20,583,340	188,372	20,771,712	\$ 757,280

Net Grand List- October 1, 2010

Tax Rate: 25.430 mills

Total Suspense Collections	30,642	19,355	49,997
Total Collections	\$ 20,613,982	\$ 207,727	\$ 20,821,709

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Water and Sewer Rents Levied, Collected and Outstanding
For the Year Ended June 30, 2012

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2011	Lawful Corrections	Adjusted Levy and Uncollected Balance	Collections Interest and Liens	Total	Water Rents Receivable June 30, 2012
				Rents		
2010	\$ 1,515,418	\$ (9,773)	\$ 1,505,645	\$ 1,398,706	\$ 18,990	\$ 1,417,696
2009	102,688	(325)	102,363	84,109	21,269	105,378
2008	19,052	-	19,052	13,502	6,423	19,925
2007	2,635	-	2,635	1,432	1,092	2,524
2006	370	-	370	370	194	564
2005	1,099	-	1,099	-	-	-
2004	2,806	-	2,806	-	-	-
2003	645	-	645	-	-	-
1997	5	-	5	-	-	-
	<u>\$ 1,644,718</u>	<u>\$ (10,098)</u>	<u>\$ 1,634,620</u>	<u>\$ 1,498,119</u>	<u>\$ 47,968</u>	<u>\$ 1,546,087</u>
						<u>\$ 136,501</u>

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2011	Lawful Corrections	Adjusted Levy and Uncollected Balance	Collections Interest and Liens	Total	Water Rents Receivable June 30, 2012
				Rents		
2010	\$ 1,064,182	\$ (17,726)	\$ 1,046,456	\$ 975,672	\$ 12,002	\$ 987,674
2009	64,601	(292)	64,309	52,438	17,214	69,652
2008	13,373	-	13,373	9,660	3,958	13,618
2007	1,742	-	1,742	1,347	951	2,298
2006	189	-	189	189	198	387
2005	169	-	169	-	-	-
2004	869	-	869	-	-	-
2003	166	-	166	-	-	-
1997	4	-	4	-	-	-
	<u>\$ 1,145,295</u>	<u>\$ (18,018)</u>	<u>\$ 1,127,277</u>	<u>\$ 1,039,306</u>	<u>\$ 34,323</u>	<u>\$ 1,073,629</u>
						<u>\$ 87,971</u>

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 Assets By Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in Capital Assets, net of related debt	\$ 25,729,473	\$ 25,863,702	\$ 23,506,325	\$ 26,309,934	\$ 37,596,274	\$ 40,755,815	\$ 37,616,669	\$ 37,575,954	\$ 37,937,496	\$ 37,955,510
Restricted	415,260	418,871	423,589	429,610	432,864	503,576	504,466	522,003	524,258	2,523,523
Unrestricted	<u>3,139,372</u>	<u>3,599,311</u>	<u>5,142,363</u>	<u>1,135,393</u>	<u>4,630,810</u>	<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>
Total Governmental Activities Net Assets	<u>\$ 29,284,105</u>	<u>\$ 29,881,884</u>	<u>\$ 29,072,277</u>	<u>\$ 27,874,937</u>	<u>\$ 42,659,948</u>	<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>
Business-type Activities:										
Invested in Capital Assets, net of related debt	\$ 25,970,626	\$ 25,895,701	\$ 26,117,487	\$ 27,630,867	\$ 31,606,447	\$ 31,481,209	\$ 34,073,572	\$ 33,299,371	\$ 32,869,701	\$ 32,508,601
Unrestricted	<u>1,553,796</u>	<u>1,363,735</u>	<u>1,419,937</u>	<u>884,603</u>	<u>882,617</u>	<u>509,720</u>	<u>(207,422)</u>	<u>(869,187)</u>	<u>(1,193,895)</u>	<u>(1,292,067)</u>
Total Business-type Activities Net Assets	<u>\$ 27,524,422</u>	<u>\$ 27,259,436</u>	<u>\$ 27,537,424</u>	<u>\$ 28,515,470</u>	<u>\$ 32,489,064</u>	<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>
Primary Government										
Invested in Capital Assets, net of related debt	\$ 51,700,099	\$ 51,759,403	\$ 49,623,812	\$ 53,940,801	\$ 69,202,721	\$ 72,237,024	\$ 71,690,241	\$ 70,875,325	\$ 70,807,197	\$ 70,464,111
Restricted	415,260	418,871	423,589	429,610	432,864	503,576	504,466	522,003	524,258	2,523,523
Unrestricted	<u>4,693,168</u>	<u>4,963,046</u>	<u>6,562,300</u>	<u>2,019,996</u>	<u>5,513,427</u>	<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>
Total Primary Government Net Assets	<u>\$ 56,808,527</u>	<u>\$ 57,141,320</u>	<u>\$ 56,609,701</u>	<u>\$ 56,390,407</u>	<u>\$ 75,149,012</u>	<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>

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

Table 2

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
Board of Education	\$ 18,541,355	\$ 18,848,278	\$ 19,134,392	\$ 20,428,332	\$ 21,551,084	\$ 26,648,882	\$ 23,531,203	\$ 23,545,291	\$ 23,668,453	\$ 22,869,216
Public Safety	3,124,233	3,166,696	3,475,885	4,009,300	3,971,722	3,936,737	4,286,390	4,967,321	4,115,483	3,576,949
Public works	2,779,172	1,788,829	3,021,111	3,138,955	3,370,104	3,086,803	3,432,120	3,275,459	3,175,507	2,382,942
General government	3,721,405	2,466,584	3,044,126	3,550,359	2,571,804	3,143,876	4,343,136	3,342,550	3,358,796	3,617,443
Welfare	58,331	47,109	28,224	26,443	-	-	-	-	-	-
Health	248,171	187,641	218,918	275,401	284,419	269,570	313,813	287,221	289,932	365,698
Parks and recreation	273,268	300,769	270,071	265,436	315,423	280,558	268,004	263,574	244,723	512,726
Library	213,597	197,054	205,882	209,543	191,025	196,756	197,941	161,795	194,141	194,141
Waste disposal and recycling	596,924	477,669	407,666	482,881	327,548	355,293	363,464	360,824	335,869	405,320
Interest on Long-Term Debt	288,536	244,728	227,614	183,875	150,320	254,313	305,566	301,724	283,729	270,484
Total Governmental Activities Expenses	<u>29,844,992</u>	<u>27,725,357</u>	<u>30,033,889</u>	<u>32,570,525</u>	<u>32,733,449</u>	<u>38,172,788</u>	<u>37,041,637</u>	<u>36,505,759</u>	<u>35,666,633</u>	<u>34,194,919</u>
Business-Type Activities										
Water	2,049,799	1,853,696	1,491,865	1,560,548	1,777,621	2,008,912	1,809,639	1,976,247	1,763,578	1,798,146
Sewer	1,789,526	1,724,658	1,621,403	1,703,944	1,741,196	1,808,430	1,751,541	2,309,850	1,880,397	1,776,674
Total Business-Type Activities Expenses	<u>3,839,325</u>	<u>3,578,354</u>	<u>3,113,268</u>	<u>3,264,492</u>	<u>3,518,817</u>	<u>3,817,342</u>	<u>3,561,180</u>	<u>4,286,097</u>	<u>3,643,975</u>	<u>3,574,820</u>
Total Primary Government Expenses	<u>\$ 33,684,317</u>	<u>\$ 31,303,711</u>	<u>\$ 33,147,157</u>	<u>\$ 35,835,017</u>	<u>\$ 36,252,266</u>	<u>\$ 41,990,130</u>	<u>\$ 40,602,817</u>	<u>\$ 40,791,856</u>	<u>\$ 39,310,608</u>	<u>\$ 37,769,739</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Board of Education	\$ -	\$ -	\$ 231,521	\$ 473,193	\$ 202,715	\$ 217,359	\$ 224,163	\$ 211,054	\$ 171,398	\$ 191,980
Public Safety	-	-	-	342,192	331,138	272,387	247,535	230,263	158,752	44,460
Public works	-	-	-	239,353	146,010	18,895	16,694	16,928	74,551	-
Health	-	-	-	-	-	-	-	-	-	21,680
General government	939,600	391,083	311,660	233,135	234,063	214,367	160,542	90,180	484,494	349,799
Parks and Recreation	-	-	21,000	-	-	55,578	7,726	52,606	28,493	10,500
Operating Grants and Contributions	8,507,762	8,407,231	8,563,656	9,507,076	10,203,048	14,018,112	12,036,009	12,122,738	11,374,639	12,213,309
Capital Grants and Contributions	1,069,819	640,055	733,878	378,290	1,330,607	1,430,470	753,033	778,542	932,659	364,085
Total Governmental Activities										
Program Revenues	<u>10,517,181</u>	<u>9,438,369</u>	<u>9,861,715</u>	<u>11,173,239</u>	<u>12,447,581</u>	<u>16,227,168</u>	<u>13,445,702</u>	<u>13,502,311</u>	<u>13,224,986</u>	<u>13,195,813</u>
Business-type Activities:										
Water:										
Charges for Services	3,329,450	1,771,612	1,865,882	1,591,516	1,561,408	1,564,815	1,542,744	1,497,962	1,513,425	1,600,046
Capital Grants and Contributions	-	-	-	1,123,379	100,727	-	94,396	-	-	-
Sewer:										
Charges for Services	1,288,645	1,300,159	1,283,045	1,300,972	1,214,181	1,259,016	1,137,164	1,133,761	1,171,571	1,347,344
Capital Grants and Contributions	-	-	-	-	-	266,251	2,234	-	2,685	2,714
Total Business-type Activities										
Program Revenues	<u>4,618,095</u>	<u>3,071,771</u>	<u>3,148,927</u>	<u>4,015,867</u>	<u>2,876,316</u>	<u>3,090,082</u>	<u>2,776,538</u>	<u>2,631,723</u>	<u>2,687,681</u>	<u>2,950,104</u>
Total Primary Government Program Revenues	<u>\$ 15,135,276</u>	<u>\$ 12,510,140</u>	<u>\$ 13,010,642</u>	<u>\$ 15,189,106</u>	<u>\$ 15,323,897</u>	<u>\$ 19,317,250</u>	<u>\$ 16,222,240</u>	<u>\$ 16,134,034</u>	<u>\$ 15,912,667</u>	<u>\$ 16,145,917</u>

(continued)

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

Table 2

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net Revenues (Expenses):										
Governmental Activities	\$ (19,327,811)	\$ (18,286,988)	\$ (20,172,174)	\$ (21,397,286)	\$ (20,285,868)	\$ (21,945,620)	\$ (23,595,935)	\$ (23,003,448)	\$ (22,441,647)	\$ (20,999,106)
Business-type Activities	<u>778,770</u>	<u>(506,583)</u>	<u>35,659</u>	<u>751,375</u>	<u>(642,501)</u>	<u>(727,260)</u>	<u>(784,642)</u>	<u>(1,654,374)</u>	<u>(956,294)</u>	<u>(624,716)</u>
Total Primary Government Net Expense	<u>\$ (18,549,041)</u>	<u>\$ (18,793,571)</u>	<u>\$ (20,136,515)</u>	<u>\$ (20,645,911)</u>	<u>\$ (20,928,369)</u>	<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>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ 15,847,789	\$ 16,914,799	\$ 17,629,149	\$ 18,954,951	\$ 19,416,214	\$ 20,563,030	\$ 20,168,038	\$ 20,094,437	\$ 20,820,308	\$ 20,828,728
Grants and Contributions Not Retriected to Specific Programs	1,202,028	814,095	1,030,388	773,402	847,448	860,523	1,008,005	656,303	622,394	-
Unrestricted Investment Earnings	77,553	65,183	74,540	333,180	396,785	116,768	10,581	18,379	44,360	3,451
Miscellaneous	463,967	1,324,515	867,740	364,529	213,563	556,727	348,863	303,654	449,522	84,106
Transfers	<u>(212,780)</u>	<u>(233,825)</u>	<u>(233,825)</u>	<u>(226,116)</u>	<u>(218,408)</u>	<u>(223,547)</u>	<u>(215,838)</u>	<u>(218,408)</u>	<u>(215,838)</u>	<u>(213,269)</u>
Total Governmental Activities	<u>17,378,557</u>	<u>18,884,767</u>	<u>19,367,992</u>	<u>20,199,946</u>	<u>20,655,602</u>	<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>
Business-type Activities:										
Unrestricted Investment Earnings	15,212	7,772	8,504	555	13,447	5,578	154	-	-	-
Transfers	<u>212,780</u>	<u>233,825</u>	<u>233,825</u>	<u>226,116</u>	<u>218,408</u>	<u>223,547</u>	<u>215,838</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>
Total Business-type Activities	<u>227,992</u>	<u>241,597</u>	<u>242,329</u>	<u>226,671</u>	<u>231,855</u>	<u>229,125</u>	<u>215,992</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>
Total Primary Government	<u>\$ 17,606,549</u>	<u>\$ 19,126,364</u>	<u>\$ 19,610,321</u>	<u>\$ 20,426,617</u>	<u>\$ 20,887,457</u>	<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>
Loss on Assets:										
Governmental Activities	-	-	-	-	-	-	-	-	484,079	401,978
Business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,992</u>	<u>\$ 47,825</u>
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,071</u>	<u>\$ 449,803</u>
Change in Net Assets										
Governmental Activities	\$ (1,949,254)	\$ 597,779	\$ (804,182)	\$ (1,197,340)	\$ 369,734	\$ (72,119)	\$ (2,276,286)	\$ (2,149,083)	\$ (1,204,980)	\$ (698,068)
Business-type Activities	<u>1,006,762</u>	<u>(264,986)</u>	<u>277,988</u>	<u>978,046</u>	<u>(410,646)</u>	<u>(498,135)</u>	<u>(568,650)</u>	<u>(1,435,966)</u>	<u>(793,448)</u>	<u>(459,272)</u>
Total Primary Government	<u>\$ (942,492)</u>	<u>\$ 332,793</u>	<u>\$ (526,194)</u>	<u>\$ (219,294)</u>	<u>\$ (40,912)</u>	<u>\$ (570,254)</u>	<u>\$ (2,844,936)</u>	<u>\$ (3,585,049)</u>	<u>\$ (1,998,428)</u>	<u>\$ (1,157,340)</u>

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

Table 3

	FISCAL YEAR									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011**</u>	<u>2012</u>
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,050
Reserved	299,846	79,770	278,101	86,833	298,934	85,163	125,094	50,556	-	-
Unreserved	506,795	623,576	544,693	1,255,876	1,335,002	1,124,767	865,410	711,143	-	-
Assigned	-	-	-	-	-	-	-	-	52,034	-
Unassigned	-	-	-	-	-	-	-	-	(510,943)	(1,426,982)
Total General Fund	<u>\$ 806,641</u>	<u>\$ 703,346</u>	<u>\$ 822,794</u>	<u>\$ 1,342,709</u>	<u>\$ 1,633,936</u>	<u>\$ 1,209,930</u>	<u>\$ 990,504</u>	<u>\$ 761,699</u>	<u>\$ (458,909)</u>	<u>\$ (1,423,932)</u>
All Other Governmental Funds										
Reserved	\$ 415,260	\$ 418,871	\$ 423,589	\$ 429,610	\$ 432,864	\$ 503,576	\$ 692,921	\$ 588,576	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	715,890	861,087	707,598	420,389	612,716	223,163	128,123	(194,593)	-	-
Capital Projects Funds	-	-	-	(1,384,871)	(4,161,383)	(6,025,566)	(127,346)	(133,789)	-	-
Permanent Funds	55,424	55,424	55,424	56,654	60,017	15,861	16,009	16,185	-	-
Nonspendable									507,907	2,508,983
Restricted									237,487	238,638
Committed									308,806	376,093
Unassigned	-	-	-	-	-	-	-	-	1,545,024	(624,456)
Total All Other Governmental Funds	<u>\$ 1,186,574</u>	<u>\$ 1,335,382</u>	<u>\$ 1,186,611</u>	<u>\$ (478,218)</u>	<u>\$ (3,055,786)</u>	<u>\$ (5,282,966)</u>	<u>\$ 709,707</u>	<u>\$ 276,379</u>	<u>\$ 2,599,224</u>	<u>\$ 2,499,258</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

	FISCAL YEAR									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Property Taxes, Interest and Lien Fees	\$ 16,113,787	\$ 17,132,182	\$ 17,927,617	\$ 19,108,386	\$ 19,601,927	\$ 20,388,059	\$ 20,403,777	\$ 20,170,995	\$ 20,736,727	\$ 20,667,970
Intergovernmental Revenue	11,220,411	10,106,349	10,558,291	11,131,132	12,626,070	16,537,291	14,009,909	13,516,197	12,921,397	12,520,941
Other local revenues	1,324,316	1,780,781	1,521,060	1,758,185	1,524,274	1,589,592	1,016,074	1,058,662	1,419,863	873,307
Total Revenues	<u>28,658,514</u>	<u>29,019,312</u>	<u>30,006,968</u>	<u>31,997,703</u>	<u>33,752,271</u>	<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>
Expenditures										
Current:										
Board of Education	\$ 18,425,151	\$ 18,575,281	\$ 18,843,705	\$ 20,176,258	\$ 21,488,430	\$ 26,571,531	\$ 23,302,950	\$ 23,406,821	\$ 23,493,166	\$ 22,320,536
Program and Project Expenses	328,219	166,940	271,113	383,711	234,527	389,932	780,930	589,488	302,286	161,960
Public Safety	1,629,396	2,773,315	2,907,800	2,980,556	3,150,570	3,223,021	3,439,359	3,246,833	3,277,314	3,281,243
Public Works	2,568,696	1,608,201	1,718,970	1,974,790	1,887,870	2,250,074	2,097,788	2,025,162	1,959,313	1,731,088
Miscellaneous	406,150	296,146	525,500	566,482	366,864	496,431	660,180	327,692	583,544	555,000
General Government	2,555,415	2,408,979	2,661,931	2,921,405	2,790,524	3,033,420	3,311,289	2,699,466	2,665,573	3,050,201
Welfare	51,388	43,030	25,792	-	-	-	-	-	-	-
Health	225,374	176,959	201,516	249,080	280,759	269,570	313,813	287,221	289,932	297,473
Parks and Recreation	199,518	194,856	204,951	240,303	244,475	236,411	208,524	224,152	206,805	219,716
Library	193,976	185,836	189,516	189,516	191,025	196,756	197,941	161,795	194,141	194,141
Waste Disposal and Recycling	542,091	450,476	375,260	436,730	327,548	355,293	363,464	360,824	335,869	405,320
Debt Service:										
Principal	414,031	375,000	375,000	375,000	375,000	350,000	330,000	425,000	425,000	508,000
Interest	289,627	245,818	220,390	187,145	153,591	257,365	213,230	308,131	290,134	270,484
Capital Outlay	<u>2,521,836</u>	<u>1,461,133</u>	<u>1,281,022</u>	<u>3,140,511</u>	<u>4,355,994</u>	<u>3,543,774</u>	<u>620,756</u>	<u>1,168,114</u>	<u>1,320,985</u>	<u>1,516,798</u>
Total Expenditures	<u>30,350,868</u>	<u>28,961,970</u>	<u>29,802,466</u>	<u>33,821,487</u>	<u>35,847,177</u>	<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>
Excess (Deficiency) of Revenues Over Expenditures	(1,692,354)	57,342	204,502	(1,823,784)	(2,094,906)	(2,658,636)	(410,464)	(484,845)	(266,075)	(449,742)
Other Financing Sources (Uses)										
Issuance of Bonds	-	-	-	-	-	-	6,316,000	-	-	-
Issuance of Capital Lease	433,004	221,996	-	904,986	26,973	230,996	33,337	41,120	415,000	-
Transfers In	110,084	97,606	149,746	167,578	336,030	184,390	59,530	161,836	-	305,556
Transfers Out	<u>(322,864)</u>	<u>(331,431)</u>	<u>(383,571)</u>	<u>(393,694)</u>	<u>(554,438)</u>	<u>(407,937)</u>	<u>(275,368)</u>	<u>(380,244)</u>	<u>(215,838)</u>	<u>(518,825)</u>
Total Other Financing Sources (Uses)	<u>220,224</u>	<u>(11,829)</u>	<u>(233,825)</u>	<u>678,870</u>	<u>(191,435)</u>	<u>7,449</u>	<u>6,133,499</u>	<u>(177,288)</u>	<u>199,162</u>	<u>(213,269)</u>
Loss on Assets	-	-	-	-	-	-	-	-	484,079	401,978
Net Change in Fund Balances	(1,472,130)	45,513	(29,323)	(1,144,914)	(2,286,341)	(2,651,187)	5,723,035	(662,133)	(550,992)	(1,064,989)
Fund Balance at Beginning of Year	<u>3,465,346</u>	<u>1,993,216</u>	<u>2,038,729</u>	<u>2,009,406</u>	<u>864,492</u>	<u>(1,421,849)</u>	<u>(4,022,824)</u>	<u>1,700,211</u>	<u>2,691,307</u>	<u>2,140,315</u>
Fund Balance at End of Year	<u>\$ 1,993,216</u>	<u>\$ 2,038,729</u>	<u>\$ 2,009,406</u>	<u>\$ 864,492</u>	<u>\$ (1,421,849)</u>	<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>
Debt Service as a Percentage to Noncapital Expenditures	2.53%	2.26%	2.09%	1.83%	1.68%	1.61%	1.54%	2.15%	2.10%	2.36%

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

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					
2003	\$ 282,652	\$ 50,015	\$ 54,144	\$ 72,039	\$ 16,613	\$ 442,237	35.58	\$ 631,767	70%
2004	377,110	62,470	56,165	77,371	13,118	559,998	30.12	799,997	70%
2005	380,056	61,152	54,294	76,011	10,856	560,657	31.20	800,939	70%
2006	383,948	61,571	58,667	76,673	8,773	572,086	32.98	817,266	70%
2007	392,177	62,891	59,924	78,316	8,960	584,348	33.34	834,783	70%
2008	394,682	63,293	60,307	78,816	9,017	588,080	24.67	840,114	70%
2009	596,351	107,992	60,472	85,917	9,245	814,487	24.67	1,163,553	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	115,968	61,615	25,183	82,994	813,013	25.43	1,161,447	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

Table 6

Principal Property Taxpayers
Current Year and Nine Years Ago

2012				2003			
		Rank	Percentage of Gross Taxable Assessed Grand List			Rank	Percentage of Gross Taxable Assessed Grand List
Taxable Assessed Value				Taxable Assessed Value			
Connecticut Light and Power Co.	\$ 11,734,547	1	1.44%	Howmet Turbine	9,854,273	1	2.17%
Winrock LLC	9,785,510	2	1.20%	Connecticut Light and Power Co	5,361,740	2	1.18%
Howmet Casting and Services	9,188,600	3	1.13%	Ledgebrook LLC Trustee	4,432,060	3	0.97%
Yankee Gas	5,552,727	4	0.68%	Winsted Precision Ball	4,253,302	4	0.93%
Litchfield Gardens Association	3,310,020	5	0.41%	Yankee Gas	3,303,280	5	0.73%
MRC Bearings	3,167,020	6	0.39%	Homer D Bronson Co	2,209,870	6	0.49%
Barden Corporation *	2,890,200	7	0.36%	Litchfield Gardens Apartments	2,197,530	7	0.48%
BNB Manufacturing	2,673,500	8	0.33%	Electric Motion Company Inc	1,867,660	8	0.41%
Litchfield Heights Apartments	1,921,850	9	0.24%	BNB Manufacturing	1,771,880	9	0.39%
Electric Motion Company	1,822,750	10	0.22%	Arrows/SI Inc	1,523,550	10	0.33%
	<u>\$ 52,046,724</u>		<u>6.40%</u>		<u>\$ 36,775,145</u>		<u>8.08%</u>

Source: Town Assessor's office

* Formerly Winsted Precision Ball

TOWN OF WINCHESTER, CONNECTICUT

Table 7

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Tax Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	15,977,098	15,353,991	96.10%	517,993	15,871,984	99.34%
2004	17,015,152	16,368,576	96.20%	532,525	16,901,101	99.33%
2005	17,648,739	17,172,223	97.30%	354,906	17,527,129	99.31%
2006	18,941,101	18,498,146	97.66%	366,422	18,864,568	99.60%
2007	19,521,627	19,016,468	97.41%	427,515	19,443,983	99.60%
2008	20,275,676	19,734,037	97.33%	383,220	20,117,257	99.22%
2009	20,193,362	19,716,097	97.64%	320,169	20,036,266	99.22%
2010	20,100,013	19,592,274	97.47%	390,071	19,982,345	99.41%
2011	20,613,265	20,198,358	97.99%	299,509	20,497,867	99.44%
2012	20,735,196	20,224,636	97.54%		20,224,636	97.54%

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				
2003	\$ 2,180,000	\$ -	\$ 653,147	\$ -	\$ 11,775,545	\$ -	\$ 14,608,692	6.00%	2.31%	\$ 1,355
2004	1,805,000	-	672,949	-	11,085,000	-	\$ 13,562,949	5.51%	1.70%	\$ 1,246
2005	1,430,000	-	453,620	-	10,155,000	-	\$ 12,038,620	4.91%	1.50%	\$ 1,109
2006	1,055,000	4,515,000	1,273,302	-	9,185,000	-	\$ 16,028,302	6.54%	1.96%	\$ 1,476
2007	680,000	6,399,000	935,290	-	8,235,000	-	\$ 16,249,290	6.63%	1.95%	\$ 1,497
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%	1.20%	\$ 1,284
2010	5,891,000	-	376,359	-	5,954,573	-	\$ 12,221,932	4.30%	1.05%	\$ 1,087
2011	5,466,000	-	144,614	-	5,141,598	-	\$ 10,752,212	3.53%	0.92%	\$ 956
2012	5,041,000	332,000	85,092	-	4,348,057	-	\$ 9,806,149	3.08%	0.84%	\$ 866

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

¹ See Table 5 for taxable property value data

² See Table 11 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, 2012

TABLE 9

Total Tax Collection, Including Interest and Lien Fees for Current Fiscal Year	\$ 20,821,709
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Reimbursement for Revenue Loss on:	
Tax Relief for Elderly and Disabled	62,075
Private Property Tax Exemptions	126,662
	\$ 21,010,446

Base

	General Long-Term Debt			
	General Purposes	Schools	Urban Renewal	Enterprise
	(2.25 x base)	(4.50 x base)	(3.25 x base)	(3.75 x base)
Debt Limitation:				
Statutory Debt Limits by Function	\$ 47,273,504	\$ 94,547,007	\$ 68,283,950	\$ 78,789,173
Indebtedness:				
Bonds Payable	5,041,000			3,860,000
Clean Water Fund Loans	-	-	-	488,057
Total Indebtedness	5,041,000	-	-	4,348,057
Debt Limitation in Excess of Debt*	\$ 42,232,504	\$ 94,547,007	\$ 68,283,950	\$ 74,441,116

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$147,073,122.

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

Table 10

	FISCAL YEAR									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limitation	\$ 117,121,347	\$ 123,193,056	\$ 130,083,548	\$ 137,419,520	\$ 140,903,455	\$ 147,133,637	\$ 148,287,965	\$ 144,552,366	\$ 148,714,174	\$ 147,073,122
Total net debt applicable to limit	<u>\$ 13,955,545</u>	<u>\$ 12,890,000</u>	<u>\$ 11,585,000</u>	<u>\$ 14,755,000</u>	<u>\$ 17,236,317</u>	<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>
Legal debt margin	<u>\$ 103,165,802</u>	<u>\$ 110,303,056</u>	<u>\$ 118,498,548</u>	<u>\$ 122,664,520</u>	<u>\$ 123,667,138</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	11.92%	10.46%	8.91%	10.74%	12.23%	10.98%	9.40%	8.19%	7.41%	6.38%

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 2012 debt limit can be found on Table 9 of this Report.

TOWN OF WINCHESTER, CONNECTICUT

Demographic and Economic Statistics Last Ten Fiscal Years

Table 11

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (1)	Unemployment Rate (2)
2003	10,781	\$ 243,532	\$ 22,589	40	12+	1,128	8.1
2004	10,889	245,972	22,589	40	12+	1,130	6.4
2005	10,857	245,249	22,589	40	12+	1,118	5.9
2006	10,857	245,249	22,589	40	12+	1,080	4.9
2007	10,857	245,249	22,589	40	12+	1,071	4.9
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

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

(2) State of Connecticut, Department of Labor

TOWN OF WINCHESTER, CONNECTICUT

Principal Employers
Current Year and Seven
Years Ago

Table 12

Employer	2012			2005		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Town Employment
Town of Winchester	209	1	3.50%	268	1	4.70%
Howmet Corporation	185	2	3.10%	185	2	3.25%
Electric Motion	140	3	2.34%	140	3	2.46%
NW CT Community College	100	4	1.67%	100	4	1.75%
Northwest Community Bank	85	5	1.42%	85	5	1.49%
Homer D Bronson Co	70	6	1.17%	70	6	1.23%
Foothills Visiting Nurse/Home Care	65	7	1.09%	65	7	1.14%
ICS	55	8	0.92%	55	8	0.96%
Sterling Sintered Technologies	55	9	0.92%	55	9	0.96%
Superior Energy	40	10	0.67%	40	10	0.70%

Sources: Town of Winchester Planning Department

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

Table 13

	FISCAL YEAR									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General Government</u>										
Management Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0
Finance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Planning	-	2.0	2.0	2.0	2.0	2.0	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	9.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<u>Public Safety</u>										
Officers	18.0	20.0	21.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
Civilians	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<u>Public Works</u>	12.0	13.0	15.0	17.0	17.0	17.0	17.0	17.0	17.0	18.0
<u>Parks and Recreation</u>	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Water and Sewer Authority</u>	9.0	7.0	10.0	10.0	10.0	10.0	10.0	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	62.0	67.0	99.0	99.0	99.0	99.0	99.0	101.0	102.0	102.0
Noncertified	82.0	71.0	93.0	93.0	93.0	93.0	93.0	89.0	87.0	91.0
Total	<u>209.0</u>	<u>207.0</u>	<u>266.0</u>	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>	<u>268.0</u>	<u>267.0</u>	<u>274.0</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 14

	FISCAL YEAR									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government										
Workers Compensation										
Claims Processed	35	39	46	47	45	48	47	41	24	36
General Liability										
Claims Processed	9	27	34	32	31	32	40	35	40	29
Marriage Licenses Recorded	88	100	78	79	80	101	60	58	75	55
Birth Certificates Recorded	115	100	101	121	120	119	79	100	113	128
Death Certificates Recorded	130	128	122	110	108	109	145	142	134	129
Boards and Agencies										
Registered Voters	6,815	6,825	6,732	6,718	6,720	6,716	6,826	6,893	6,849	6,584
Elections and Referendums	3	2	2	3	5	7	4	4	7	4
Planning and Development										
Building Permits Issued	705	704	733	768	852	848	916	977	900	736
Rental Certificate of										
Occupancy Issued	90	239	142	140	138	70	163	128	100	127
Value of Building Permits	7,791,834	4,353,375	15,766,459	16,745,859	13,744,459	20,382,953	20,702,306	17,396,002	15,022,193	10,312,219
Public Safety										
Arrests	556	935	972	975	875	925	595	461	555	n/a
Parking Violations	1,197	1,200	1,289	1,400	1,689	1,773	1,602	1,704	1,653	1,687
Traffic Accidents	400	390	410	425	450	477	424	469	438	460
Traffic Stops	2,162	2,289	2,390	2,488	2,548	2,612	2,457	2,419	2,115	n/a
Police Calls	11,581	12,790	12,978	12,365	11,956	12,186	11,533	10,192	9,612	n/a
Animal Control Calls	409	550	499	504	480	545	275	313	222	285
Fire Dispatched	489	648	298	300	290	300	283	271	249	199
Ambulance Requests	1,737	1,569	1,532	1,468	1,466	1,375	559	940	1,052	1,007
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	1,750	1,250	3,278	3,670	3,670	3,800	3,750	3,380	1,350	1,400
Recreation Program Participants	1,520	1,595	2,198	2,100	2,100	2,000	2,100	2,263	2,143	750
Annual Participants	3,270	2,845	5,476	5,770	5,770	5,800	5,850	5,643	3,493	2,150

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

Table 14

	FISCAL YEAR									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public Libraries										
Volumes in Collection	48,982	59,745	77,466	77,466	77,466	77,840	77,612	86,766	77,818	80,336
Collection Size	44,291	53,979	61,045	61,045	610,454	60,044	59,804	59,078	57,389	56,207
Senior Citizens										
Meals on Wheels										
Provided - Anually	37,802	37,600	36,750	36,000	36,000	36,000	36,000	35,875	35,700	35,690
Meals at Senior Center										
Provided - Anually	7,172	7,000	9,800	10,000	10,000	10,000	10,000	9,800	9,825	9,675
Van Rides Provided to										
Seniors - Anually	6,504	6,000	11,000	11,000	11,000	11,000	11,000	10,600	10,500	10,400
Senior Mini-Bus Trips -										
number of senior anually	793	850	1,000	1,000	1,000	1,000	1,000	990	975	960
Education										
Workers Compensations										
Claims Processed	17	13	14	13	13	13	14	25	14	13
Elementary Schools	2	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	2	2	2	2	2
Water										
New Connections	-	4	9	10	17	17	10	11	8	9
Water Main Breaks	4	7	5	6	3	3	5	6	7	8
Average Daily Consumption	0.85	0.98	0.95	0.90	0.88	0.93	0.97	0.93	0.90	0.95
(million of gallons)										
Peak Daily Consumption	1.22	1.29	1.12	1.10	1.16	1.12	1.21	1.21	1.28	1.27
(million of gallons)										
Sewer										
Average Daily Sewage	1.64	3	3	3	3	3	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 15

	FISCAL YEAR									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</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	6	9	11	11	11	11	10	9	8	7
Fire Vehicles	8	8	7	7	7	7	7	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	52	52	53	50
<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	346	347	342	343
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 gallon)	3	3	3	3	3	3	3	3	3	3

Sources: Various Town Departments