

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 1997

TOWN OF WINCHESTER,
CONNECTICUT



Office of the
Director of Finance

TOWN OF WINCHESTER, CONNECTICUT

Comprehensive Annual Financial Report

JUNE 30, 1997

Department of Finance
Henry L. Centrella, Jr.
Director of Finance

TOWN OF WINCHESTER, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

INTRODUCTORY SECTION:

Title Page	
Table of Contents	1- 3
Listing of Key Officers	4
GFOA Certificate of Achievement	5
Organization Chart	6
Transmittal Letter	7-15

FINANCIAL SECTION:

Report of Independent Accountants	16
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Exhibit

General Purpose Financial Statements:

1	Combined Balance Sheet - All Fund Types and Account Groups	17
2	Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	18
3	Statement of Changes in Plan Net Assets - Pension Trust Fund	19
4	Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Revenue Funds - Non-GAAP Budgetary Basis	20
5	Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types and Nonexpendable Trust Funds	21
6	Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Funds	22
	Notes to Financial Statements	23-43
7	Required Supplementary Information	44-45

Supplemental Information:

Governmental Funds:

General Fund:

A-1	Comparative Balance Sheets	46
A-2	Schedule of Revenues and Expenditures - Budget and Actual - Non-GAAP Budgetary Basis	47-51

TOWN OF WINCHESTER, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

	Special Revenue Funds:	
B-1	Combining Balance Sheet	52
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	53
B-3	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Town Aid Roads Fund and Dog Fund - Non-GAAP Budgetary Basis	54
	Capital Projects Funds:	
C-1	Combining Balance Sheet	55
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	56
	Proprietary Funds:	
	Enterprise Funds:	
D-1	Combining Balance Sheet	57
D-2	Combining Statement of Revenues, Expenses and Changes in Retained Earnings	58
D-3	Combining Statement of Cash Flows	59
	Fiduciary Funds:	
	Trust and Agency Funds:	
E-1	Combining Balance Sheet	60-61
E-2	Combining Statement of Revenues, Expenses and Changes in Fund Balances - Nonexpendable Trust Funds	62
E-3	Combining Statement of Cash Flows - Nonexpendable Trust Funds	63
E-4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Expendable Trust Funds	64
E-5	Combining Statement of Changes in Assets and Liabilities - Agency Funds	65
	General Fixed Assets Account Group:	
F-1	Schedule of General Fixed Assets by Source	66
F-2	Schedule of General Fixed Assets by Function	67
F-3	Schedule of Changes in General Fixed Assets by Function	68
	Other Information:	
G	Schedule of Property Taxes Levied, Collected and Outstanding	69
H	Schedules of Water and Sewer Rents Levied, Collected and Outstanding	70
I	Schedule of Surety Bonds Covering Officials and Employees	71

TOWN OF WINCHESTER, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

STATISTICAL SECTION:

Table

1	General Fund Expenditures by Function - Non-GAAP Budgetary Basis	72
2	General Fund Revenues by Source - Non-GAAP Budgetary Basis	73
3	Property Tax Levies and Collections	74
4	Assessed and Estimated Actual Value of Taxable Property	75
5	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	76
6	Schedule of Debt Limitation	77
7	Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures	78
8	Demographic Statistics	79
9	Property Value, Construction and Bank Deposits	80
10	Principal Taxpayers	81
11	Capital Outlay Expenditures by Function - Non-GAAP Budgetary Basis	82
12	Supplemental Data	83

TOWN OF WINCHESTER, CONNECTICUT

LISTING OF KEY OFFICERS

AS OF JUNE 30, 1997

Mayor:	John F. Arcelaschi
Board of Selectmen:	Virginia W. Dethy Nancy R. Eisenlohr John R. Forrest Timothy J. Moran Frank Smith Maryann D. Welcome
Board of Tax Review:	Peter Walker Walter J. St. Onge, Jr. Joanne Williams
Director of Public Works:	Patrick E. Hague
Town Manager:	Paul S. Vayer
Director of Finance:	Henry L. Centrella, Jr.
Treasurer:	Robert D. Carfiro
Tax Collector:	Ann S. Aust
Town Clerk:	William T. Riiska
Purchasing Agent:	Mark A. Douglass
Town Assessor:	Janice L. McKie
Superintendent of Schools:	Raymond W. Powell

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Winchester,
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1996

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda K. Savitsky
President

Jeffrey L. Essler
Executive Director



TOWN OF WINCHESTER - CITY OF WINSTED

Town Hall - 338 Main Street
WINSTED, CONNECTICUT 06098

To the Citizens
The Town of Winchester, Connecticut

The Comprehensive Annual Financial Report of the Town of Winchester, Connecticut, for the fiscal year ended June 30, 1997 is submitted herewith. The Town's Finance Department is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. I believe that the data, as presented, are accurate in all material aspects; that the annual report is presented in a manner designed to fairly set forth the financial position and results of operations of the Town as measured by the financial activity of the various funds; and that all disclosures necessary to enable the reader to gain an understanding of the Town's financial affairs have been included.

The Comprehensive Annual Financial Report is composed of three distinct sections:

- The Introductory Section contains the table of contents, a listing of key officers, the organization chart for the Town and this letter of transmittal.
- The Financial Section contains the report of independent accountants, combined financial statements including the notes to financial statements, combining and individual fund and account group statements, and supplemental schedules.
- The Statistical Section contains comprehensive statistical data which relate to the financial condition of the entire governmental structure of the Town of Winchester and includes various financial, economic, social and demographic data about the Town for the past ten years.

The financial statements include all of the funds and account groups of the Town which meet the criteria for defining the reporting entity set forth by the Governmental Accounting Standards Board (GASB). In accordance with these criteria, the financial statements include the financial activities of the Town of Winchester and the Town of Winchester Board of Education. The Town of Winchester Housing Authority, although containing the name of the Town, is excluded from the Town's financial statements. While the Town did create this agency and services are provided primarily to Town residents, the Housing Authority does not depend upon the Town for continuing financial support. The Town's major operations include elementary and secondary education, police and fire protection, public works, parks, recreation, health and welfare.

ECONOMIC CONDITION AND OUTLOOK

Connecticut continues to lag behind the remainder of the nation in recovery from the economic downturn which began the summer of 1989. Unemployment rates as of June 1997 look somewhat unfavorable with an increase from June of 1996. Unemployment statistics as of July 1997 for the Town of Winchester are reported to be at 6.7%, while that of the State of Connecticut is 5.4% and the U.S. is 5.2%. Neighboring Torrington was reported at 5.3% unemployment for that same period.

MAJOR INITIATIVES

Current:

The Town continued its ongoing program of computer automation. The IBM AS/400 computer was installed during fiscal year 93/94. This has provided a faster response time in addition to allowing for the storage of historical data on-line. The installation of the AS/400 was a major upgrade from the IBM System 36 computer in that it allows for program changes and flexibility with personal computer based programs. The IBM System 36 is still being utilized for backup purposes and serves the Town's police department.

The Town of Winchester began construction of the new water filtration plant in June 1997. This water system has been a major concern. A State of Connecticut Consent Decree states that the Town must build a new water filtration plant by June 30, 1998. A referendum during the winter of 1996 was held, in which the voters approved the construction of a new plant at a cost of \$8,200,000 including the repair and construction of new water main service pipes. This new referendum contained no restrictions as to the amount of grant funding needed to allow the project to proceed. Loans and grants from Farmers Home Administration will fund this project. Once the engineering has been approved, the Town will begin construction in order to meet State of Connecticut mandates. It is anticipated that the completion of this project will be within the State of Connecticut's deadline of June 30, 1998. In addition, future replacement of water pipes is being contemplated in subsequent fiscal years at an estimated cost of \$6 million. This is in addition to the \$8,200,000 of funding already approved. It is anticipated that Farmers Home Administration will also fund the water pipe replacement project.

In the spring of 1997, the Town of Winchester formed a Civil Service Commission. As the world has become more and more complicated, so has every aspect of personnel administration. The hiring process, the wage administration and bargaining process, the day to day management process, the discipline process, etc., have all become more complex. The purpose to the new commission is to improve the position and conditions of the employees of the Town of Winchester by helping both the Town Manager and Board of Selectmen in performing their appointed tasks in an "evenhanded" professional manner. The Civil Service Commission will also put its effort into being certain that the rights of employees, at every level, are not violated in any way. Some of the areas the Town of Winchester will benefit from the Commission will be in the clear definition and delineation of job descriptions, the provision for uniform testing when additions to the roster of employees occurs, the provision for uniform and consistent personnel policies within the confines of existing labor contracts, and the use of the State of Connecticut Department of Administrative Services to provide professionally drafted job descriptions to allow for politically unbiased hiring practices.

Future:

As part of the Town's ongoing commitment to enhance utilization of its computer system, system upgrades to existing applications using native AS/400 language will continue. An operating system upgrade will be installed to bring the AS/400 to its newest level. Personal computer support will be implemented to allow for the transferring of data from the AS/400 to the personal computer format and vice versa. Electronic transmission of banking functions, such as direct deposit, will be taking place.

FINANCIAL INFORMATION

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit:

As a recipient of Federal and State financial assistance, the Town is responsible for ensuring that an adequate internal control structure is in place to comply with applicable laws and regulations related to that assistance. This internal control structure is subject to periodic evaluation by management.

As a part of the Town's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, as well as to determine that the Town has complied with applicable laws and regulations. The results of the Town's single audit for the fiscal year ended June 30, 1997 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls:

In addition, the Town maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Selectmen and the general public at the annual Town Budget Meeting. Activities of the General Fund, the Dog Fund and the Town Aid Roads Fund are included in the annual appropriated budget. Budget administration is performed by the Department of Finance. The budget is legally enacted at the object expenditure level, which serves as a management tool; budgetary control is maintained at the object level within character of expenditure. This is achieved through the use of a full encumbrance system, which encumbers appropriations upon the issuance of purchase orders. Purchase order commitments which could result in an over-expenditure of an appropriation are not issued until transfers or additional appropriations are made available. Encumbrances outstanding at year-end are recorded as budgetary expenditures and reported as a reservation of fund balance at June 30. Transfers between different object expenditures within a Town department must be approved by the Board of Selectmen. Transfers between departments may only be made in the last three months of the fiscal year upon Board of Selectmen approval. Revisions to the adopted budget may be made by the Board of Selectmen upon recommendation by the Town Manager and certification by the Finance Director that sufficient funds exist. Management cannot amend the budget.

General Government Functions:

The General Fund accounts for the general operations of the Town. General Fund revenues are substantially derived from three sources: general property tax revenues, the State of Connecticut and local revenues. Expenditures of the General Fund are divided into the following major expense categories: Board of Education, Public Works, Public Safety, Miscellaneous, General Government, Welfare, Health, Parks and Recreation, Library, Debt Service and Capital Outlay. Resources of the General Fund normally are largely expended and are replenished on an annual basis. The General Fund has an annual operating budget which is adopted by the Town residents at the annual Town Budget Meeting in May of each year.

Nearly all general government functions are financed through the General Fund; therefore, the following financial highlights are attributable to the General Fund only. Data are presented on a budgetary basis. The following table is a summary of revenues by source and a comparison with the prior fiscal year:

General Fund Revenues by Source

Fiscal Year 1997 vs. 1996

<u>Revenue Source</u>	<u>1997</u>		<u>1996</u>		<u>Increase (Decrease) in Dollars</u>	<u>Increase (Decrease) in Percent</u>
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>		
General property taxes, interest and lien fees	\$ 11,712,850	57.0%	\$ 10,716,812	53.6%	\$ 996,038	9.3%
Intergovernmental revenues	8,368,980	40.8	8,923,249	44.6	(554,269)	(6.2)
Other revenues	<u>453,122</u>	<u>2.2</u>	<u>364,178</u>	<u>1.8</u>	<u>88,944</u>	<u>24.4</u>
Total	<u>\$ 20,534,952</u>	<u>100.0%</u>	<u>\$ 20,004,239</u>	<u>100.0%</u>	<u>\$ 530,713</u>	<u>2.7</u>

General property taxes, interest and lien fees increased by \$996,038 or 9.3% from fiscal year 1996, due primarily to an increase in current tax collections resultant from an increased mill rate and an increased tax levy. The current year tax collection rate is 94.27% of the adjusted tax levy, which is slightly less than the prior year's collection rate of 95.04%.

Intergovernmental revenues, which include State grants to the Town's general government and school system, decreased \$554,269 or 6.2%, which was made up of several components. There was a decrease in the Town's Education Equalization Grant due to state budget cuts. There was also a decrease in intergovernmental revenues due to two grant funded projects that were scheduled to begin in the fiscal year ended June 30, 1997 whose inception was delayed.

Other revenues include interest income, property rentals and other revenue sources not otherwise classified. The current year revenues were greater than the prior year, attributable mostly to miscellaneous items.

General Fund expenditures for all governmental functions including education are presented in the following table of expenditures by function, with a comparison to the prior fiscal year:

Fiscal Year 1997 vs. 1996

	<u>1997</u>		<u>1996</u>		<u>Increase (Decrease) in Dollars</u>	<u>Percent Increase (Decrease)</u>
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>		
Municipal:						
Public works	\$ 1,455,979	7.3%	\$ 1,427,765	7.2%	\$ 28,214	2.0%
Public safety	2,121,005	10.6	2,049,807	10.4	71,198	3.5
Miscellaneous	704,177	3.5	768,659	3.9	(64,482)	(8.4)
General						
government	1,388,626	7.0	1,493,733	7.6	(105,107)	(7.0)
Welfare	144,772	.7	174,419	.9	(29,647)	(17.0)
Health	124,793	.6	123,709	.6	1,084	.9
Parks and						
recreation	125,252	.6	136,944	.7	(11,692)	(8.5)
Library	125,000	.6	125,000	.6	-	-
Debt service	844,246	4.2	998,065	5.0	(153,819)	(15.4)
Capital outlay	482,554	2.4	384,596	1.9	97,958	25.5
Total municipal	<u>7,516,404</u>	<u>37.5</u>	<u>7,682,697</u>	<u>38.8</u>	<u>(166,293)</u>	<u>(2.2)</u>
Board of Education	<u>12,502,461</u>	<u>62.5</u>	<u>12,111,879</u>	<u>61.2</u>	<u>390,582</u>	<u>3.2</u>
Total	<u>\$ 20,018,865</u>	<u>100.0%</u>	<u>\$ 19,794,576</u>	<u>100.0%</u>	<u>\$ 224,289</u>	<u>1.1</u>

The decrease in Town expenditures is attributable to miscellaneous reductions in general government expenditures and a decrease in the debt service expenditures.

The increase in the Board of Education expenditures is attributable to increases in salaries, benefits and program expenditures.

General Fund Unreserved Fund Balance:

General Fund unreserved fund balance represents that portion of fund balance which is available for appropriation. The following table shows the Town's General Fund unreserved fund balance position for the past five fiscal years:

(in thousands)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
Unreserved Fund Balance	<u>\$329</u>	<u>\$161</u>	<u>\$433</u>	<u>\$551</u>	<u>\$740</u>

The General Fund unreserved fund balance increased from \$551 to \$740 as of June 30, 1997. This increase represents 3.6% of operating revenues.

Enterprise Funds:

Proprietary Fund Operations:

Proprietary Fund operations are accounted for within the Sewer Fund and the Waterworks Fund. These funds are accounted for in a manner that is similar to private business in that the costs of operations of these funds are provided through user charges.

The Sewer Fund accounts for the financial activities of the Town's sewer utility, which include administration, operations, maintenance, financing, and billing and collection. The financial activities of the inflow/infiltration analysis program, the wastewater treatment plant project and the Highland Lake sewer project are also included in the Sewer Fund. The Water Pollution Control Authority has authority over the operations of the Sewer Fund.

The Waterworks Fund accounts for the financial activities of the Winsted Waterworks, which include administration, operations, maintenance, financing, and billing and collection. The financial activities of the water pipe replacement program are also included in the Waterworks Fund. The Board of Selectmen acts as the Water Board and has authority over the operations of the Waterworks Fund. This power is granted to them by the Town Charter.

Enterprise Fund comparative data for the past two fiscal years follows:

	<u>1997</u>	<u>1996</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 2,593,667	\$ 2,493,652	\$ 100,015
Operating expenses*	<u>1,947,049</u>	<u>2,074,870</u>	<u>(127,821)</u>
Operating Income	\$ <u>646,618</u>	\$ <u>418,782</u>	\$ <u>227,836</u>

*Includes depreciation expense of \$567,437 for the fiscal years ended 1997 and 1996, leaving a 8.5% decrease in operating expenses other than depreciation. This generally relates to decreased operating and maintenance costs in the Sewer Fund.

Fiduciary Fund Operations:

Fiduciary Funds are used to account for the funds that the Town holds in a trustee capacity or as an agent for individuals or organizations.

The Pension Trust Fund is used to account for the contributions and the pension benefits and other costs which are associated with the operations of the Town of Winchester employees' pension plan.

Nonexpendable Trust Funds are those funds of which the principal must remain intact. Nonexpendable Trust Funds are the Winchester School Trust, which provides annual scholarships; the Winchester Sinking Fund, which provides for the retirement of debt; the Forest View Cemetery Fund, which is used for the operation and maintenance of the cemetery as well as to provide funding for the purchase of cemetery land; the Winchester Center Cemetery Fund, which is used for the operation and maintenance of the cemetery as well as to provide funding for the purchase of cemetery land; and Other Funds, which include such trusts as the Winchester Center Cemetery, Hurlbut Cemetery, St. Joseph's Cemetery and Charles Pine Cemetery, all of which are used for the operation and maintenance of the cemeteries, and the Dudley Memorial Park Fund, which is used to provide funding for the repairs and maintenance of local parks.

Expendable Trust Funds account for those funds of which the principal and interest may be expended in the course of their designated operations. Expendable Trust Funds are the Winchester Memorial Parks Fund, which is used for the repairs and maintenance of local parks, and Other Funds, which include such trusts as the Forest View Cemetery Chapel Fund, which is used for repairs to the cemetery chapel, and the Jane A. Nisbet Fund, which is used for the construction, repairs and maintenance of fountains.

Agency Funds are merely clearing accounts in that the assets held are offset by related liabilities. Some of the Agency Funds are the Town Deposit Fund, which is used for the public schools; the Students Activities Fund, which is used for public school student activities; and the Deferred Compensation Plan, which is used to account for the activity of the Town's deferred compensation plan.

Special Revenue Fund Operations:

Special Revenue Funds are used to account for resources which have a legal restriction for expenditures. The sources of funding for Special Revenue Funds come from Federal and/or State grants, licenses, permits, interfund transfers or donations. Some of the Special Revenue Funds which the Town accounts for are: Small Cities, which account for Federal grant revenues from the U.S. Department of Housing and Urban Development; the Town Aid Roads Fund, which accounts for State grant revenues and expenditures for repairs and improvements to the Town's improved and unimproved roads; the Industrial Park #2 Fund, which accounts for the marketing and sales of lots in the Town's second industrial park; the Cafeteria Fund, which accounts for the Child Nutrition Program which has revenues from the sales of food and from State and Federal grant subsidies for nutrition; the Federal and State Education Grants, which account for revenues and expenditures of various education grants; the Fire Truck Fund, which accumulates funds for the purchase of a new fire truck; the Winchester Emergency Shelter Fund, which accounts for revenue from the State; the Dog Fund, which accounts for the activities of the Dog Warden, of which revenues come from license fees, dog redemption fees and the Town's contribution; and Other Funds.

Other Funds consist of the Parking Authority Fund, which accounts for expenditures for parking-related items, of which revenues come from parking fines and the Town's contribution; the Youth Service Bureau Fund, which accounts for State revenues for assistance to the Town's youth; the Day Care Center Fund, which accounts for State revenues to provide day care to eligible Town residents; the Senior Citizen Handicapped Van Fund, which accounts for a State grant to purchase a van to provide transportation to the elderly handicapped; the Fuel Bank Fund, which accounts for private citizen donations to help Town residents purchase fuel; the Emergency Shelter Fund, which accounts for private donations to help Town residents in need of a home; the Summer Youth Program, which accounts for a State grant to provide employment opportunities to the Town's youth; and the Highland Lake Sinking Fund, which accounts for a State grant and local funding to provide an engineering study on the Town's lake.

Debt Administration:

Various debt ratios are meaningful indicators of the Town's financial position and strength, and are useful tools for municipal management, for public evaluation of performance and for the investment community considering the purchase of the Town's bonds or notes. Net general bonded debt is the portion of indebtedness represented by outstanding bonds and does not include Bond Anticipation Notes or Proprietary Fund bonds. Data for the Town at the end of fiscal year 1997 are as follows:

Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita
<u>\$4,730,000</u>	<u>1.09%</u>	<u>\$419</u>

The Town has maintained its A-1 credit rating from Moody's Investors Service for a number of years.

The Town currently has outstanding general long-term bonds for renovations to the Town Hall and the Central Fire House. The original amount of these bonds was \$1,750,000, with an outstanding principal balance of \$300,000 at June 30, 1997. In addition, the Town has outstanding at June 30, 1997 Water Revenue Bonds which were issued in 1990. The original issue was \$2,800,000 for the 1990 bond, which had \$1,820,000 outstanding at June 30, 1997. Proceeds of the 1990 bond were used to finance improvements to the water system.

The Town's Sewer Fund is financing an inflow/infiltration analysis program and the construction of a new wastewater treatment plant. As of June 30, 1997, Farmers Home Administration (FmHA) bonds of \$1,005,400 were outstanding for the inflow/infiltration analysis program, with a total authorization of \$2,052,600. The difference between the authorization and the original issue of \$1,452,600 FmHA financing, or \$600,000, comes from the State of Connecticut and local power users.

The wastewater treatment plant represents a capital project which totaled \$17,217,000. Federal, State and local funds financed this project. At June 30, 1997, FmHA bonds of \$3,177,400 were outstanding.

The Town's Water Pollution Control Authority is financing a Highland Lake Sewer Assessment Project Fund. FmHA bonds of \$4,353,400 were issued on June 22, 1994 and \$3,918,400 were outstanding as of June 30, 1997.

The Town has \$4,430,000 outstanding in general obligation bonds for renovations to Batcheller Elementary School and Hinsdale Elementary School. Seventy-six percent of the annual debt service cost is to be reimbursed by the State of Connecticut. The bonds were issued on November 15, 1988 and are payable annually through 2008.

Cash Management:

In April 1990, the Town formally adopted an investment policy. This was done in conjunction with the close scrutiny of New England region banks by Federal regulators. This policy seeks to maintain the safety and liquidity of the investments and still provide for the optimum yield on the investments. The policy provides for specific financial information to be obtained from the financial institutions holding Town assets to ensure that their financial position falls within the legal requirements of State statutes that govern a municipality's deposits in financial institutions. This information is requested on a quarterly basis.

Risk Management:

The Town of Winchester is a member of the Connecticut Interlocal Risk Management Agency (CIRMA). CIRMA is a nonprofit, tax-exempt association of Connecticut municipalities and local public agencies. It was formed in 1980 by the Connecticut Conference of Municipalities (CCM) to establish and administer an interlocal risk management program pursuant to the Connecticut General Statutes.

The Town of Winchester has its workers' compensation insurance with CIRMA. All claims under these types of insurance are forwarded by the Department of Finance to CIRMA for their investigation and disposition. Any additional information needed to process a claim is requested of the Department of Finance. The Town of Winchester's Safety Committee meets on a monthly basis to review and implement any of the recommendations from CIRMA as they pertain to workers' compensation claims.

OTHER INFORMATION

Independent Audit:

The Town Charter requires an annual audit to be made of the books of account, financial records and transactions of all administrative departments of the Town by independent certified public accountants selected by the Town. This requirement has been complied with, and the report of independent accountants has been included in this report.

Awards:

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1996. This was the ninth year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

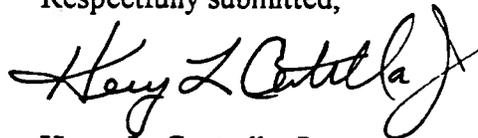
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments:

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Finance. The preparation of the Comprehensive Annual Financial Report requires a major effort, and I would like to express my appreciation to those who assisted and contributed to the preparation of this report. I would also like to thank the Board of Selectmen and the Town Manager for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

December 15, 1997

Respectfully submitted,



Henry L. Centrella, Jr.
Director of Finance

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FINANCIAL SECTION



To the Board of Selectmen
The Town of Winchester, Connecticut

Report of Independent Accountants

We have audited the accompanying general purpose financial statements, as listed in the table of contents, of the Town of Winchester, Connecticut, as of June 30, 1997 and for the year then ended. These general purpose financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on the aforementioned financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements referred to above present fairly, in all material respects, the financial position of the Town of Winchester, Connecticut, as of June 30, 1997, and the results of its operations and cash flows of its proprietary and similar trust fund types for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 8 to the general purpose financial statements, the Town changed its method of reporting for pensions to conform with the provisions of Governmental Accounting Standards Board Statement 25, "*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.*" The Town also early adopted Government Accounting Standards Board Statement 32, "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*"

As discussed in Note 5 to the general purpose financial statements, the Town has been informed by Regional Refuse District No. 1 of a claim against the District by the Environmental Protection Agency. The ultimate outcome of this claim cannot presently be determined; accordingly, no provision for any liability that may result has been made in the accompanying financial statements.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements, schedules and statistical information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Winchester, Connecticut. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 1997 on our consideration of the Town of Winchester's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Blum, Shapiro & Company, P.C.
December 15, 1997

TOWN OF WINCHESTER, CONNECTICUT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1997
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1996

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Types	Account Groups		Totals	
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	Long-Term Debt	1997	(Memorandum Only) 1996	
ASSETS AND OTHER DEBITS										
Assets:										
Cash and cash equivalents	\$ 1,828,271	\$ 688,121	\$ -	\$ 2,405,905	\$ 509,992	\$ -	\$ -	\$ 5,432,289	\$ 4,563,788	
Investments	1,415,667				3,110,611			3,110,611	3,269,562	
Property taxes receivable, net								1,415,667	1,412,085	
Accounts receivable:										
U.S. Government	63,702	23,566						23,566	21,640	
State of Connecticut	63,307	692,173		849,167	263,940			755,875	707,526	
Other		4,895,875		335,344				6,072,289	5,821,765	
Accrued utility revenue	39,612	109,290		164,105				313,007	306,415	
Due from other funds	157,295	7,200		45,587				164,495	144,305	
Other assets				29,607,355				45,587	45,587	
Inventories, at cost								51,495,237	51,133,079	
Property, plant and equipment (net where applicable)						21,887,882		2,893,884	3,138,851	
Other Debits:								3,967,511	4,557,938	
Amounts to be provided by state grant								6,861,395	6,861,395	
Amounts to be provided by future years' budgets								21,887,882	21,887,882	
Amounts and Other Debits	\$ 3,567,854	\$ 6,416,225	\$ -	\$ 33,407,463	\$ 3,884,543	\$ 21,887,882	\$ 6,861,395	\$ 76,025,362	\$ 75,469,336	
LIABILITIES, FUND EQUITY AND OTHER CREDITS										
Liabilities:										
Accounts payable and accrued liabilities	\$ 540,150	\$ 92,306	\$ -	\$ 366,051	\$ 4,536	\$ -	\$ -	\$ 998,507	\$ 528,198	
Due to other funds	145,726	35,077		127,668				313,007	346,795	
Due to State of Connecticut		158,649			63,937			158,649	14,732	
Fiduciary deposits								63,937	471,025	
Accrued pension contribution	170,286							170,286	140,813	
Deferred revenue	1,291,878	5,619,613	897,500	11,873,700		4,730,000		6,911,491	7,213,455	
Bonds and notes payable				90,179		1,119,117		17,501,200	18,507,600	
Claims and judgments						732,594		1,119,117	1,263,419	
Accrued vacation and sick leave benefits						279,684		822,773	901,884	
Obligations under capital leases						6,861,395		279,684	433,326	
Total liabilities	2,148,040	5,905,645	897,500	12,457,598	68,493	21,887,882	6,861,395	28,338,671	29,821,247	
Fund Equity and Other Credits:										
Investment in general fixed assets								21,887,882	21,523,247	
Contributed capital								15,592,965	15,432,766	
Retained earnings								5,356,900	4,929,807	
Fund balances:								3,374,551	2,938,483	
Reserved for employee retirement system					3,374,551			522,602	534,019	
Reserved for encumbrances	522,602							157,295	155,252	
Reserved for prepaid expenditures	157,295							794,496	134,515	
Undesignated	739,917	510,580	(897,500)	20,949,865	441,499	21,887,882		47,686,691	45,648,089	
Total fund equity and other credits	1,419,814	510,580	(897,500)	33,407,463	3,884,543	21,887,882	6,861,395	76,025,362	75,469,336	
Total Liabilities, Fund Equity and Other Credits	\$ 3,567,854	\$ 6,416,225	\$ -	\$ 33,407,463	\$ 3,884,543	\$ 21,887,882	\$ 6,861,395	\$ 76,025,362	\$ 75,469,336	

The accompanying notes are an integral part of the financial statements

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Governmental Fund Types			Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects		1997	1996
Revenues:						
General property taxes, interest and lien fees	\$ 11,712,850	\$	\$	\$	\$ 11,712,850	\$ 10,716,812
Intergovernmental revenues	8,692,150	1,199,677			9,891,827	10,531,633
Other revenues	453,122	852,058	2,952	418	1,308,550	1,127,447
Total revenues	<u>20,858,122</u>	<u>2,051,735</u>	<u>2,952</u>	<u>418</u>	<u>22,913,227</u>	<u>22,375,892</u>
Expenditures:						
Current:						
Board of Education	12,989,210 ✓				12,989,210	12,259,555
Program and project expenditures		1,581,696			1,581,696	1,579,627
Public works	1,429,223 ✓				1,429,223	1,477,144
Public safety	2,116,245 ✓				2,116,245	2,058,385
Miscellaneous	705,768 ✓				705,768	766,431
General government	1,392,269 ✓				1,392,269	1,506,767
Welfare	144,995 ✓				144,995	174,196
Health	124,793 ✓				124,793	123,709
Parks and recreation	124,032 ✓				124,032	135,565
Library	125,000 ✓				125,000	125,000
Debt service	844,246 ✓				844,246	998,065
Capital outlay	396,305 ✓		13,776		410,081	1,017,006
Total expenditures	<u>20,392,086</u>	<u>1,581,696</u>	<u>13,776</u>	<u>-</u>	<u>21,987,558</u>	<u>22,221,450</u>
Excess (Deficiency) of Revenues over Expenditures	466,036	470,039	(10,824)	418	925,669	154,442
Other Financing Sources (Uses):						
Proceeds from capital lease	38,634				38,634	-
Operating transfers in	24,483	23,954	326,000		374,437	262,530
Operating transfers out	(349,954) ✓	(348,026)			(697,980)	(377,432)
Excess of Revenues and Other Sources over Expenditures and Other Uses	179,199	145,967	315,176	418	640,760	39,540
Fund Balances at Beginning of Year	<u>1,240,615</u>	<u>364,613</u>	<u>(1,212,676)</u>	<u>17,547</u>	<u>410,099</u>	<u>370,559</u>
Fund Balances at End of Year	<u>\$ 1,419,814</u>	<u>\$ 510,580</u>	<u>\$ (897,500)</u>	<u>\$ 17,965</u>	<u>\$ 1,050,859</u>	<u>\$ 410,099</u>

The accompanying notes are an integral part of the financial statements

PENSION TRUST FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 1997

Additions:	
Contributions	
Employer	\$ 190,457
Plan member	56,927
Total contributions	<u>247,384</u>
Investment income	
Net appreciation in fair value of investments	63,658
Interest	125,478
Dividends	116,054
	<u>305,190</u>
Total additions	<u>552,574</u>
Deductions:	
Benefits	91,953
Administrative expense	24,553
Total deductions	<u>116,506</u>
Net Increase	436,068
Net Assets Held In Trust for Pension Benefits, Beginning of Year	<u>2,938,483</u>
Net Assets Held In Trust for Pension Benefits, End of Year	<u>\$ 3,374,551</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

Exhibit 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE FUNDS - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 1997

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
General property taxes, interest and lien fees	\$ 11,831,070	\$ 11,712,850	\$ (118,220)	\$ -	\$ -	\$ -
Intergovernmental revenues	8,907,049	8,368,980	(538,069)	97,883	98,508	625
Other revenues	429,752	453,122	23,370	11,500	11,578	78
Total revenues	<u>21,167,871</u>	<u>20,534,952</u>	<u>(632,919)</u>	<u>109,383</u>	<u>110,086</u>	<u>703</u>
Expenditures:						
Current:						
Board of Education	12,536,597	12,502,461	34,136			
Program and project expenditures				133,337	172,292	(38,955)
Public works	1,463,618	1,455,979	7,639			
Public safety	2,165,206	2,121,005	44,201			
Miscellaneous	708,388	704,177	4,211			
General government	1,727,811	1,388,626	339,185			
Welfare	163,866	144,772	19,094			
Health	124,793	124,793	-			
Parks and recreation	128,913	125,252	3,661			
Library	125,000	125,000	-			
Debt service	851,478	844,246	7,232			
Capital outlay	948,494	482,554	465,940			
Total expenditures	<u>20,944,164</u>	<u>20,018,865</u>	<u>925,299</u>	<u>133,337</u>	<u>172,292</u>	<u>(38,955)</u>
Excess (Deficiency) of Revenues over Expenditures	223,707	516,087	292,380	(23,954)	(62,206)	(38,252)
Other Financing Sources (Uses):						
Operating transfers in	26,430	24,483	(1,947)	23,954	23,954	-
Operating transfers out	<u>(324,630)</u>	<u>(349,954)</u>	<u>(25,324)</u>			
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (74,493)</u>	190,616	<u>\$ 265,109</u>	<u>\$ -</u>	(38,252)	<u>\$ (38,252)</u>
Fund Balances at Beginning of Year		<u>706,596</u>			<u>68,300</u>	
Fund Balances at End of Year		<u>\$ 897,212</u>			<u>\$ 30,048</u>	

The accompanying notes are an integral part of the financial statements

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCES - ALL
PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 1997

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Types Nonexpend- able Trusts</u>	<u>Totals (Memorandum Only) 1997</u>
Operating Revenues:			
Water rents	\$ 1,097,175	\$	\$ 1,097,175
Sewer rents	1,278,792		1,278,792
Fines, penalties and investment income	153,682	16,834	170,516
Other	64,018		64,018
Total operating revenues	<u>2,593,667</u>	<u>16,834</u>	<u>2,610,501</u>
Operating Expenses:			
Operations	762,162		762,162
Maintenance	244,476		244,476
Depreciation	567,437		567,437
Administration	372,974		372,974
Other		1,500	1,500
Total operating expenses	<u>1,947,049</u>	<u>1,500</u>	<u>1,948,549</u>
Operating Income	<u>646,618</u>	<u>15,334</u>	<u>661,952</u>
Nonoperating Revenues (Expenses):			
Interest income	51,242		51,242
Interest expense	(599,846)		(599,846)
Total nonoperating expenses	<u>(548,604)</u>	<u>-</u>	<u>(548,604)</u>
Income (Loss) Before Operating Transfers	98,014	15,334	113,348
Operating Transfers In	348,009	-	348,009
Operating Transfers Out	<u>(18,930)</u>	<u>(5,487)</u>	<u>(24,417)</u>
Net Income	427,093	9,847	436,940
Retained Earnings/Fund Balances - Beginning of Year	<u>4,929,807</u>	<u>413,687</u>	<u>5,343,494</u>
Retained Earnings/Fund Balances - End of Year	<u>\$ 5,356,900</u>	<u>\$ 423,534</u>	<u>\$ 5,780,434</u>

The accompanying notes are an integral part of the financial statements

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY
FUND TYPES AND NONEXPENDABLE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Non- expendable Trusts	Totals (Memorandum Only)	
			1997	1996
Cash Flows from Operating Activities:				
Operating income	\$ 646,618	\$ 15,334	\$ 661,952	\$ 434,057
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Investment income		(16,834)	(16,834)	(16,775)
Depreciation	567,437		567,437	567,437
(Increase) decrease in operating assets:				
Rents receivable	(83,358)		(83,358)	(102,934)
Receivable from U.S. Government	(13,808)		(13,808)	-
Accrued utility revenue	(28,929)		(28,929)	25,561
Increase (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	215,629		215,629	(7,474)
Accrued vacation and sick leave benefits	3,341		3,341	14,635
Net cash provided by (used in) operating activities	1,306,930	(1,500)	1,305,430	914,507
Cash Flows from Noncapital Related Financing Activities:				
Operating transfers in	348,009	-	348,009	355,259
Operating transfers out	(18,930)	(5,487)	(24,417)	(24,913)
Increase in amounts due to other funds	(63,698)	-	(63,698)	106,229
Net cash provided by (used in) noncapital related financing activities	265,381	(5,487)	259,894	436,575
Cash Flows from Capital and Related Financing Activities:				
Grants received from State and Federal governments	160,199		160,199	221,500
Proceeds of notes payable	3,097,000		3,097,000	2,467,500
Principal payments on notes payable	(2,809,000)		(2,809,000)	(1,864,000)
Principal payments on bonds payable	(517,400)		(517,400)	(547,400)
Interest paid on notes and bonds payable	(599,846)		(599,846)	(634,977)
Acquisition and construction of capital assets	(564,961)		(564,961)	(361,721)
Net cash used in capital and related financing activities	(1,234,008)	-	(1,234,008)	(719,098)
Cash Flows from Investing Activities:				
Investment income	51,242	16,834	68,076	38,612
Net cash provided by investing activities	51,242	16,834	68,076	38,612
Net Increase (Decrease) in Cash and Cash Equivalents	389,545	9,847	399,392	670,596
Cash and Cash Equivalents at Beginning of Year	2,016,360	413,687	2,430,047	1,759,451
Cash and Cash Equivalents at End of Year	\$ 2,405,905	\$ 423,534	\$ 2,829,439	\$ 2,430,047
Cash and Cash Equivalents at End of Year:				
Nonexpendable Trust Funds		\$ 423,534		
Expendable Trust and Agency Funds		86,458		
Total on Combined Balance Sheet		\$ 509,992		

The accompanying notes are an integral part of the financial statements

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TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies:

The Town of Winchester 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 accounting policies of the Town of Winchester conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Governmental Reporting Entity:

Generally accepted accounting principles 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.

Related Organizations:

The Winchester Housing Authority has been determined to be a related organization of the Town of Winchester, as the governing body of the Authority is appointed by the Town. The Winchester Housing 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.

B. Basis of Presentation:

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/retained earnings, revenues and expenditures (or expenses). The various funds are summarized by type in the financial statements. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the Town:

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the Town. It is used for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

Proprietary Fund Type:

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town's Enterprise Funds are comprised of the Waterworks Fund and the Sewer Fund.

Fiduciary Fund Type:

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable, Nonexpendable, Pension Trust and Agency Funds. Nonexpendable and Pension Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Town, other than those accounted for in the Town's Proprietary Funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the Town except those accounted for in the Town's Proprietary Funds.

C. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Funds, Nonexpendable Trust Funds and Pension Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary Fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Available is currently being defined as collected during the current period or expected to be collected within 60 days thereafter.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Property taxes and assessments are recognized as revenue when collected during the year and within 60 days after the close of the fiscal year.

The modified accrual basis of accounting is used by the Agency and Expendable Trust Funds.

The Proprietary Funds, Nonexpendable Trust Funds and Pension Trust Fund are maintained and reported on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The proprietary funds have elected to adopt only those FASB statements, APBs and ARBs issued on or prior to November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The revenues of the Waterworks and Sewer Funds, which are based upon service rates authorized by the Water Pollution Control Authority and the Board of Selectmen, are determined by cyclical billings to customers and recognized when earned. Unbilled water and sewer charges earned as of year-end are also recorded as revenue.

Employee and employer contributions to the Pension Trust Fund are recognized as revenues in the period in which employee services are performed.

D. Budgetary Data:

Budgets for the General Fund, Dog Fund and Town Aid Roads Fund are authorized annually by the Board of Selectmen. Annual budgets are not adopted for Special Revenue Funds other than the Town Aid Roads Fund and the Dog Fund and, accordingly, are not included in Exhibit 3.

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

- 1) 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.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

- 2) Public hearings are conducted at locations throughout the Town to obtain taxpayer comments.
- 3) The budget is legally enacted at the annual Town budget meeting by vote of the general public.
- 4) Upon the 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 budgets are prepared on a modified accrual basis of accounting except for encumbrances and accrual of payroll. 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. Payroll is accounted for on a cash basis. The control level on which expenditures may not legally exceed appropriations is the departmental level. Unencumbered appropriations lapse at the close of the fiscal year, except for those appropriations which are made for capital improvements.

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. The last amendment was on June 23, 1997. There were \$66,000 in supplemental appropriations made during the year for ambulance care due to the recent closing of the area hospital. There was also a \$8,493 supplemental appropriation for emergency repairs to the fire department.

The accompanying combined statement of revenues, expenditures and changes in fund balances - budget and actual - general and special revenue funds - non-GAAP budgetary basis presents comparisons of the legally adopted budgets with actual data on a budgetary basis. Since the accounting for encumbrances and accrued payroll for purposes of developing data on a budgetary basis differs from that used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of the resultant differences in excess of revenues and other sources over expenditures and other uses for the year ended June 30, 1997 is presented below:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Excess of revenues and other sources over expenditures and other uses for budgeted funds - budgetary basis	\$ 190,616	\$ (38,252)
Timing difference:		
Change in reserve for encumbrances	(11,417)	-
Entity difference:		
Excess of revenues and other sources over expenditures and other uses for nonbudgeted funds	<u>-</u>	<u>184,219</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses - GAAP Basis	\$ <u>179,199</u>	\$ <u>145,967</u>

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

E. Assets, Liabilities and Fund Equity:

Deposits - At June 30, 1997, the carrying amounts of the Town's deposits (such as checking and savings accounts) was \$5,432,289 and the bank balance was \$4,763,039. Of the bank balance, \$200,000 was covered by Federal depository insurance. The remaining balance of \$4,563,039 falls under Risk Category 3. Risk Category 3 is defined as uninsured, uncollateralized. As required by P.A. 91-245, the depositories with which the Town has its deposits have set aside collateral of \$476,304 of securities; however, these are not held in the Town's name. It is unclear whether the collateral required for public deposits by P.A. 91-245 would stand if challenged by the FDIC since there is no perfected security agreement between the depository and the depositor. A perfected agreement is required by Federal law.

Cash Equivalents - Cash equivalents are defined as those investments having original maturities of three months or less.

Investments - Temporary investments are stated at cost which approximates market, corporate and government obligations are carried at amortized cost which approximates market, and investments in mutual funds are carried at redemption value. Pension Trust Fund and Deferred Compensation Plan Agency Fund investments are carried at market.

Statutes authorize the Town to invest in obligations of the United States Treasury and its agencies and instrumentalities, certificates of deposit, commercial paper, savings accounts, bank acceptances and repurchase agreements. The Town's Pension Board of Directors determines in which instruments the Plan's trustee can invest.

GASB Statement No. 3 defines three categories of investments to give an indication of the level of risk assumed by the entity. Category 1 includes investments which are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by its safekeeping department or agent, but not in the Town's name.

The Town's investments held are as follows:

	Category 1	Category 2	Category 3	Carrying Amount	Market Value
Pension Trust Fund:					
U.S. Government securities	\$ 658,519			\$ 658,519	\$ 658,519
Federal agency securities	124,628			124,628	124,628
Corporate and foreign obligations		721,314		721,314	721,314
* Pooled trust funds - Fleet Bank				<u>1,606,150</u>	<u>1,606,150</u>
				<u>\$ 3,110,611</u>	<u>\$ 3,110,611</u>

* Pooled trust funds are not categorized as they are not evidenced by securities that exist in physical or book entry form. Investments are stated at market.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

Inventories and Prepaid Expenses - Inventories and prepaid expenses which benefit future periods, other than those recorded in the Proprietary Fund types, are recorded as expenditures during the year in which they are consumed. Waterworks inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method.

Property, Plant and Equipment - General Fixed Assets - General fixed assets are those that have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems, are not capitalized along with other general fixed assets. All fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

Property, Plant and Equipment - Proprietary (Enterprise) Funds - Property, plant and equipment owned by the Proprietary Funds are stated at cost. Donated fixed assets are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible fixed assets, including contributed fixed assets, used by Proprietary Funds is charged as an expense against their operations and closed to retained earnings. Depreciation has been provided on a straight-line basis over the estimated useful lives as follows:

Buildings, structures and improvements	50 years
Equipment	7-15 years
Distribution reservoirs and standpipes	50 years

Capital Leases - Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund types and as assets and liabilities in the General Fixed Assets and General Long-Term Debt Account Groups, respectively, at the present value of the minimum lease payments, using the interest rates stated in the leases. Lease payments are recorded as expenditures on the due date; the portion of the payments applicable to principal, determined by using interest rates implicit in the leases, is reported as a reduction of the capital lease obligations in the General Long-Term Debt Account Group.

Fund Equity - Reserves and Designation - Portions of fund equity applicable to the employee retirement system, encumbrances, prepaid expenditures and endowments are segregated for future use and are therefore not available for future appropriation or expenditure. A portion of the fund balance has been reserved for encumbrances which will be expended upon vendor performance in the following year.

The reserve for endowments represents the portion of Nonexpendable Trust Fund balances which are restricted by agreements for specific uses. Designated fund balance indicates that portion of fund equity for which the Town has made tentative future expenditure plans.

Contributed Capital - The Enterprise Funds record receipts of Federal and State grants or other donations for acquisition of fixed assets as contributed capital.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

F. Revenues, Expenditures and Expenses:

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 revaluation of all real property is required to be completed no less than every ten years. The Town revalued its property as of October 1, 1994. The assessed value for the Grand List of October 1, 1995, upon which the fiscal 1997 levy was based, was \$432 million. A 27.56 mill rate was applied to the Grand List. 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. Current tax collections for the year ended June 30, 1997 were 94% of the adjusted tax levy. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts. The revenue relating to property taxes not collected during the fiscal year and within 60 days after the close of the fiscal year is deferred.

Accrued Vacation and Sick Leave Benefits - 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.

Compensated absences are accrued at current salary rates. At June 30, 1997, the portion of compensated absences that is expected to be paid out of current funds has been recorded as a fund liability in the General Fund. The balance is recorded in the General Long-Term Debt Account Group as this portion of the liability will not be liquidated with expendable available financial resources. The liability in the Proprietary Funds has also been accrued at June 30, 1997.

G. Interfund Operating Transfers:

Interfund operating transfers are transactions which shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them - these transactions are recorded as transfers in and out.

H. Comparative Data:

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data by every fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 - Summary of Significant Accounting Policies (Continued):

I. Total Columns on the Combined Statements:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation.

Note 2 - Stewardship, Compliance and Accountability:

Expenditures exceeded appropriations in the General Fund at the following departmental levels:

Public works:		
Streetlighting	\$	10,909
Town Manager		503
Other:		
Conservation Commission		156
Shade Tree Committee		630
Data Processing		999

Expenditures exceeded appropriations in the following Special Revenue Funds:

Town Aid Roads Fund:		
Supplies and expenditures	\$	38,838
Dog Fund:		
Maintenance and expenditures		10,117

The following funds had fund deficits at June 30, 1997:

Special Revenue Funds:		
Dog Fund	\$	7,181
Capital Projects Fund:		
Region #7 Access Road Fund		133,000
Water Drainage Improvements Fund		300,000
School Building Project Fund		127,000
Ladder Tower Truck Fund		337,500

Note 3 - Detail Notes on All Funds and Account Groups:

A. Assets:

Property Taxes Receivable - Gross receivables for 1997 reduced by allowance for uncollectible accounts are as follows:

	<u>Gross Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
General Fund: Property taxes	\$ 1,454,667	\$ 39,000	\$ 1,415,667

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Changes in General Fixed Assets - A summary of changes in general fixed assets follows:

	Balance July 1, 1996	Additions	Adjustments and Deletions	Balance June 30, 1997
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land and improvements	\$ 1,000,080	\$ -	\$ -	\$ 1,000,080
Buildings and improvements:				
Schools	12,869,366	-	-	12,869,366
Town Hall	899,279	-	-	899,279
Senior Citizens Center	447,170	-	-	447,170
Fire Department	88,820	-	-	88,820
Other	235,849	-	-	235,849
Vehicles and equipment:				
Schools	1,457,623	236,052	-	1,693,675
Town	4,525,060	131,193	2,610	4,653,643
	<u>\$ 21,523,247</u>	<u>\$ 367,245</u>	<u>\$ 2,610</u>	<u>\$ 21,887,882</u>

Summary of Proprietary Fund Property, Plant and Equipment - A summary of Proprietary Fund property, plant and equipment at June 30, 1997 follows:

Land	\$ 85,476
Buildings, structures and improvements	27,085,580
Equipment	695,857
Distribution reservoirs and standpipes	487,871
Construction in process	7,178,504
	<u>35,533,288</u>
Less accumulated depreciation	<u>5,925,933</u>
Net Property, Plant and Equipment	<u>\$ 29,607,355</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

B. Liabilities:

Bond Issues - Bonds payable at June 30, 1997 are comprised of the following issues:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30, 1997</u>
General purposes:					
Public improvements:					
Town Hall and Firehouse	10/15/80	\$ 1,750,000	8.8 & 8.9%	10/15/2000	\$ 300,000
School Renovations	11/15/88	7,430,000	6.977%	11/15/2008	4,430,000
Water and sewer:					
Water Revenue	4/16/90	2,800,000	6.5 & 8.5%	4/16/2010	1,820,000
Sewer Inflow and Infiltration	6/2/89	1,452,600	5.0%	6/2/2015	1,005,400
Wastewater Treatment	6/2/89	4,183,800	6.25%	6/2/2015	2,896,600
Wastewater Treatment	6/2/89	405,600	5.75%	6/2/2015	280,800
Highland Lake Sewer Project	6/22/94	4,353,400	5.0%	6/22/2024	3,918,400

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.

Summary of Bond Principal and Interest Payments - The annual requirements to amortize bond principal and interest are as follows:

<u>Fiscal Year</u>	<u>General Long-Term Debt Account Group</u>		<u>Proprietary Funds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1998	\$ 450,000	\$ 319,705	\$ 517,400	\$ 564,094
1999	450,000	287,156	517,400	535,215
2000	450,000	254,605	517,400	507,237
2001	450,000	222,054	517,400	478,659
2002	375,000	192,843	517,400	450,681
Subsequent	<u>2,555,000</u>	<u>618,783</u>	<u>7,334,200</u>	<u>3,422,846</u>
	<u>\$ 4,730,000</u>	<u>\$ 1,895,146</u>	<u>\$ 9,921,200</u>	<u>\$ 5,958,732</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Changes in General Long-Term Debt - The following is a summary of transactions in the General Long-Term Debt Account Group for the year ended June 30, 1997:

	Bonds and Notes Payable	Claims and Judgments	Accrued Vacation and Sick Leave Benefits	Obligations Under Capital Leases	Total
Balance, July 1, 1996	\$ 5,185,000	\$ 1,263,419	\$ 815,044	\$ 433,326	\$ 7,696,789
Payments made under capital lease obligations	-	-	-	(192,276)	(192,276)
Capital lease obligations entered into	-	-	-	38,634	38,634
Debt retired	(455,000)	-	-	-	(455,000)
Decrease in heart and Hypertension liability	-	(144,302)	-	-	(144,302)
Increase in accrued vacation and sick leave benefits	-	-	(82,450)	-	(82,450)
Balance, June 30, 1997	\$ <u>4,730,000</u>	\$ <u>1,119,117</u>	\$ <u>732,594</u>	\$ <u>279,684</u>	\$ <u>6,861,395</u>

Obligations Under Capital Leases - The Town has entered into various capital leases for the purchase of fire trucks, police cruisers and other equipment. The leases require monthly lease payments through 2000. Future minimum lease payments as of June 30, 1997 are as follows:

Fiscal Year

1998	\$ 185,497
1999	64,306
2000	54,653
Total minimum lease payments	<u>304,456</u>
Less amount representing interest	<u>24,772</u>
Present Value of Future Minimum Lease Payments	\$ <u>279,684</u>

Notes Payable - Notes payable at June 30, 1997 consisted of the following:

	Outstanding Principal Balance
Governmental Fund Type:	
Bond Anticipation Notes maturing August 2, 1997, interest at 3.875%	\$ 897,500
Proprietary Funds:	
Revenue Anticipation Notes maturing August 2, 1997, interest at 3.875%	<u>1,952,500</u>
	\$ <u>2,850,000</u>

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

The Revenue Anticipation Notes included in the Proprietary Funds are to finance the sewer inflow/infiltration analysis program, the wastewater treatment plant project, the drainage project and the Highland Lake sewer project. The notes are expected to be converted to revenue bonds with Farmers Home Administration and general obligation bonds at the completion of the projects.

The Bond Anticipation Notes included in the Capital Projects Funds are to finance road construction near one of the Town's schools.

The Town is subject to the General Statutes of the State of Connecticut which limit the amount of debt outstanding at June 30, 1997. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$86 million.

Employee Retirement System:

Plan Description - The Town of Winchester maintains a single-employer, defined benefit, contributory pension plan (the Plan), which has been in existence since 1964. The Plan 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. At January 1, 1997, Plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	14
Vested terminated employee	4
Current employees:	
Vested	55
Nonvested	9
Total Participants	82

Under the provisions of the Plan, which was amended April 1, 1991, all employees (except those covered by the State of Connecticut Teachers' Retirement System and employees in the Police Department) at least 21 years of age, hired before age 55 and having six months of service are eligible. Employees are 100% vested after 5 years of service. Participation in the Plan is optional. Connecticut General Statutes assigns the authority to establish and amend the benefit provisions of the plan to the Town of Winchester.

Participants who retire at age 65, with at least 25 years of service, are entitled to an annual retirement benefit in an amount equal to 80% of their highest average salary in three consecutive years in the last 10 years of service, generally, less 50% of Social Security benefits. Benefits are reduced for participants with less than 25 years of service. Early retirement is available after 10 years of credited service or age 55, whichever is later, with reductions in benefits as further detailed by the Plan.

Plan participants are required to contribute to the Plan 2-1/2% of their earnings up to the Social Security base and 5% of earnings over the Social Security base. The Town is required by its Charter to contribute the remaining amounts necessary to fund the Plan.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

The Town's payroll for employees covered by the Plan was \$1,965,683. Total payroll for the Town was \$9,828,253 including certified personnel covered by the Connecticut Teachers' Retirement System and employees of the Police Department covered by the Municipal Employees' Retirement Fund.

Summary of Significant Accounting Policies - Retirement System financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed.

Plan Asset Matters - Plan investments are reported at market. Investment income is recognized as earned. All investments are made through Fleet Bank, sole Trustee. Those investments in any organization that represent 5% or more of net assets available for benefits are as follows:

Fleet Bank:	
Commingled Funds	\$ 578,694
Galaxy Mutual Funds	999,525
U.S. Treasury Notes and Bonds	783,147
Corporate and Foreign Bonds	721,314

Funding Status and Progress - The amount shown below as pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Plan's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among plans. The measure is independent of the actuarial funding method used to determine contributions to the Plan, discussed below.

The pension benefit obligation was determined as part of an actuarial valuation at January 1, 1997. Significant actuarial assumptions used include (1) rate of return on investments of 8-1/2% per year compounded annually, (2) projected salary increases of 6% per year compounded annually, attributable to inflation, and (3) a retirement age of 65.

At January 1, 1997, the unfunded pension benefit obligation was as follows:

Pension benefit obligation:	
Retirees and beneficiaries currently receiving benefits	\$ 602,243
Inactive and terminated employees not yet receiving benefits	98,088
Current employees:	
Accumulated employee contributions, including interest credited	482,560
Employer-financed vested	1,884,677
Employer-financed nonvested	46,208
Total pension benefit obligation	<u>3,113,776</u>
Net assets available for benefits, at market (cost \$2,830,061)	<u>3,374,551</u>
Overfunded Pension Benefit Obligation	<u>\$ 260,775</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Contributions Required and Made - The Town's funding policy provides for periodic contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Employer and employee contributions of \$86,382 and \$49,142 which represent 4.4% and 2.5% of covered payroll, respectively, are due for the plan year ended December 31, 1997 in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at January 1, 1997. These contributions consist of normal cost of \$252,990. The contribution for normal cost is determined using the Projected Unit Credit actuarial funding method. For the plan year ended December 31, 1996, employer and employee contributions were \$194,311 and \$47,642, which represented 10.2% and 2.5% of covered payroll, respectively. These contributions approximated those calculated by the actuarial valuation dated January 1, 1996.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation.

Historical Trend Information - Historical trend information provides information about the Plan's progress made in accumulating sufficient assets to pay benefits when due. Three-year historical trend information is presented in the following table:

Analysis of Funding Progress

Date	Net Assets Available for Benefits*	Pension Benefit Obligation (PBO)	Net Assets as % of PBO	Unfunded (Overfunded) PBO	Annual Covered Payroll	Unfunded (Overfunded) PBO/Annual Covered Payroll	Employer Contributions/Annual Covered Payroll
1/1/97	\$ 3,374,551	\$ 3,113,775	108.4%	\$ (260,775)	\$ 1,965,683	(13.3)%	4.4%
1/1/96	2,938,483	2,811,978	104.4	(126,506)	1,905,623	(6.6)	10.2
1/1/95	2,716,267	2,598,565	104.5	(117,702)	1,879,466	(6.3)	8.7

*At market.

Employer contributions for fiscal years 1995 through 1997 were in accordance with actuarially determined requirements.

Teachers' Retirement System

Teachers participate in a contributory retirement plan administered by the State Teachers' Retirement Board. Neither the Board of Education nor the Town have a legal obligation to contribute to the retirement fund.

The State of Connecticut makes contributions to the system based on an actuarial study performed utilizing the total payroll of covered teachers in the State. For the fiscal year ended June 30, 1997, the actuarial and actual contribution was \$147,884,700. Contributions to the State Teachers' Retirement System in the amount of \$323,170 were made by the State of Connecticut on behalf of the Town of Winchester, and are recorded in the General Fund (GAAP Basis).

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Participation in the system is required for all certified teachers in the State who are employed for at least an average of half-time. Teachers are 100% vested after completing 10 years of Connecticut teaching service, the last five of which must have been consecutive, if leaving Connecticut Public School service before age 60.

The Town's total current year payroll including Board of Education is \$9,828,253, current year covered payroll being \$4,881,729. Teachers are required to contribute 7% of their annual salary, with the State of Connecticut funding the remaining cost of benefits. Teachers' 7% contributions totaled \$341,721 for the fiscal year ended June 30, 1997. These obligations are established under the authority of Section 10-183 of the Connecticut General Statutes.

Municipal Employees' Retirement System

Plan Description - All Town of Winchester employees not covered by the Town pension plan or the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer, public employee retirement system (PERS) defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial report as a pension trust fund. MERS issues a publicly available financial report which 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.

Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers, who are covered under the Connecticut State Teachers' Retirement System, are ineligible. As of July 1, 1996, there were 159 participating local government units (counting departments of municipalities which joined or reported separately as separate units). Membership in the plan at July 1, 1996 consisted of the following:

	<u>Retirees and Beneficiaries</u>	<u>Terminated Vested</u>	<u>Active Vested</u>	<u>Active Nonvested</u>
Police and Fire:				
a. Without Social Security	201	1	178	169
b. With Social Security	105	1	171	154
General:				
a. Without Social Security	1,969	29	1,055	1,500
b. With Social Security	1,616	44	1,650	2,629
Withdrawn Municipalities	14	2	N/A	N/A
Total Members	<u>3,905</u>	<u>77</u>	<u>3,054</u>	<u>4,452</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits as well as death and disability benefits. Annual cost-of-living increases between 3% and 5% are paid to disabled members and nondisabled retired members over age 65. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average of earnings for the 3 highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years.

Covered employees are required by State statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining cost of the plan.

Summary of Significant Accounting Policies - MERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed.

Retirement trust funds can invest in various investment pools maintained by the State of Connecticut. Investments in the pooled funds are valued at cost. Market values of the investment pools are determined by the Master Custodian based on the performance of the underlying securities. Investment income is recognized as earned. Gains and losses on sales and redemptions of investments are recognized on the transaction date. No investments in any organization represent 5% or more of net assets available for benefits at June 30, 1996 (the most recent report available).

Contributions - Covered employees are required by State statute to contribute 2-1/4% of earnings upon which Social Security tax is paid, plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan based on 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. The Statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. The contribution requirement, and actual payment, for the year ended June 30, 1997 was \$92,677 which consisted of \$71,213 from the Town and \$21,464 from employees; these contributions represented 8.3% and 2.5% of covered payroll, respectively. Administrative costs are financed through investment earnings.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Schedule of Funding Progress - The schedule of funding progress is presented below for the actuarial valuations indicated. The schedule is in millions of dollars.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Covered</u>
7/1/91	489	533	44	92%	195	23%
7/1/92	545	539	(6)	101	203	(3)
7/1/93	601	586	(15)	103	215	(7)
7/1/94	653	635	(18)	103	226	(8)
7/1/95	711	661	(50)	108	237	(21)
7/1/96	782	692	(90)	113	243	(37)

Interfund Receivables and Payables - Individual interfund receivable and payable balances at June 30, 1997 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 39,612	\$ 145,726
Special Revenue Funds:		
Small Cities	-	7,603
Dog Fund	-	12,135
Town Aid Roads	624	-
Federal and State Education Grants	53,692	920
Sewer Assessment Fund	54,974	-
Other	-	14,419
Enterprise Funds:		
Waterworks	40,698	-
Sewer	123,407	127,668
Fiduciary Funds:		
Town Deposit	-	4,536
	<u>\$ 313,007</u>	<u>\$ 313,007</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 3 - Detail Notes on All Funds and Account Groups (Continued):

Operating Transfers - Operating transfers between funds for the fiscal year ended June 30, 1997 are as follows:

<u>Fund</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund	\$ 24,483	\$ 349,954
Special Revenue Funds:		
Dog Fund	23,954	-
Sewer Assessment Fund	-	348,009
Other		17
Capital Projects Funds:		
Water Drainage Improvements	150,000	-
School Building Project	63,500	-
Ladder Tower Truck	112,500	-
Enterprise Funds:		
Waterworks	-	18,930
Sewer	348,009	-
Nonexpendable Trust Funds:		
Forest View Cemetary	-	3,699
Winchester Center Cemetary	-	1,241
Other	-	547
Fiduciary Funds:		
Town Deposit	-	49
	<u>\$ 722,446</u>	<u>\$ 722,446</u>

C. Equity:

Contributed Capital - The changes in the Town's contributed capital accounts for its Enterprise Funds were as follows:

<u>Sources</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Totals</u>
Beginning balance, contributed capital	\$ 339,100	\$ 15,093,666	\$ 15,432,766
Contributing sources:			
U.S. Government	-	160,199	160,199
Ending Balance, Contributed Capital	<u>\$ 339,100</u>	<u>\$ 15,253,865</u>	<u>\$ 15,592,965</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 4 - Segment Information:

The Town through its Enterprise Funds is engaged in the management and operation of a water and sewer system. Segment information for the year ended June 30, 1997 follows:

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 1,181,222	\$ 1,412,445	\$ 2,593,667
Operating expenses	\$ 645,939	\$ 733,673	\$ 1,379,612
Depreciation expense	\$ 156,651	\$ 410,786	\$ 567,437
Operating income	\$ 378,632	\$ 267,986	\$ 646,618
Nonoperating expenses	\$ (128,235)	\$ (420,369)	\$ (548,604)
Transfers	\$ (18,930)	\$ 348,009	\$ 329,079
Net income	\$ 231,467	\$ 195,626	\$ 427,093
Rents receivable, net of allowance for uncollectible accounts of \$8,671	\$ 345,862	\$ 489,497	\$ 835,359
Acquisition and construction of capital assets	\$ 382,008	\$ 182,954	\$ 564,961
Total assets	\$ 8,942,402	\$ 24,465,061	\$ 33,407,413
Net working capital (deficit)	\$ (345,735)	\$ 1,182,224	\$ 836,489
Bonds and notes payable (payable from operating revenues)	\$ 3,634,500	\$ 8,239,200	\$ 11,873,700
Current contributed capital	\$ -	\$ 160,199	\$ 160,199
Total fund equity	\$ 4,978,678	\$ 15,971,187	\$ 20,949,865

Note 5 - Summary Disclosure of Significant Contingencies and Commitments:

The Town of Winchester and two other towns are served by Regional Refuse District No. 1, a legislatively chartered entity. Regional Refuse District No. 1 has been identified by the EPA as a potentially responsible party (PRP) and has been designated as a National Priorities List. Superfund-related expenditures have been included in the District's operating budget. The towns served by the District are required to pay any shortfall in the Regional Refuse District No. 1 operating budget. The Town of Winchester pays approximately 54.6% of such shortfall. No estimate of a future liability can be assessed at this time. The Town owns an additional inactive landfill which has been closed and capped for a number of years. No post-closure costs are anticipated at this time.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 5 - Summary Disclosure of Significant Contingencies and Commitments (Continued):

On June 29, 1993, the Town of Winchester entered into a Consent Order with the Connecticut Department of Health Services to build a water filtration plant. If the Town fails to have an approved water filtration plant operational by June 30, 1998, the Town shall pay a civil penalty of \$100,000 and a per diem civil penalty of \$1,000 for each day after June 30, 1998 that the utility remains noncompliant with any of the requirements of the Consent Order. At this time, management feels that the water filtration plant will be completed by the specified date.

The Town of Winchester is subject to certain orders of the Commissioner of Environmental Protection and the Commissioner of Public Health and Addiction Services of the State of Connecticut with respect to the Town's water system and abatement of water pollution.

The Town of Winchester and its employees are defendants in numerous claims and legal actions. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually, or in the aggregate, in a final judgment against the Town which would materially adversely affect its financial position.

The Town participates in a number of Federal and State assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 1997 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Note 6 - Long-Term Loans Receivable:

At June 30, 1997, the Town had long-term loans outstanding of \$1,585,717 in connection with the Small Cities Grant Programs. This grant allows the Town to make loans to qualifying individuals for use in improving low-to-moderate-income housing. Loans to nonoccupant owners generally require a matching of funds by the owner in a ratio of 75% grant funds to 25% owner funds. These loans are amortized over a 10-year period, including interest at 6% per annum. Loans to occupant owners are made on a wide variety of repayment terms which range from 10 years to due in full upon sale of the residence. Interest charged on the owner occupant loans ranges from 0% to 3% per annum. All loans are secured through a lien on the property.

Note 7 - 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. Town insurance can be described as follows:

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 7 - Risk Management(Continued):

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 Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 235 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 1996-97 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 1996-97 by the Town was \$239,077. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured.

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

Note 8 - Change in Accounting Principle:

During the fiscal year ended June 30, 1997, the Town early adopted the provisions of Governmental Accounting Standards Board Statement No. 32, which allows for removal from the financial report of deferred compensation plans under whose trust agreements the Town has no fiduciary responsibilities for the plan. Previously, the deferred compensation plan was recognized as an Agency Fund. Under the terms of the new trust agreement the Town no longer has fiduciary responsibility, and it has removed the fund from the reporting entity.

The Town also adopted the provisions of Governmental Accounting Standards Board Statement No. 25 during the fiscal year ended June 30, 1997. The statement changes the presentation and disclosure of the defined benefit pension plan.

Note 9 - Subsequent Events:

The Governmental Fund Type Bond Anticipation Notes matured on August 2, 1997 and were refinanced in the amount of \$150,000 at a 4.10% interest rate and \$288,500 at a 4% interest rate. They will mature on February 4, 1998.

The Proprietary Fund Type Revenue Anticipation Notes matured on August 2, 1997 and were refinanced in the amount of \$1,290,000 at a 4% interest rate. They will mature on February 4, 1998.

REQUIRED SUPPLEMENTARY INFORMATION

PENSION PLAN

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/92 \$	1,885,577 \$	1,796,660 \$	88,917	104.95%	\$ 1,815,114	-4.90%
1/1/93	2,197,363	2,083,918	113,445	105.44%	1,852,200	-6.12%
1/1/94	2,503,025	2,340,208	162,817	106.96%	1,969,209	-8.27%
1/1/95	2,823,495	2,598,565	224,930	108.66%	1,879,466	-11.97%
1/1/96	2,811,978	2,811,978	-	100.00%	1,905,623	0.00%
1/1/97	3,231,242	3,113,776	117,466	103.77%	1,965,683	-5.98%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/92	156,186	100%
6/30/93	157,977	100%
6/30/94	170,245	100%
6/30/95	178,507	100% *
6/30/96	163,177	100% *
6/30/97	194,311	100% *

* Plan overfunding was used to satisfy all or a portion of the annual contribution requirements.

(Continued on next page)

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

PENSION PLAN

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 1997
Actuarial cost method	Projected Unit Credit
Amortization method	Fully Funded
Remaining amortization period	Fully Funded
Asset valuation method	Market Value of assets adjusted to reflect 25% of realized and unrealized gains (or losses)
Actuarial assumptions:	
Investment rate of return	8.50%
Projected salary increases	6.00%
Cost-of-living adjustments	None
Plan or Assumption changes	None

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SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for the general operations of the Town, except those required to be accounted for in another fund.

GENERAL FUND

COMPARATIVE BALANCE SHEETS

JUNE 30, 1997 AND 1996

	<u>1997</u>	<u>1996</u>
ASSETS		
Cash and cash equivalents	\$ 1,828,271	\$ 1,237,921
Property taxes receivable, net	1,415,667	1,412,085
Receivable from State of Connecticut	63,702	72,425
Other receivables	63,307	135,284
Due from other funds	39,612	77,440
Other assets	<u>157,295</u>	<u>134,748</u>
Total Assets	\$ <u>3,567,854</u>	\$ <u>3,069,903</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 540,150	\$ 281,347
Due to other funds	145,726	145,354
Accrued pension contribution	170,286	140,813
Deferred revenue	<u>1,291,878</u>	<u>1,261,774</u>
Total liabilities	<u>2,148,040</u>	<u>1,829,288</u>
Fund Balances:		
Reserved:		
Encumbrances	522,602	534,019
Prepaid expenditures	157,295	155,252
Unreserved:		
Undesignated	<u>739,917</u>	<u>551,344</u>
Total fund balances	<u>1,419,814</u>	<u>1,240,615</u>
Total Liabilities and Fund Balances	\$ <u>3,567,854</u>	\$ <u>3,069,903</u>

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	1997			1996 Actual
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	
Revenues:				
Tax collector:				
General property taxes	\$ 11,594,270	\$ 11,473,663	\$ (120,607)	\$ 10,561,706
Interest and lien fees	236,800	239,187	2,387	155,106
Total tax collector	<u>11,831,070</u>	<u>11,712,850</u>	<u>(118,220)</u>	<u>10,716,812</u>
Intergovernmental revenues:				
Education Equalization Grants	6,408,187	6,440,503	32,316	6,567,928
Public Act No. 290 - Education	63,572	130,005	66,433	163,334
Tax relief for elderly and disabled	114,000	137,704	23,704	102,503
Elementary transportation	266,849	273,901	7,052	270,342
Reimbursement for industrial park tenants' tax exemptions	180,835	76,233	(104,602)	179,055
Welfare	50,000	66,017	16,017	83,525
Manufacturers' PILOT Grant	150,455	246,119	95,664	-
Reimbursement for private property tax exemptions	120,820	114,598	(6,222)	149,366
Reimbursement for revenue loss on motor boats	14,829	14,829	-	14,829
In lieu of taxes	20,000	22,150	2,150	22,134
Civil defense	2,000	4,246	2,246	606
Riverfront Project	239,194	-	(239,194)	21,405
1996 Blizzard reimbursement	-	100	100	26,001
Pension plan overfunding	29,899	-	(29,899)	289,055
Pequot-State property	192,058	179,660	(12,398)	216,569
Bridge repairs	400,000	-	(400,000)	169,821
Landfill capital reimbursement	-	1,458	1,458	40,197
Telecommunications property taxes	127,731	127,264	(467)	127,731
School renovation project	526,520	528,959	2,439	500,906
Health and welfare	-	5,234	5,234	3,701
Superior Court fines	100	-	(100)	-
Total intergovernmental revenues	<u>8,907,049</u>	<u>8,368,980</u>	<u>(538,069)</u>	<u>8,923,249</u>

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Revised Budget	Actual		
Other revenues:				
Interest income	\$ 80,000	\$ 120,579	\$ 40,579	\$ 58,146
Sale of equipment and land	78,000	5,384	(72,616)	-
Town Clerk	86,000	75,199	(10,801)	56,713
Parking fines	20,000	14,116	(5,884)	13,218
Building permits	44,000	47,540	3,540	63,120
Zoning and inspection fees	10,000	6,744	(3,256)	10,846
Fire Marshall revenue	250	40	(210)	130
Cemeteries - grave openings	22,000	14,785	(7,215)	13,800
Senior Citizen Center receipts	7,500	5,144	(2,356)	2,285
Cemeteries	11,000	34,671	23,671	6,330
Police reports	1,500	785	(715)	684
Police permits	6,500	785	(5,715)	2,790
Amusements, etc.	21,400	21,227	(173)	4,307
Probate Court	1,000	551	(449)	951
Regional #7 road improvements	3,500	-	(3,500)	-
Miscellaneous	37,102	105,572	68,470	130,858
Total other revenues	<u>429,752</u>	<u>453,122</u>	<u>23,370</u>	<u>364,178</u>
Total revenues	<u>21,167,871</u>	<u>20,534,952</u>	<u>(632,919)</u>	<u>20,004,239</u>
Expenditures:				
Board of Education	<u>12,536,597</u>	<u>12,502,461</u>	<u>34,136</u>	<u>12,111,879</u>
Public works				
Highways	1,325,618	1,307,070	18,548	1,285,114
Streetlighting	138,000	148,909	(10,909)	142,651
Total public works	<u>1,463,618</u>	<u>1,455,979</u>	<u>7,639</u>	<u>1,434,418</u>

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Revised Budget	Actual		
Public safety:				
Police Department	\$ 1,683,634	\$ 1,653,001	\$ 30,633	\$ 1,642,298
Fire Department	250,386	247,380	3,006	259,971
Other public safety	114,921	114,608	313	106,063
Civil defense	8,420	7,753	667	8,170
Ambulance service	107,845	98,263	9,582	33,305
Total public safety	<u>2,165,206</u>	<u>2,121,005</u>	<u>44,201</u>	<u>2,049,807</u>
Miscellaneous	<u>708,388</u>	<u>704,177</u>	<u>4,211</u>	<u>768,659</u>
General government:				
Finance:				
Accountants	109,870	109,794	76	129,089
Assessor	91,032	90,397	635	110,369
Tax collector	71,278	71,120	158	71,468
Treasurer	5,925	5,925	-	5,925
Total finance	<u>278,105</u>	<u>277,236</u>	<u>869</u>	<u>316,851</u>
Buildings	<u>96,413</u>	<u>93,988</u>	<u>2,425</u>	<u>102,089</u>
Town Manager	<u>131,971</u>	<u>132,474</u>	<u>(503)</u>	<u>140,969</u>
Town Clerk	<u>97,439</u>	<u>96,604</u>	<u>835</u>	<u>94,737</u>
Selectmen	<u>504,033</u>	<u>503,578</u>	<u>455</u>	<u>539,402</u>
Law	<u>84,500</u>	<u>82,548</u>	<u>1,952</u>	<u>67,843</u>
Registrars	<u>39,142</u>	<u>31,892</u>	<u>7,250</u>	<u>49,850</u>
Boards	<u>6,002</u>	<u>3,700</u>	<u>2,302</u>	<u>2,228</u>

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS (CONTINUED)FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE ACTUAL AMOUNTS OR THE YEAR ENDED JUNE 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Revised Budget	Actual		
Other:				
Economic Development Commission	\$ 336,584	\$ 14,286	\$ 322,298	\$ 23,225
Probate Court	1,375	1,245	130	2,804
Soldiers Monument Commission	1,850	1,621	229	1,823
Laurel City Commission	2,500	2,124	376	1,629
Litchfield Conservation District	1,701	1,701	-	1,692
Conservation Commission	25,350	25,506	(156)	23,162
Shade Tree Committee	750	1,380	(630)	75
Advisory Commission for Disabled	275	275	-	39
Highland Lake Commission	500	-	500	943
Data processing	102,382	103,381	(999)	102,889
Rural Transit Authority	1,680	1,680	-	1,529
Inland Wetlands Commission	14,590	12,738	-	15,605
Town of Winchester Historians	669	669	-	4,349
	<u>490,206</u>	<u>166,606</u>	<u>323,600</u>	<u>179,764</u>
Total general government	<u>1,727,811</u>	<u>1,388,626</u>	<u>339,185</u>	<u>1,493,733</u>
Welfare	<u>163,866</u>	<u>144,772</u>	<u>19,094</u>	<u>174,419</u>
Health	<u>124,793</u>	<u>124,793</u>	<u>-</u>	<u>123,709</u>
Parks and recreation				
Organized recreation	123,913	120,252	3,661	127,744
Municipal parks	5,000	5,000	-	9,200
Total parks and recreation	<u>128,913</u>	<u>125,252</u>	<u>3,661</u>	<u>136,944</u>
Library	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Debt service	<u>851,478</u>	<u>844,246</u>	<u>7,232</u>	<u>998,065</u>
Capital outlay				
Public works	780,515	382,658	397,857	255,726
General government	36,150	36,139	11	93,100
Public safety	126,829	58,778	68,051	35,770
Miscellaneous	5,000	4,979	21	-
Total capital outlay	<u>948,494</u>	<u>482,554</u>	<u>465,940</u>	<u>384,596</u>

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Revised Budget	Actual		
Total expenditures	\$ 20,944,164	\$ 20,018,865	\$ 925,299	\$ 19,794,576
Excess (Deficiency) of Revenues over Expenditures	223,707	516,087	292,380	209,663
Other Financing Sources (Uses):				
Operating transfers in	26,430	24,483	(1,947)	25,076
Operating transfers out	(324,630)	(349,954)	(25,324)	(22,154)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (74,493)	\$ 190,616	\$ 265,109	\$ 212,585

SPECIAL REVENUE FUNDS

Small Cities Grants 1984, 1985, 1986, 1992, 1993, 1994, 1995 and 1996 - To account for Federal grant revenues from the U.S. Department of Housing and Urban Development for the grant years indicated.

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 - To account for revenues and expenditures of various education grants.

Fire Truck Fund - To accumulate funds for the purchase of a new fire truck for the Town.

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

Winchester Emergency Shelter Fund - To account for the State grant received for the Winchester Emergency Shelter.

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

Sewer Assessment Fund - To account for the sewer assessment revenues and expenditures related to the Highland Lake sewer project.

Other - To account for proceeds and expenditures of diminutive miscellaneous non-intergovernmental grants and activities.

TOWN OF WINCHESTER, CONNECTICUT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR JUNE 30, 1996

	Small Cities Grants	Industrial Park #2	Cafeteria	Federal and State Education Grants	Fire Truck	Town Aid Roads Fund	Winchester Emergency Shelter	Dog Fund	Sewer Assessment Fund	Other	Totals
	1997	1997	1997	1997	1997	1997	1997	1997	1997	1997	1997
ASSETS											
Cash and cash equivalents	\$ 153,254	\$ 338,195	\$ 17,300	\$	\$ 3,142	\$ 41,565	\$ 26,780	\$ 11,973	\$	\$ 95,912	\$ 688,121
Accounts receivable:											
U.S. Government	665,642		23,566	26,531					3,310,158		23,566
State of Connecticut	1,585,717			53,692		624			54,974		692,173
Other											4,895,875
Due from other funds											109,290
Other assets			7,200								7,200
Total Assets	\$ 2,404,613	\$ 338,195	\$ 48,066	\$ 80,223	\$ 3,142	\$ 42,189	\$ 26,780	\$ 11,973	\$ 3,365,132	\$ 95,912	\$ 6,416,225
											\$ 6,446,166
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued liabilities	\$ 8,170	\$ 20,653	\$ 1,073	\$ 40,080	\$	\$ 4,960	\$ 11,516	\$ 1,500	\$ 4,354	\$ 14,419	\$ 92,306
Due to other funds	7,603			920				12,135			35,077
Due to State of Connecticut		153,130						5,519			158,649
Deferred revenue	2,270,232			39,223					3,310,158		5,619,613
Total liabilities	2,286,005	173,783	1,073	80,223	-	4,960	11,516	19,154	3,314,512	14,419	5,905,645
Fund Balances:											
Unreserved:											
Undesignated	118,608	164,412	46,993		3,142	37,229	15,264	(7,181)	50,620	81,493	510,580
Total fund balances	118,608	164,412	46,993		3,142	37,229	15,264	(7,181)	50,620	81,493	510,580
Total Liabilities and Fund Balances	\$ 2,404,613	\$ 338,195	\$ 48,066	\$ 80,223	\$ 3,142	\$ 42,189	\$ 26,780	\$ 11,973	\$ 3,365,132	\$ 95,912	\$ 6,416,225
											\$ 6,446,166

TOWN OF WINCHESTER, CONNECTICUT

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Small Cities Grants	Industrial Park #2	Cafeteria	Federal and State Education Grants	Fire Truck	Town Aid Roads Fund	Winchester Emergency Shelter	Dog Fund	Sewer Assessment Fund	Other	Totals
	1997	1997	1997	1997	1997	1997	1997	1997	1997	1997	1997
Revenues:											
Federal and state grants	\$ 505,187		\$ 132,993	\$ 293,563		\$ 98,508	\$ 50,786	\$	\$	\$ 118,640	\$ 1,199,677
Commodity sales			180,967								180,967
Interest income	2,873				69					1,778	11,275
Program income	24,168	6,555									24,168
Special assessments	15,056	185,829	9,152	293,563	69	98,508	50,786	220,951	220,951	32,211	414,697
Other	547,284	192,384	323,112					160,871	381,822	152,629	2,051,735
Total revenues	505,187	77,394	333,972	293,563	0	136,721	53,565	35,371	1,581,696	1,579,627	1,306,185
Program and Project Expenditures											
Excess (Deficiency) of Revenues over Expenditures	42,097	114,990	(10,860)	-	69	(38,213)	(2,779)	(23,993)	381,822	6,906	470,039
Other Financing Sources (Uses):											
Operating transfers in								23,954	(348,009)	(17)	23,954
Operating transfers out											(348,026)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	42,097	114,990	(10,860)	-	69	(38,213)	(2,779)	(39)	33,813	6,889	145,967
Fund Balances at Beginning of Year	76,511	49,422	57,853	-	3,073	75,442	18,043	(7,142)	16,807	74,604	364,613
Fund Balances at End of Year	\$ 118,608	\$ 164,412	\$ 46,993	\$ -	\$ 3,142	\$ 37,229	\$ 15,264	\$ (7,181)	\$ 50,620	\$ 81,493	\$ 510,580
											\$ 364,613

SPECIAL REVENUE FUNDS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - TOWN AID
 ROADS FUND AND DOG FUND - NON-GAAP BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 1997

	Town Aid Roads Fund			Dog Fund		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Federal and state grants	\$ 97,883	\$ 98,508	\$ 625	\$ -	\$ -	\$ -
License fees			-	10,000	9,814	(186)
Miscellaneous revenues			-	1,500	1,764	264
Total revenues	<u>97,883</u>	<u>98,508</u>	<u>625</u>	<u>11,500</u>	<u>11,578</u>	<u>78</u>
Expenditures:						
Salaries			-	10,000		10,000
Maintenance and expenditures			-	25,454	35,571	(10,117)
Supplies and expenditures	<u>97,883</u>	<u>136,721</u>	<u>(38,838)</u>			
Total expenditures	<u>97,883</u>	<u>136,721</u>	<u>(38,838)</u>	<u>35,454</u>	<u>35,571</u>	<u>(117)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(38,213)	(38,213)	(23,954)	(23,993)	(39)
Other Financing Sources:						
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,954</u>	<u>23,954</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>\$ -</u>	<u>(38,213)</u>	<u>\$ (38,213)</u>	<u>\$ -</u>	<u>(39)</u>	<u>\$ (39)</u>
Fund Balances at Beginning of Year		<u>75,442</u>			<u>(7,142)</u>	
Fund Balances at End of Year		<u>\$ 37,229</u>			<u>\$ (7,181)</u>	

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CAPITAL PROJECTS FUNDS

Region #7 Access Road Fund - To account for the improvements of a Town road.

Water Drainage Improvements Fund - To account for the improvements of the Town's water drainage system.

School Building Project Fund - To account for the improvements/additions of the Town's school facilities.

Ladder Tower Truck Fund - To account for the purchase of a new fire truck.

TOWN OF WINCHESTER, CONNECTICUT

CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR JUNE 30, 1996

	Region #7 Access Road	Water Drainage Improvements	School Building Project	Ladder Tower Truck	Totals
	1997	1997	1997	1997	1996
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 22,291
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 22,291

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 15,467
Notes payable	133,000	300,000	127,000	337,500	1,219,500
Total liabilities	133,000	300,000	127,000	337,500	1,234,967
Fund Balances:					
Unreserved:					
Undesignated	(133,000)	(300,000)	(127,000)	(337,500)	(1,212,676)
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 22,291

TOWN OF WINCHESTER, CONNECTICUT

CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Region #7 Access Road	Water Drainage Improvements	School Building Project	Ladder Tower Truck	Totals	
					1997	1996
Revenues:						
Miscellaneous income	\$ 92	\$ -	\$ -	\$ 2,860	\$ 2,952	\$ -
Total revenues	92	-	-	2,860	2,952	-
Expenditures:						
Capital outlay	2,429			11,347	13,776	683,224
Deficiency of Revenues over Expenditures	(2,337)	-	-	(8,487)	(10,824)	(683,224)
Operating Transfers In (Out)		150,000	63,500	112,500	326,000	-
Fund Balances at Beginning of Year	(130,663)	(450,000)	(190,500)	(441,513)	(1,212,676)	(742,952)
Fund Balances at End of Year	\$ (133,000)	\$ (300,000)	\$ (127,000)	\$ (337,500)	\$ (897,500)	\$ (1,212,676)

ENTERPRISE FUNDS

Waterworks Fund - 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.

Sewer Fund - 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.

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1997

WITH COMPARATIVE TOTALS FOR JUNE 30, 1996

	Waterworks	Sewer	Totals	
			1997	1996
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,308,871	\$ 1,097,034	\$ 2,405,905	\$ 2,016,360
Rents receivable, net of allowance for uncollectible accounts of \$8,671 in 1997 and 1996	345,862	489,497	835,359	752,001
Grants receivable	-	13,808	13,808	-
Accrued utility revenue	161,550	173,794	335,344	306,415
Due from other funds	40,698	123,407	164,105	135,467
Inventories, at cost	45,587	-	45,587	45,587
Total current assets	<u>1,902,568</u>	<u>1,897,540</u>	<u>3,800,108</u>	<u>3,255,830</u>
Property, Plant and Equipment:				
Land	57,556	27,920	85,476	85,476
Buildings, structures and improvements	7,064,056	20,021,523	27,085,579	27,020,559
Equipment	534,424	161,433	695,857	687,792
Distribution reservoirs and standpipes	487,871	-	487,871	487,871
Construction in process	995,382	6,183,121	7,178,503	6,686,628
Total fixed assets	<u>9,139,289</u>	<u>26,393,997</u>	<u>35,533,286</u>	<u>34,968,326</u>
Less accumulated depreciation	2,099,455	3,826,476	5,925,931	5,358,494
Net property, plant and equipment	<u>7,039,834</u>	<u>22,567,521</u>	<u>29,607,355</u>	<u>29,609,832</u>
Total Assets	<u>\$ 8,942,402</u>	<u>\$ 24,465,061</u>	<u>\$ 33,407,463</u>	<u>\$ 32,865,662</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Current portion of bonds payable	\$ 140,000	\$ 377,400	\$ 517,400	\$ 517,400
Notes payable	1,814,500	138,000	1,952,500	1,664,500
Accounts payable and accrued liabilities	293,803	72,248	366,051	150,421
Due to other funds		127,668	127,668	162,728
Total current liabilities	<u>2,248,303</u>	<u>715,316</u>	<u>2,963,619</u>	<u>2,495,049</u>
Accrued vacation and sick leave benefits	35,421	54,758	90,179	86,840
Bonds payable, net of current portion	1,680,000	7,723,800	9,403,800	9,921,200
Total liabilities	<u>3,963,724</u>	<u>8,493,874</u>	<u>12,457,598</u>	<u>12,503,089</u>
Fund Equity:				
Contributed capital	339,100	15,253,865	15,592,965	15,432,766
Retained earnings	4,639,578	717,322	5,356,900	4,929,807
Total fund equity	<u>4,978,678</u>	<u>15,971,187</u>	<u>20,949,865</u>	<u>20,362,573</u>
Total Liabilities and Fund Equity	<u>\$ 8,942,402</u>	<u>\$ 24,465,061</u>	<u>\$ 33,407,463</u>	<u>\$ 32,865,662</u>

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGSFOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Waterworks	Sewer	Totals	
			1997	1996
Operating Revenues:				
Rents	\$ 1,097,175	\$ 1,278,792	\$ 2,375,967	\$ 2,287,343
Fines, penalties and interest	68,493	85,189	153,682	98,755
Other	15,554	48,464	64,018	107,554
Total operating revenues	<u>1,181,222</u>	<u>1,412,445</u>	<u>2,593,667</u>	<u>2,493,652</u>
Operating expenses:				
Operations	197,786	564,376	762,162	883,422
Maintenance	166,774	77,702	244,476	269,925
Depreciation	156,651	410,786	567,437	567,437
Administration	281,379	91,595	372,974	354,086
Total operating expenses	<u>802,590</u>	<u>1,144,459</u>	<u>1,947,049</u>	<u>2,074,870</u>
Operating Income	<u>378,632</u>	<u>267,986</u>	<u>646,618</u>	<u>418,782</u>
Nonoperating Revenues (Expenses):				
Interest income	2,947	48,295	51,242	21,837
Interest expense	(131,182)	(468,664)	(599,846)	(634,977)
Total nonoperating expenses	<u>(128,235)</u>	<u>(420,369)</u>	<u>(548,604)</u>	<u>(613,140)</u>
Income (Loss) Before Operating Transfer	250,397	(152,383)	98,014	(194,358)
Operating Transfer In (Out)	<u>(18,930)</u>	<u>348,009</u>	<u>329,079</u>	<u>336,329</u>
Net Income	231,467	195,626	427,093	141,971
Retained Earnings - Beginning of Year	<u>4,408,111</u>	<u>521,696</u>	<u>4,929,807</u>	<u>4,787,836</u>
Retained Earnings - End of Year	<u>\$ 4,639,578</u>	<u>\$ 717,322</u>	<u>\$ 5,356,900</u>	<u>\$ 4,929,807</u>

TOWN OF WINCHESTER, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Waterworks	Sewer	Totals	
			1997	1996
Cash Flows from Operating Activities:				
Operating income	\$ 378,632	\$ 267,986	\$ 646,618	\$ 418,782
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	156,651	410,786	567,437	567,437
(Increase) decrease in operating assets:				
Rents receivable	(36,916)	(46,442)	(83,358)	(102,934)
Receivable from the U.S. Government		(13,808)	(13,808)	-
Accrued utility revenue	(17,249)	(11,680)	(28,929)	25,561
Increase (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	217,274	(1,645)	215,629	(7,474)
Accrued vacation and sick leave benefits	(5,669)	9,010	3,341	14,635
Net cash provided by operating activities	<u>692,723</u>	<u>614,207</u>	<u>1,306,930</u>	<u>916,007</u>
Cash Flows from Noncapital Related Financing Activities:				
Operating transfers in		348,009	348,009	355,259
Operating transfers out	(18,930)		(18,930)	(18,930)
Increase (decrease) in amounts due to/from other funds	(96,091)	32,393	(63,698)	106,229
Net cash provided by (used in) noncapital related financing activities	<u>(115,021)</u>	<u>380,402</u>	<u>265,381</u>	<u>442,558</u>
Cash Flows from Capital and Related Financing Activities:				
Grants received from State and Federal governments		160,199	160,199	221,500
Proceeds of notes payable	2,799,000	298,000	3,097,000	2,467,500
Principal payments on notes payable	(2,429,500)	(379,500)	(2,809,000)	(1,864,000)
Principal payments on bonds payable	(140,000)	(377,400)	(517,400)	(547,400)
Interest paid on notes and bonds payable	(131,182)	(468,664)	(599,846)	(634,977)
Acquisition and construction of capital assets	(382,008)	(182,953)	(564,961)	(361,721)
Net cash used in capital and related financing activities	<u>(283,690)</u>	<u>(950,318)</u>	<u>(1,234,008)</u>	<u>(719,098)</u>
Cash Flows from Investing Activities:				
Interest income	2,947	48,295	51,242	21,837
Net cash provided by investing activities	<u>2,947</u>	<u>48,295</u>	<u>51,242</u>	<u>21,837</u>
Net Increase in Cash and Cash Equivalents	296,959	92,586	389,545	661,304
Cash and Cash Equivalents at Beginning of Year	<u>1,011,912</u>	<u>1,004,448</u>	<u>2,016,360</u>	<u>1,355,056</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,308,871</u>	<u>\$ 1,097,034</u>	<u>\$ 2,405,905</u>	<u>\$ 2,016,360</u>

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FIDUCIARY FUNDS

Pension Trust Fund - To account for contributions and pension benefits and other costs associated with the operation of the Town's pension plan.

Nonexpendable Trust 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.

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.

Expendable Trust Funds:

Winchester Memorial Parks Fund - To account for funds to be used for repairs and maintenance of local parks.

Other - To account for funds contributed to the Town which are to be used for a specified purpose.

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.

General Assistance Fund - To account for financial assistance provided to local residents.

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

TOWN OF WINCHESTER, CONNECTICUT

E-1

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1997

	Pension Trust Fund* 1996	Nonexpendable Trust Funds					Total Assets
		Winchester School Trust	Winchester Sinking Cemetery	Forest View Cemetery	Winchester Center Cemetery	Other	
Cash and cash equivalents	\$ 3,110,611	\$ 46,596	\$ 69,916	\$ 137,880	\$ 37,909	\$ 131,233	
Investments	263,940						
Contribution receivable							
Total Assets	\$ 3,374,551	\$ 46,596	\$ 69,916	\$ 137,880	\$ 37,909	\$ 131,233	

LIABILITIES AND FUND BALANCES

Liabilities:	\$	\$	\$	\$	\$	\$
Fiduciary deposits						
Due to General Fund						
Total liabilities						
Fund Balances:						
Reserved for employee retirement system	3,374,551					
Unreserved - undesignated		46,596	69,916	137,880	37,909	131,233
Total fund balances	3,374,551	46,596	69,916	137,880	37,909	131,233
Total Liabilities and Fund Balances	\$ 3,374,551	\$ 46,596	\$ 69,916	\$ 137,880	\$ 37,909	\$ 131,233

*The Pension Trust Fund has been combined using the Fund's fiscal year, which is January 1 to December 31.

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

FIDUCIARY FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 1997

	Expendable Trust Funds				Agency Funds				Totals
	Winchester Memorial Parks	Other	Town Deposit	Student Activities	General Assistance	Other			
ASSETS									
Cash and cash equivalents	\$ 11,021	\$ 6,944	\$ 4,536	\$ 23,657	\$ 5,734	\$ 34,566	\$ 509,992		
Investments							3,110,611		
Contribution receivable							263,940		
Total Assets	\$ 11,021	\$ 6,944	\$ 4,536	\$ 23,657	\$ 5,734	\$ 34,566	\$ 3,884,543		

LIABILITIES AND FUND BALANCES

Liabilities:									
Fiduciary deposits				23,657	5,734	34,566	63,957		
Due to General Fund			4,536				4,536		
Total liabilities			4,536	23,657	5,734	34,566	68,493		
Fund Balances:									
Reserved for employee retirement system	11,021	6,944					3,374,551		
Unreserved - undesignated	11,021	6,944					441,499		
Total fund balances	11,021	6,944					3,816,050		
Total Liabilities and Fund Balances	\$ 11,021	\$ 6,944	\$ 4,536	\$ 23,657	\$ 5,734	\$ 34,566	\$ 3,884,543		

TOWN OF WINCHESTER, CONNECTICUT

E-2

NONEXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1997

	Nonexpendable Trust Funds					Totals
	Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	
Revenues:						
Interest and dividend income	\$ 4,225	\$ 2,095	\$ 3,727	\$ 1,311	\$ 5,476	\$ 16,834
Total revenues	<u>4,225</u>	<u>2,095</u>	<u>3,727</u>	<u>1,311</u>	<u>5,476</u>	<u>16,834</u>
Expenses:						
Other	1,500	-	-	-	-	1,500
Total expenses	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Operating Income	2,725	2,095	3,727	1,311	5,476	15,334
Operating Transfers Out	-	-	(3,699)	(1,241)	(547)	(5,487)
Net Income	2,725	2,095	28	70	4,929	9,847
Fund Balances at Beginning of Year	<u>43,871</u>	<u>67,821</u>	<u>137,852</u>	<u>37,839</u>	<u>126,304</u>	<u>413,687</u>
Fund Balances at End of Year	<u>\$ 46,596</u>	<u>\$ 69,916</u>	<u>\$ 137,880</u>	<u>\$ 37,909</u>	<u>\$ 131,233</u>	<u>\$ 423,534</u>

TOWN OF WINCHESTER, CONNECTICUT

E-3

NONEXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1997

	Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	Totals
Cash Flows from Operating Activities:						
Operating income	\$ 2,725	\$ 2,095	\$ 3,727	\$ 1,311	\$ 5,476	\$ 15,334
Adjustments to reconcile operating income to net cash used in operating activities:						
Investment income	(4,225)	(2,095)	(3,727)	(1,311)	(5,476)	(16,834)
Net cash used in operating activities	<u>(1,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>
Cash Flows from Noncapital Related Financing Activities:						
Operating transfers to General Fund			(3,699)	(1,241)	(547)	(5,487)
Net cash used in noncapital related financing activities	<u>-</u>	<u>-</u>	<u>(3,699)</u>	<u>(1,241)</u>	<u>(547)</u>	<u>(5,487)</u>
Cash Flows from Investing Activities:						
Investment income	4,225	2,095	3,727	1,311	5,476	16,834
Net cash provided by investing activities	<u>4,225</u>	<u>2,095</u>	<u>3,727</u>	<u>1,311</u>	<u>5,476</u>	<u>16,834</u>
Net Increase in Cash and Cash Equivalents	2,725	2,095	28	70	4,929	9,847
Cash and Cash Equivalents at Beginning of Year	<u>43,871</u>	<u>67,821</u>	<u>137,852</u>	<u>37,839</u>	<u>126,304</u>	<u>413,687</u>
Cash and Cash Equivalents at End of Year	<u>\$ 46,596</u>	<u>\$ 69,916</u>	<u>\$ 137,880</u>	<u>\$ 37,909</u>	<u>\$ 131,233</u>	<u>\$ 423,534</u>

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCESFOR THE YEAR ENDED JUNE 30, 1997
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1996

	Winchester Memorial Parks	Other	Totals	
			1997	1996
Revenues:				
Investment income	\$ 157	\$ 261	\$ 418	\$ 540
Expenditures			-	-
Excess of Revenues over Expenditures	157	261	418	540
Fund Balances at Beginning of Year	10,864	6,683	17,547	17,007
Fund Balances at End of Year	\$ 11,021	\$ 6,944	\$ 17,965	\$ 17,547

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 1997

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Town Deposit:				
Assets:				
Cash and cash equivalents	\$ 4,536	\$ 49	\$ 49	\$ 4,536
Liabilities:				
Due to General Fund	\$ 4,536	\$ 49	\$ 49	\$ 4,536
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 23,649	\$ 77,645	\$ 77,637	\$ 23,657
Liabilities:				
Fiduciary deposits	\$ 23,649	\$ 77,645	\$ 77,637	\$ 23,657
General Assistance:				
Assets:				
Cash and cash equivalents	\$ 9,552	\$ 50,000	\$ 53,818	\$ 5,734
Liabilities:				
Fiduciary deposits	\$ 9,552	\$ 50,000	\$ 53,818	\$ 5,734
Other:				
Assets:				
Cash and cash equivalents	\$ 33,262	\$ 1,477	\$ 173	\$ 34,566
Liabilities:				
Fiduciary deposits	\$ 33,262	\$ 1,477	\$ 173	\$ 34,566
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 70,999	\$ 129,171	\$ 131,677	\$ 68,493
Total Assets	\$ 70,999	\$ 129,171	\$ 131,677	\$ 68,493
Liabilities:				
Due to General Fund	\$ 4,536	\$ 49	\$ 49	\$ 4,536
Fiduciary deposits	66,463	129,122	131,628	63,957
Total Liabilities	\$ 70,999	\$ 129,171	\$ 131,677	\$ 68,493

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for all fixed assets except those used in
Proprietary Fund operations.

TOWN OF WINCHESTER, CONNECTICUT

F-1

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1997

General Fixed Assets:	
Land and improvements	\$ 1,000,080
Buildings and improvements:	
Schools	12,869,366
Town Hall	899,279
Senior Citizens Center	447,170
Fire Department	88,820
Other	235,849
Vehicles and equipment:	
Schools	1,693,675
Town	<u>4,653,643</u>
Total General Fixed Assets	\$ <u>21,887,882</u>
Investment in General Fixed Assets:	
Bonds and notes	\$ 10,129,736
Federal and State grants	4,509,333
Current appropriations	<u>7,248,813</u>
Total Investment in General Fixed Assets	\$ <u>21,887,882</u>

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1997

<u>Function</u>	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>
General Government	\$ 3,437,841	\$ 1,000,080	1,363,475	1,074,286
Public Safety	1,540,016		88,820	1,451,196
Public Works	2,204,526		150,564	2,053,962
Parks and Recreation	142,458		68,259	74,199
Education	<u>14,563,041</u>	<u></u>	<u>12,869,366</u>	<u>1,693,675</u>
Total General Fixed Assets Allocated by Function	<u>\$ 21,887,882</u>	<u>\$ 1,000,080</u>	<u>\$ 14,540,484</u>	<u>\$ 6,347,318</u>

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 1997

Function	Balance, July 1, 1996	Additions	Adjustments and Deletions	Balance, June 30, 1997
General Government	\$ 3,381,353	\$ 57,906	1,418	\$ 3,437,841
Public Safety	1,485,995	54,021		1,540,016
Public Works	2,186,952	18,766	1,192	2,204,526
Parks and Recreation	141,958	500		142,458
Education	<u>14,326,989</u>	<u>236,052</u>		<u>14,563,041</u>
Total General Fixed Assets Allocated by Function	<u>\$ 21,523,247</u>	<u>\$ 367,245</u>	<u>\$ 2,610</u>	<u>\$ 21,887,882</u>

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OTHER INFORMATION

TOWN OF WINCHESTER, CONNECTICUT

G

GENERAL FUND

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 1997

Grand List of October 1,	Due Date of Tax	New Levy and Uncollected Balance July 1, 1996	Lawful Corrections		Transfers to Suspend	Adjusted Tax Levies	Collections		Taxes Receivable June 30, 1997	
			Additions	Deductions			Taxes	Interest and Liens		Total
1995	7/1 and 1/1	\$ 11,630,690	\$ 27,487	\$ 80,845	\$	\$ 11,577,332	\$ 10,963,651	\$ 52,809	\$ 11,016,460	\$ 613,681
1994	7/1 and 1/1	533,751	6,360	16,297		523,814	245,117	52,366	297,483	278,697
1993	7/1 and 1/1	365,187	477	18,759	5,053	341,852	122,926	46,564	169,490	218,926
1992*	7/1 and 1/1	552,147	2,136	13,785	33,152	507,346	163,983	84,997	248,980	343,363
Total Grand List		\$ 13,081,775	\$ 36,460	\$ 129,686	\$ 38,205	\$ 12,950,344	\$ 11,495,677	\$ 236,736	\$ 11,732,413	\$ 1,454,667
Suspend Collections							4,507	2,451		6,958
Total Tax Collections							\$ 11,500,184	\$ 239,187	\$ 11,739,371	

* Includes collection of this list and all prior.

TOWN OF WINCHESTER, CONNECTICUT

H

ENTERPRISE FUNDS

SCHEDULES OF WATER AND SEWER RENTS LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 1997

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 1996	Collections			Water Rents Receivable, June 30, 1997
		Rents	Interest and Liens	Total	
1996	\$ 1,075,810	\$ 940,438	\$ 10,119	\$ 950,557	\$ 135,372
1995	114,697	39,257	11,290	50,547	75,440
1994*	207,037	63,316	47,084	110,400	143,721
	<u>\$ 1,397,544</u>	<u>\$ 1,043,011</u>	<u>\$ 68,493</u>	<u>\$ 1,111,504</u>	<u>\$ 354,533</u>

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 1996	Collections			Sewer Rents Receivable, June 30, 1997
		Rents	Interest and Liens	Total	
1996	\$ 1,266,287	\$ 1,098,807	\$ 11,484	\$ 1,110,291	\$ 167,480
1995	147,570	46,173	13,344	59,517	101,397
1994*	291,578	75,689	60,266	135,955	215,889
	<u>\$ 1,705,435</u>	<u>\$ 1,220,669</u>	<u>\$ 85,094</u>	<u>\$ 1,305,763</u>	<u>\$ 484,766</u>

*Includes Grand List of 1994 and all years prior.

Source: Town of Winchester, Connecticut, Collector of Revenue.

TOWN OF WINCHESTER, CONNECTICUT

I

SCHEDULE OF SURETY BONDS COVERING OFFICIALS AND EMPLOYEES

JUNE 30, 1997

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Paul S. Vayer	Town Manager	\$ 95,000
Henry L. Centrella, Jr.	Director of Finance	595,000
Robert D. Carfiro	Treasurer	600,000
Ann S. Aust	Tax Collector	147,000
Kathleen N. Simmons	Assistant to the Tax Collector	85,000
Sharon Nash	Ambulance Treasurer	55,000
Mark A. Douglass	Purchasing Agent	25,000
Sandra Andrews	Assistant to the Finance Director	25,000
Colleen Garrity	Assistant to the Finance Director	25,000
William T. Riiska	Town Clerk	5,000
Sheila Sedlack	Assistant Town Clerk	5,000
Public Employees Blanket Bond	Public Employees Blanket Bond	5,000
Public Works Department	Public Works Department	5,000

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STATISTICAL SECTION

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND EXPENDITURES BY FUNCTION
NON-GAAP BUDGETARY BASIS

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Board of Education	Public Works	Public Safety	Miscellaneous	General			Parks and Recreation	Library	Debt Service	Capital Outlay	Total
					Government	Welfare	Health					
1988	\$ 7,516	\$ 1,158	\$ 1,237	\$ 727	\$ 736	\$ 109	\$ 124	\$ 108	\$ 84	\$ 305	\$ 534	12,638
1989	8,798	1,370	1,482	876	782	133	145	123	87	299	356	14,451
1990	9,915	1,634	1,655	986	819	182	158	133	92	1,297	366	17,237
1991	10,728	1,933	2,049	901	870	261	174	136	115	1,005	481	18,653
1992	11,182	1,967	1,969	823	858	329	192	142	122	972	640	19,196
1993	11,394	1,872	1,872	754	1,250	184	180	140	128	939	337	19,050
1994	11,668	1,597	2,005	804	1,565	186	180	140	130	906	424	19,605
1995	11,859	1,434	1,984	1,071	1,793	180	149	142	133	873	713	20,331
1996	12,112	1,428	2,050	769	1,494	174	124	137	125	782	384	19,579
1997	12,502	1,456	2,121	704	1,389	145	125	125	125	844	483	20,019

Source: Town of Winchester, Connecticut, Department of Finance.

TOWN OF WINCHESTER, CONNECTICUT

Table 2

GENERAL FUND REVENUES BY SOURCE
NON-GAAP BUDGETARY BASIS

LAST TEN FISCAL YEARS

(In Thousands)

<u>Fiscal Year</u>	<u>General Property Taxes, Interest and Lien Fees</u>	<u>Intergovernmental Revenues</u>	<u>Other Revenues</u>	<u>Total</u>
1988	\$ 7,114	\$ 5,156	\$ 414	\$ 12,684
1989	8,468	5,673	749 (1)	14,890
1990	8,942	7,452	461	16,855
1991	10,129	7,783	481	18,393
1992	10,702	8,487	404	19,593
1993	10,734	8,046	263	19,043
1994	10,926	8,324	403	19,653
1995	11,374	8,618	312	20,304
1996	10,717	8,923	364	20,004
1997	11,713	8,369	453	20,535

(1) Includes \$235,900 from sale of Town land.

Source: Town of Winchester, Connecticut, Department of Finance.

TOWN OF WINCHESTER, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Grand List	Mill Rate (1)	Total Tax Levy	Current Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Taxes	Percent of Outstanding Taxes to Tax Levy
1988	1986	31.90	7,196	6,775	94.15	222	6,997	97.23	385	5.35
1989	1987	35.60	8,384	8,170	95.18	204	8,374	97.55	521	6.07
1990	1988	35.60	8,980	8,509	94.76	250	8,759	97.54	697	7.76
1991	1989	39.00	10,360	9,654	93.18	323	9,977	96.30	994	9.59
1992	1990	39.00	10,662	10,017	93.96	481	10,498	98.46	1,064	9.98
1993	1991	39.00	10,746	10,159	94.54	377	10,536	98.05	1,112	10.35
1994	1992	39.00	10,907	10,384	95.21	351	10,735	98.42	1,241	11.38
1995	1993	39.50	11,265	10,704	95.02	442	11,146	98.94	1,304	11.58
1996	1994	25.97	10,753	10,220	95.04	320	10,540	98.02	1,451	13.49
1997	1995	27.56	11,631	10,964	94.27	532	11,496	98.84	1,455	12.51

(1) Per \$1,000 assessed value.

Sources: Town of Winchester, Connecticut, Department of the Tax Collector and Department of Finance.

TOWN OF WINCHESTER, CONNECTICUT

Table 4

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Grand List	Real Property		Personal Property		Motor Vehicles		Totals		Ratio of Total Assessed to Total Estimated Actual Value
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1988	1986	189,977	271,396	15,976	22,823	19,833	28,333	225,786	322,552	70
1989	1987	200,326	286,180	16,287	23,267	23,892	34,131	240,505	343,578	70
1990	1988	209,411	299,159	17,065	24,379	26,927	38,467	253,403	362,005	70
1991	1989	217,017	310,024	19,561	27,945	28,611	40,873	265,189	378,842	70
1992	1990	221,882	316,974	23,443	33,490	28,910	41,300	274,235	391,764	70
1993	1991	224,461	320,659	29,626	42,323	27,861	39,801	281,948	402,783	70
1994	1992	227,392	324,845	32,860	46,942	28,363	40,518	288,615	412,305	70
1995	1993	230,129	328,756	33,348	47,597	34,332	49,047	297,809	425,400	70
1996	1994	353,722	505,317	32,885	46,979	37,975	54,250	424,582	606,546	70
1997	1995	356,755	509,650	33,563	47,947	42,469	60,670	432,787	618,267	70

There is no overlapping taxable property.

Source: Town of Winchester, Connecticut, Department of Assessment.

TOWN OF WINCHESTER, CONNECTICUT

Table 5

RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	(1) Population	(2) Assessed Value	(3)(4)(5) Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita
1988	11,260	225,786,000	1,020,000	.45	91
1989	11,260	240,505,000	8,370,000	3.48	743
1990	11,740	253,403,000	7,915,000	3.12	674
1991	11,524	265,189,000	7,460,000	2.81	647
1992	11,340	274,235,000	7,005,000	2.55	622
1993	11,370	281,948,000	6,550,000	2.32	576
1994	11,370	288,615,000	6,095,000	2.11	536
1995	11,342	297,809,000	5,640,000	1.89	497
1996	11,342	424,582,000	5,185,000	1.22	457
1996	11,300	432,787,000	4,730,000	1.09	419

(1) Statistics provided are estimates of the State of Connecticut Department of Health Services.

(2) Source: Town of Winchester, Connecticut, Department of Assessment.

(3) Excludes Bond Anticipation Notes.

(4) There is no overlapping debt.

(5) Source: Town of Winchester, Connecticut, Department of Finance.

TOWN OF WINCHESTER, CONNECTICUT

Table 6

SCHEDULE OF DEBT LIMITATION

FOR THE YEAR ENDED JUNE 30, 1996

Total Tax Collections, Including Interest and Lien Fees, for Current Fiscal Year	\$ 11,739,371
Reimbursement for Revenue Loss on:	
Tax relief for elderly and disabled	137,704
Private property tax exemptions	114,598
Industrial park tenants' tax exemptions	76,233
Manufacturers PILOT grant	246,119
Motor boats	<u>14,829</u>
Base	<u>\$ 12,328,854</u>

	General Long-Term Debt			
	General Purposes (2.25 x base)	Schools (4.50 x base)	Urban Renewal (3.25 x base)	Enterprise (3.75 x base)
Debt Limitation:				
Statutory debt limits by function	\$ <u>27,739,922</u>	\$ <u>55,479,843</u>	\$ <u>40,068,776</u>	\$ <u>46,233,203</u>
Debt:				
Bonds payable	300,000	4,430,000		9,921,200
Notes payable	<u>770,500</u>	<u>127,000</u>		<u>1,952,500</u>
	<u>1,070,500</u>	<u>4,557,000</u>	<u>-</u>	<u>11,873,700</u>
Debt Limitation in Excess of Debt*	<u>\$ 26,669,422</u>	<u>\$ 50,922,843</u>	<u>\$ 40,068,776</u>	<u>\$ 34,359,503</u>

*In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be approximately \$86,301,978.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL
BONDED DEBT TO TOTAL GENERAL EXPENDITURES

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Principal(1)	Interest(1)	Total Debt Service(1)	Total General Expenditures(2)	Ratio of Debt to Total General Expenditures
1988	\$ 80	\$ 94	\$ 174	\$ 12,638	1.38 %
1989	80	87	167	14,452	1.16
1990	455	842	1,297	17,237	7.53
1991	455	550	1,005	18,653	5.39
1992	455	517	972	19,196	5.08
1993	455	484	939	19,050	4.93
1994	455	451	906	19,605	4.62
1995	455	418	873	20,331	4.29
1996	455	385	840	19,579	4.29
1997	455	352	807	20,385	3.96

(1) Includes only general bonded debt.

(2) Includes expenditures of the General Fund (non-GAAP budgetary basis).

Source: Town of Winchester, Connecticut, Department of Finance.

DEMOGRAPHIC STATISTICS (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(2) Population</u>	<u>(3) School Enrollment</u>	<u>(4) Per Capita Income</u>	<u>(5) Unemployment Rate</u>
1988	11,260	1,203	\$ 6,634	4.9 %
1989	11,260	1,225		3.1
1990	11,740	1,245		6.2
1991	11,524	1,267		7.1
1992	11,340	1,272		8.5
1993	11,370	1,267		7.7
1994	11,370	1,220		8.1
1995	11,342	1,226		7.3
1996	11,342	1,229		5.2
1997	11,300	1,254		6.7

(1) Information regarding median age and education level of the population is not available.

(2) Statistics provided are estimates of the State of Connecticut Department of Health Services.

(3) Source: Town of Winchester, Connecticut, Board of Education.

(4) Per the U.S. Census.

(5) Per State of Connecticut Department of Labor.

TOWN OF WINCHESTER, CONNECTICUT

Table 9

PROPERTY VALUE , CONSTRUCTION AND BANK DEPOSITS

LAST TEN FISCAL YEARS

(Dollars in Thousands)

Fiscal Year	Construction(1)				Property Value(2)			Bank Deposits(3)	
	Commercial		Residential		Commercial	Residential(1)	Nontaxable	Number of Banks	Deposits
	Number of Units	Value	Number of Units	Value					
1988	3	\$ 393	70	\$ 4,928	\$ 19,265	\$ 161,263	\$ 34,286	6	\$ 199,256
1989	4	1,570	24	2,286	29,427	168,677	37,461	5	220,185
1990	6	648	30	2,224	31,123	178,270	38,383		
1991	5	442	14	1,032	34,143	182,066	38,477		
1992	1	907	11	745	38,341	183,479	38,522		
1993	1	3,288	16	926	37,946	185,350	38,520		
1994	1	70	13	4,154	38,005	198,242	42,367		
1995	1	350	14	1,183	48,650	305,157	49,220		
1996	6	4,685	6	606	48,560	305,150	49,020		
1997	1	151	5	903	50,044	308,609	49,290		

(1) Source: Town of Winchester, Connecticut, Department of Building and Housing.

(2) Source: Town of Winchester, Connecticut, Department of Assessment.

(3) Source: Decision Research Sciences, Inc.
(Information after 1989 is not available.)

PRINCIPAL TAXPAYERS

JUNE 30, 1997

	Assessed Valuation as of October 1, 1995	Percentage of Gross Taxable Grand List	Nature of Business
1. Howmet Turbine	\$ 6,525,205	1.51 %	Manufacturing
2. Ledgebrook LLC Trustee	4,894,780	1.13	Shopping Center
3. Connecticut Light and Power	3,962,490	0.92	Power Company
4. SKF USA, Inc.	2,680,599	0.62	Manufacturing
5. Yankee Gas	2,396,002	0.55	Gas Company
6. Litchfield Gardens Association	2,197,530	0.51	Apartments
7. Winsted Precision Ball	1,472,254	0.34	Manufacturing
8. Homer D. Bronson Company	1,369,070	0.32	Manufacturing
9. Litchfield Heights Apartments, LLC	1,343,240	0.31	Apartments
10. Bridge Realty Company	1,339,840	0.31	Realty
Total	<u>\$ 28,181,010</u>	<u>6.52 %</u>	

Source: Town of Winchester, Connecticut, Department of Assessment.

CAPITAL OUTLAY EXPENDITURES BY FUNCTION - NON-GAAP BUDGETARY BASIS

LAST TEN FISCAL YEARS

(In Thousands)

<u>Fiscal Year</u>	<u>Public Works</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Parks and Recreation</u>	<u>Miscellaneous</u>	<u>Welfare</u>	<u>Total</u>
1988	\$ 284	\$ 27	\$ 210	\$ 12	\$ 1	\$ -	\$ 534
1989	77	127	124	19	9	-	356
1990	152	18	182	9	5	-	366
1991	329	22	113	8	8	-	480
1992	494	14	114	2	16	-	640
1993	198	-	114	2	23	-	337
1994	205	143	67	1	8	-	424
1995	505	145	63	-	-	-	713
1996	255	93	36	-	-	-	384
1997	383	36	59	-	5	-	483

Source: Town of Winchester, Connecticut, Department of Finance.

SUPPLEMENTAL DATA

JUNE 30, 1997

Date of Incorporation: May 1771
 Form of Government: Selectmen-Town Manager
 First Charter Adopted: July 22, 1771
 Present Charter Adopted: November 5, 1985
 Area of Town: 34.0 square miles

Miles of streets 81.27
 Paved 72.51
 Unpaved 8.76
 State highways 23.50

Recreation

Community Centers 1
 Neighborhood parks 2
 Public greens 2
 Acres of park land 30
 Playgrounds 3
 Tennis courts 2
 Asphalt 2
 Lighted 2
 Ball diamonds 7
 Lighted 1
 Basketball courts 2
 Lighted 1
 Beaches 2
 Ponds 1

Elections

Registered voters 6,598
 Votes cast in last:
 National election 4,632
 State election 4,097
 Municipal election 2,801
 Percentage of registered voters voting in last:
 National election 70 %
 State election 62 %
 Municipal election 42 %

Library

Main building 1
 Employees 10
 Full-time 3
 Part-time 5

Municipal Cemeteries

Active 3
 Inactive 3

Education

Senior high schools 1
 Students 16
 Private senior high schools 1
 Students 556
 Special education 60
 Instruction 46
 Administrative and other nonteaching personnel 27
 Middle schools 1
 Students 351
 Elementary schools 2
 Students 887
 Special education 77
 Instructional 100
 Administrative and other nonteaching personnel 52

Police Protection

Police cars 9
 Police officers 18
 Civilian employees 5

Fire Protection

Stations 4
 Volunteer firemen 132
 Full-time paid firemen 1

Town Employees (Full-Time)

Town 80
 School 147