

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 1998**

**TOWN OF WINCHESTER,
CONNECTICUT**



**Office of the
Director of Finance**

TOWN OF WINCHESTER, CONNECTICUT

Comprehensive Annual Financial Report

JUNE 30, 1998

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

TOWN OF WINCHESTER, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT

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TOWN OF WINCHESTER, CONNECTICUT

LISTING OF KEY OFFICERS

AS OF JUNE 30, 1998

Mayor:	John F. Arcelaschi
Board of Selectmen:	Karen Beadle Richard Lavieri John R. Forrest Carol Crossman 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:	Margaret A. Johnson
Director of Finance:	Henry L. Centrella, Jr.
Treasurer:	*
Tax Collector:	Robert D. Carfiro
Town Clerk:	William T. Riiska
Purchasing Agent:	Mark A. Douglass
Town Assessor:	Janice L. McKie
Superintendent of Schools:	Raymond W. Powell

* Position is vacant, Town Manager is fulfilling the role on a temporary basis

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, 1997

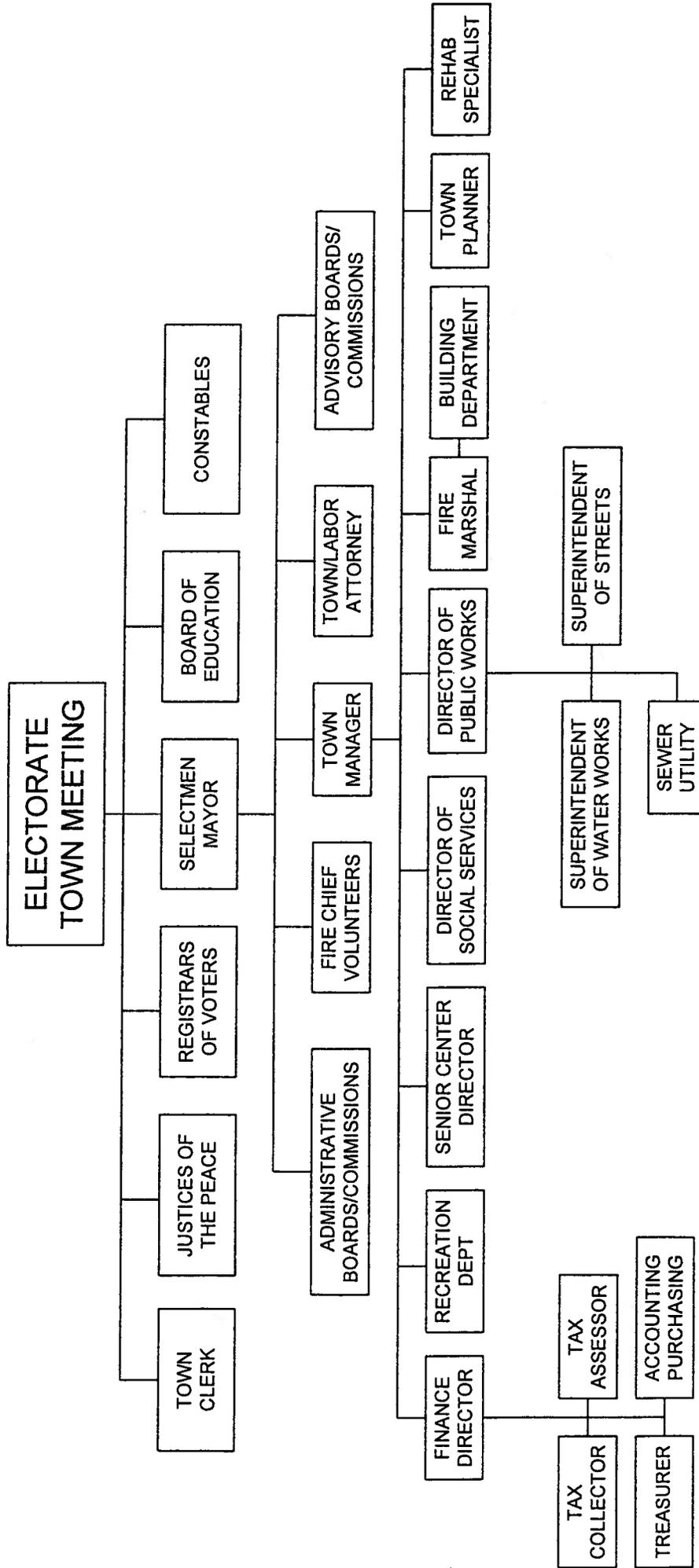
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Douglas R. Ellsworth
President

Jeffrey L. Essler
Executive Director

ORGANIZATIONAL CHART



FINANCIAL SECTION



*Blum, Shapiro & Company, P.C.
Certified Public Accountants
and Business Consultants*

*29 South Main Street
P.O. Box 272000
West Hartford, CT 06127-2000
Phone: 860 561 4000
Fax: 860 521 9241
Home Page: <http://www.bshapiro.com>*

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, 1998 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, 1998, 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 adopted the provisions of Governmental Accounting Standards Board Statement 27, "Accounting for Pensions by State and Local Government Employers," for the fiscal year ended June 30, 1998.

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 October 29, 1998 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.
October 29, 1998

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

ASSETS AND OTHER DEBITS

	Governmental Fund Types		Capital Projects	Proprietary Fund Type		Fiduciary Fund Types		Account Groups		Totals	
	General	Special Revenue		Enterprise	Trust and Agency	General Fixed Assets	Long-Term Debt	1998	(Memorandum Only) 1997		
Assets:											
Cash and cash equivalents	\$ 1,411,787	\$ 796,289	\$ -	\$ 2,751,904	\$ 505,256	\$ -	\$ -	\$ -	\$ 5,465,236	\$ 5,432,289	\$ 3,110,611
Investments	1,277,216			3,982,924	3,565,629				7,548,553	7,548,553	1,415,667
Property taxes receivable, net											23,566
Accounts receivable:											755,875
U.S. Government	336,625	186,528							523,153	6,002,406	6,072,289
State of Connecticut	230,509	4,764,367			280,692				333,916	333,344	333,344
Other	45,803	243,054		726,838					805,097	313,007	164,495
Accrued utility revenue	42,358	14,870		516,240					57,228	164,495	45,587
Due from other funds									45,586	60,368,547	51,495,237
Other assets				37,389,621				22,978,926		2,648,916	2,893,884
Inventories, at cost									4,215,870	4,215,870	3,967,511
Property, plant and equipment (net where applicable)									6,864,786	6,864,786	6,864,786
Other Debits:											
Amounts to be provided by state grant											
Amounts to be provided by future years' budgets											
Total Assets and Other Debits	\$ 3,344,298	\$ 6,005,108	\$ -	\$ 45,747,029	\$ 4,351,577	\$ -	\$ 22,978,926	\$ 89,291,724	\$ 76,025,362	\$ 76,025,362	\$ 76,025,362

LIABILITIES, FUND EQUITY AND OTHER CREDITS

Liabilities:											
Accounts payable and accrued liabilities	\$ 454,181	\$ 52,041	\$ -	\$ 835,621	\$ 7,677	\$ -	\$ -	\$ -	\$ 1,341,843	\$ 998,507	\$ 313,007
Due to other funds	173,782	27,483		596,155					805,097	177,812	158,649
Due to State of Connecticut		177,812			49,116				49,116	80,042	63,957
Fiduciary deposits										6,355,426	170,286
Accrued pension contribution	80,042								6,355,426	6,911,491	6,911,491
Bonds and notes payable	1,155,366	5,200,060	438,500	22,647,600					27,538,750	17,501,200	17,501,200
Deferred revenue									1,099,008	1,119,117	1,119,117
Claims and judgments				105,613					849,141	822,773	822,773
Accrued vacation and sick leave benefits									549,600	279,684	279,684
Obligations under capital leases									6,864,786	6,864,786	6,864,786
Total liabilities	\$ 1,863,371	\$ 5,457,396	\$ 438,500	\$ 24,184,989	\$ 56,793	\$ -	\$ 22,978,926	\$ 38,865,835	\$ 28,338,671	\$ 28,338,671	\$ 28,338,671
Fund Equity and Other Credits:											
Investment in general fixed assets											
Contributed capital											
Retained earnings				15,592,965					22,978,926	22,978,926	21,887,882
Fund balances:				5,969,075					5,969,075	5,969,075	15,592,965
Reserved for employee retirement system					3,846,321				3,846,321	3,846,321	3,374,551
Reserved for encumbrances	235,193								235,193	522,602	522,602
Reserved for prepaid expenditures	42,358								42,358	157,295	157,295
Unreserved:											
Undesignated	1,203,376	547,712	(438,500)	21,562,040	448,463				1,761,051	794,496	794,496
Total fund equity and other credits	1,480,927	547,712	(438,500)	21,562,040	4,294,784				50,425,889	47,686,691	47,686,691
Total Liabilities, Fund Equity and Other Credits	\$ 3,344,298	\$ 6,005,108	\$ -	\$ 45,747,029	\$ 4,351,577	\$ -	\$ 22,978,926	\$ 89,291,724	\$ 76,025,362	\$ 76,025,362	\$ 76,025,362

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

Exhibit 2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDSFOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Capital Projects	Fund Type	(Memorandum Only)	
				Expendable Trust	1998	1997
Revenues:						
General property taxes, interest and lien fees	\$ 13,158,847	\$	\$	\$	\$ 13,158,847	\$ 11,712,850
Intergovernmental revenues	8,975,273	1,021,852			9,997,125	9,891,827
Other revenues	564,901	709,564		556	1,275,021	1,308,550
Total revenues	<u>22,699,021</u>	<u>1,731,416</u>	<u>-</u>	<u>556</u>	<u>24,430,993</u>	<u>22,913,227</u>
Expenditures:						
Current:						
Board of Education	13,756,318				13,756,318	12,989,210
Program and project expenditures		1,465,682			1,465,682	1,581,696
Public works	1,501,118				1,501,118	1,429,223
Public safety	2,315,245				2,315,245	2,116,245
Miscellaneous	919,554				919,554	705,768
General government	1,523,004				1,523,004	1,392,269
Welfare	121,676				121,676	144,995
Health	114,779				114,779	124,793
Parks and recreation	139,414				139,414	124,032
Library	128,000				128,000	125,000
Debt service	793,425				793,425	844,246
Capital outlay	764,155		-		764,155	410,081
Total expenditures	<u>22,076,688</u>	<u>1,465,682</u>	<u>-</u>	<u>-</u>	<u>23,542,370</u>	<u>21,987,558</u>
Excess of Revenues over Expenditures	622,333	265,734		556	888,623	925,669
Other Financing Sources (Uses):						
Proceeds from capital lease					-	38,634
Operating transfers in	24,913	127,133	459,000		611,046	374,437
Operating transfers out	(586,133)	(355,735)			(941,868)	(697,980)
Excess of Revenues and Other Sources over Expenditures and Other Uses	61,113	37,132	459,000	556	557,801	640,760
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 1,480,927</u>	<u>\$ 547,712</u>	<u>\$ (438,500)</u>	<u>\$ 18,521</u>	<u>\$ 1,608,660</u>	<u>\$ 1,050,859</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, 1998

Additions:	
Contributions:	
Employer	\$ 86,382
Plan member	49,646
Total contributions	<u>136,028</u>
Investment income:	
Net appreciation in fair value of investments	97,111
Interest	145,315
Dividends	217,954
	<u>460,380</u>
Total additions	<u>596,408</u>
Deductions:	
Benefits	92,321
Administrative expense	32,317
Total deductions	<u>124,638</u>
Net Increase	471,770
Net Assets Held In Trust for Pension Benefits at Beginning of Year	<u>3,374,551</u>
Net Assets Held In Trust for Pension Benefits at End of Year	<u>\$ 3,846,321</u>

The accompanying notes are an integral part of the financial statements



TOWN OF WINCHESTER - CITY OF WINSTED

Town Hall - 338 Main Street
WINSTED, CONNECTICUT 06098

October 29, 1998

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, 1998 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 1998 look somewhat more promising, with a decrease from June 1997.

Unemployment statistics as of June 1998 for the Town of Winchester are reported to be at 4.4%, while that of the State of Connecticut is 4.0%. These percentages present a declining unemployment rate from June 1997 which saw the Town of Winchester at 6.7% and the State of Connecticut at 5.4%.

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 online. 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.

In 1993, the Town entered into a consent order with the State of Connecticut to build a new water filtration plant by June 30, 1998. In 1996, the voters approved at referendum the construction of a new plant at a cost of \$8,287,500, including the repair and construction of water main service pipes. Loans of \$5,127,700 and grants of \$3,072,300 from the Farmers Home Administration, U.S. Department of Agriculture, helped to fund this project. The balance of the \$87,500 will come from the water budget. The Town of Winchester began construction of the water plant in June 1997, and met the June 30, 1998 completion deadline. The plant is currently in operation. Replacement of additional water pipes is being contemplated in future years at an estimated cost of \$6 million. It is anticipated that Farmers Home Administration will also fund the water pipe replacement project through loans and grants.

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 the process of personnel administration in every aspect. 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 of 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 efforts into being certain that the rights of employees, at every level, are not violated in any way. Some of the areas in which the Commission will benefit the Town of Winchester will be in the clear definition and delineation of job descriptions, the provision for uniform testing when additions to the roster of employees occurs, and the provision for uniform and consistent personnel policies within the confines of existing labor contracts.

Future:

As part of the Town's ongoing commitment to enhance its utilization of its computer system, system upgrades to 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.

The Town of Winchester is undertaking the following steps regarding the year 2000 computer issue ("Y2K"). The Data Processing Director has met with all the managers from the major Town departments and has reviewed all systems. He is engaging the services of its outside consultants, R. Walsh and Associates, to assist the Town in assessing its computer hardware and software to ensure Y2K compliance. Vendors that the Town uses have been contacted to be sure that they will be Y2K compliant. Currently, the police department is Y2K compliant. The tax collector and utility billing programs are anticipated to be Y2K compliant in the fall of 1998. Y2K compliance for the tax assessor and finance/payroll programs is anticipated by the end of 1998 and the building department is anticipated to be Y2K compliant in early 1999. The Town Clerk's office and the Fire Marshal's office use software which is provided by outside vendors who have told the Town that their software will be Y2K compliant. In addition, an upgrade to the IBM AS/400 main-frame is being planned in the near future.

The Town of Winchester will be submitting a proposal in the summer of 1998 to improve the pedestrian safety as well as to enhance the quality of its main street and to strengthen the pedestrian/bicycle connection between Winsted and the neighboring Town of Torrington. The major goal of this project will be to improve the safety of the four-lane Main Street in addition to enhancing and promoting the economic viability of the downtown commercial core of the Town. The total estimated cost of this project is \$4,839,000.

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, 1998 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 department expenditure level, which serves as a management tool; budgetary control is maintained at the department 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 overexpenditure 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 department expenditures within the Town 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 of 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 1998 vs. 1997

<u>Revenue Source</u>	<u>1998</u>		<u>1997</u>		<u>Increase in Dollars</u>	<u>Increase in Percent</u>
	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>		
General property taxes, interest and lien fees	\$ 13,158,847	59.0%	\$ 11,712,850	57.0%	\$ 1,445,997	12.3%
Intergovernmental revenues	8,566,757	38.4	8,368,980	40.8	197,777	2.4
Other revenues	564,901	2.6	453,122	2.2	111,779	24.5
Total	\$ <u>22,290,505</u>	<u>100.0%</u>	\$ <u>20,534,952</u>	<u>100.0%</u>	\$ <u>1,755,553</u>	8.5

General property taxes, interest and lien fees increased by \$1,445,997 or 12.3% from fiscal year 1997, due primarily to an increase in current tax collections resultant from an increase in the mill rate. The current year tax collection rate is 95.58% of the adjusted tax levy, which is greater than the prior year's collection rate of 94.27%.

Intergovernmental revenues, which include state grants to the Town's general government and school system, increased \$197,777 or 2.4%, which was made up of several components.

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:

General Fund Expenditures by Function

	<u>Fiscal Year 1998 vs. 1997</u>					
	<u>1998</u>		<u>1997</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	\$ 1,509,808	7.0%	\$ 1,455,979	7.3%	\$ 53,829	3.7%
Public safety	2,333,901	10.9	2,121,005	10.6	212,896	10.0
Miscellaneous	932,897	4.3	704,177	3.5	228,720	32.5
General government	1,523,217	7.1	1,388,626	7.0	134,591	9.7
Welfare	121,676	.6	144,772	.7	(23,096)	(15.5)
Health	114,779	.5	124,793	.6	(10,014)	(8.0)
Parks and recreation	140,299	.7	125,252	.6	15,047	12.0
Library	128,000	.6	125,000	.6	3,000	2.4
Debt service	793,425	3.7	844,246	4.2	(50,821)	(6.0)
Capital outlay	610,252	2.9	482,554	2.4	127,698	26.5
Total municipal	<u>8,208,254</u>	<u>38.3</u>	<u>7,516,404</u>	<u>37.5</u>	<u>691,850</u>	
Board of Education	<u>13,209,503</u>	<u>61.7</u>	<u>12,502,461</u>	<u>62.5</u>	<u>707,042</u>	5.6
Total	<u>\$ 21,417,757</u>	<u>100.0%</u>	<u>\$ 20,018,865</u>	<u>100.0%</u>	<u>\$ 1,398,892</u>	6.9

An increase in Town expenditures can be attributed to wage and benefit increases per union contract agreements, the funding of a redevelopment agency, the funding of a community planning department, and an increase in capital outlay expenditures. The increase in Board of Education expenditures can be directly attributable to technology expenditures as well as wage and benefit increases per union contract agreement.

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>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Unreserved Fund Balance	\$ 161	\$ 433	\$ 551	\$ 740	\$ 1,216

The General Fund unreserved fund balance increased from \$740 to \$1,216 as of June 30, 1998. This increase represents 2.1% 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>1998</u>	<u>1997</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 2,770,437	\$ 2,593,667	\$ 176,770
Operating expenses*	<u>2,000,551</u>	<u>1,947,049</u>	<u>53,502</u>
Operating Income	\$ <u>769,886</u>	\$ <u>646,618</u>	\$ <u>123,268</u>

*Includes depreciation expense of \$567,437 for the fiscal years ended 1998 and 1997, leaving a 3.9% increase in operating expenses other than depreciation. This generally relates to an increased cost of operations in both the Sewer and Water Funds.

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; and the Students Activities Fund, which is used for public school student activities.

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 Drug Enforcement Grant Fund, which accounts for a State of Connecticut grant promoting the fight against drugs; the Let the Children Play Fund, which represents the remaining proceeds from a community playscape project, for which the funds must be used to maintain the structures and equipment of the playscape; the Winsted Loves to Read Fund, which accounts for an annual program in which community donations allow for a day in which the children of Winchester are exposed to the wonderful world of reading via guest speakers and the giving of books to the children who participate in the daily program; the Chore Service Fund, which accounts for a Local Agency for the Aging grant coupled with private donations to provide assistance for the elderly in performing various housekeeping duties in their homes; 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; 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 1998 are as follows:

Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita
\$ <u>4,280,000</u>	<u>.98%</u>	\$ <u>375</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 \$225,000 at June 30, 1998. In addition, the Town has outstanding at June 30, 1998 Water Revenue Bonds which were issued in 1990. The original issue was for \$2,800,000, which has \$1,680,000 outstanding at June 30, 1998. Proceeds of the 1990 bond were used to finance improvements to the water system. On June 26, 1998, the Town issued Water Rent Bonds with Farmers Home Administration in the amount of \$4,132,300 for the construction of the Water Filtration Plant Project. The entire balance was outstanding as of June 30, 1998. The second bond issue for this project will be finalized in August 1998 for \$995,400.

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, 1998, Farmers Home Administration (FmHA) bonds of \$949,500 were outstanding for the inflow/infiltration analysis program, with a total

authorization of \$2,052,600. The difference between the authorization and the original \$1,452,600 FmHA financing, or \$600,000, came from the State of Connecticut and local sewer 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, 1998, FmHA bonds of \$3,000,900 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 \$3,773,400 was outstanding as of June 30, 1998.

The Town has \$4,055,000 outstanding in general obligation bonds for renovation 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's liability-automobile-property insurance had been with CIRMA prior to this fiscal year. By seeking bid proposals for this type of insurance, the Town was able to provide savings to the overall budget.

The Town of Winchester has its workers' compensation insurance with CIRMA. The Town of Winchester has its liability-automobile-property insurance with The Litchfield Insurance Group. All claims under these types of insurance are forwarded by the Department of Finance to CIRMA and The Litchfield Insurance Group, respectively, 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:

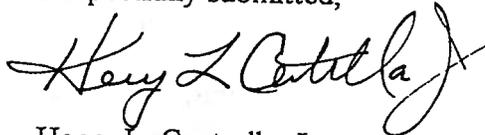
The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1997. This was the tenth year that the Town has received this prestigious award. 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.

Acknowledgements:

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.

Respectfully submitted,



Henry L. Centrella, Jr.
Director of Finance

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, 1998

	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	\$ 12,990,398	\$ 13,158,847	\$ 168,449	\$	\$	
Intergovernmental revenues	8,449,315	8,566,757	117,442			-
Other revenues	605,579	564,901	(40,678)	11,500	12,564	1,064
Total revenues	<u>22,045,292</u>	<u>22,290,505</u>	<u>245,213</u>	<u>11,500</u>	<u>12,564</u>	<u>1,064</u>
Expenditures:						
Current:						
Board of Education Program and project expenditures	13,199,277	13,209,503	(10,226)			-
Public works	1,537,301	1,509,808	27,493	138,583	92,699	45,884
Public safety	2,332,875	2,333,901	(1,026)			-
Miscellaneous	723,615	932,897	(209,282)			-
General government	1,604,611	1,523,217	81,394			-
Welfare	132,366	121,676	10,690			-
Health	117,029	114,779	2,250			-
Parks and recreation	137,405	140,299	(2,894)			-
Library	128,000	128,000	-			-
Debt service	808,855	793,425	15,430			-
Capital outlay	791,683	610,252	181,431			-
Total expenditures	<u>21,513,017</u>	<u>21,417,757</u>	<u>95,260</u>	<u>138,583</u>	<u>92,699</u>	<u>45,884</u>
Excess (Deficiency) of Revenues over Expenditures	532,275	872,748	340,473	(127,083)	(80,135)	46,948
Other Financing Sources (Uses):						
Proceeds from capital lease		36,995	36,995			-
Operating transfers in	26,430	24,913	(1,517)	127,083	127,133	50
Operating transfers out	(586,082)	(586,133)	(51)			-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (27,377)</u>	<u>348,523</u>	<u>\$ 375,900</u>	<u>\$ -</u>	<u>46,998</u>	<u>\$ 46,998</u>
Fund Balances at Beginning of Year		<u>897,212</u>			<u>30,048</u>	
Fund Balances at End of Year		<u>\$ 1,245,735</u>			<u>\$ 77,046</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

Exhibit 5

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, 1998

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Nonexpend- able Trusts	Totals (Memorandum Only)
Operating Revenues:			
Water rents	\$ 1,136,209	\$	\$ 1,136,209
Sewer rents	1,259,640		1,259,640
Fines, penalties and investment income	243,882	16,874	260,756
Other	130,706		130,706
Total operating revenues	2,770,437	16,874	2,787,311
Operating Expenses:			
Operations	795,003		795,003
Maintenance	255,626		255,626
Depreciation	567,437		567,437
Administration	382,485		382,485
Other		4,641	4,641
Total operating expenses	2,000,551	4,641	2,005,192
Operating Income	769,886	12,233	782,119
Nonoperating Revenues (Expenses):			
Interest income	85,521		85,521
Interest expense	(580,020)		(580,020)
Total nonoperating expenses	(494,499)	-	(494,499)
Income Before Operating Transfers	275,387	12,233	287,620
Operating Transfers In	355,718		355,718
Operating Transfers Out	(18,930)	(5,825)	(24,755)
Net Income	612,175	6,408	618,583
Retained Earnings/Fund Balances at Beginning of Year	5,356,900	423,534	5,780,434
Retained Earnings/Fund Balances at End of Year	\$ 5,969,075	\$ 429,942	\$ 6,399,017

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

Exhibit 6

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY
FUND TYPES AND NONEXPENDABLE TRUST FUNDSFOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	Fiduciary Fund Type		Totals (Memorandum Only)	
	Proprietary Fund Type	Non- expendable Trusts	1998	1997
	Enterprise			
Cash Flows from Operating Activities:				
Operating income	\$ 769,886	\$ 12,233	\$ 782,119	\$ 661,952
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Investment income		(16,874)	(16,874)	(16,834)
Depreciation	567,437		567,437	567,437
(Increase) decrease in operating assets:				
Rents receivable	108,522		108,522	(83,358)
Receivable from U.S. Government	13,808		13,808	(13,808)
Accrued utility revenue	1,429		1,429	(28,929)
Amounts due from other funds	(352,133)	3,141	(348,992)	-
Increase (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	469,570		469,570	215,629
Amounts due to other funds	468,487		468,487	(63,698)
Accrued vacation and sick leave benefits	15,431		15,431	3,341
Net cash provided by (used in) operating activities	<u>2,062,437</u>	<u>(1,500)</u>	<u>2,060,937</u>	<u>1,241,732</u>
Cash Flows from Noncapital Related Financing Activities:				
Operating transfers in	355,718		355,718	348,009
Operating transfers out	(18,930)	(5,825)	(24,755)	(24,417)
Net cash provided by (used in) noncapital related financing activities	<u>336,788</u>	<u>(5,825)</u>	<u>330,963</u>	<u>323,592</u>
Cash Flows from Capital and Related Financing Activities:				
Grants received from state and federal governments			-	160,199
Proceeds of notes payable	14,908,000		14,908,000	3,097,000
Principal payments on notes payable	(7,749,000)		(7,749,000)	(2,809,000)
Proceeds of bonds payable	4,132,300		4,132,300	-
Principal payments on bonds payable	(517,400)		(517,400)	(517,400)
Interest paid on notes and bonds payable	(580,020)		(580,020)	(599,846)
Acquisition and construction of capital assets	(8,349,703)		(8,349,703)	(564,961)
Net cash provided by (used in) capital and related financing activities	<u>1,844,177</u>	<u>-</u>	<u>1,844,177</u>	<u>(1,234,008)</u>
Cash Flows from Investing Activities:				
Investment income	85,521	16,874	102,395	68,076
Purchase of U.S. Treasury notes	(3,982,924)		(3,982,924)	-
Net cash provided by (used in) investing activities	<u>(3,897,403)</u>	<u>16,874</u>	<u>(3,880,529)</u>	<u>68,076</u>
Net Increase in Cash and Cash Equivalents	345,999	9,549	355,548	399,392
Cash and Cash Equivalents at Beginning of Year	<u>2,405,905</u>	<u>423,534</u>	<u>2,829,439</u>	<u>2,430,047</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,751,904</u>	<u>\$ 433,083</u>	<u>\$ 3,184,987</u>	<u>\$ 2,829,439</u>
Cash and Cash Equivalents at End of Year:				
Nonexpendable Trust Funds		\$ 433,083		
Expendable Trust and Agency Funds		<u>72,173</u>		
Total on Combined Balance Sheet		<u>\$ 505,256</u>		

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 Types:

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 (i.e., revenues) and decreases (i.e., 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 22, 1998.

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 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, 1998 is presented below:

	General Fund	Special Revenue Funds
Excess of revenues and other sources over expenditures and other uses for budgeted funds - budgetary basis	\$ 348,523	\$ 46,998
Timing difference:		
Change in reserve for encumbrances	(287,410)	-
Entity difference:		
Excess of revenues and other sources over expenditures and other uses for nonbudgeted funds	-	(9,866)
Excess of Revenues and Other Sources over Expenditures and Other Uses - GAAP Basis	\$ 61,113	\$ 37,132

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

E. Assets, Liabilities and Fund Equity:

Cash and Cash Equivalents - The following is a summary of cash and cash equivalents at June 30, 1998:

Deposits	\$	4,915,899	*
Tax Exempt Bond Proceeds Fund		549,337	**
Total Cash and Cash Equivalents	\$	5,465,236	

* Includes demand and money market accounts.

** Risk category cannot be determined since the Town does not own identifiable securities, but invests as a shareholder of the investment pool.

At year-end, the carrying amount of the Town of Winchester's deposits was \$4,915,899, and the bank balance was \$5,233,574. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining balance of \$5,033,574 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 \$523,358 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.

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

The Town's investments held are as follows:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
United States Treasury Bill, Matures 7/30/98	\$ 3,982,924			\$ 3,982,924	\$ 3,982,924
Pension Trust Fund:					
U.S. Government securities		817,481		817,481	817,481
Corporate and foreign obligations		680,861		680,861	680,861
* Pooled trust funds - Fleet Bank				<u>2,067,287</u>	<u>2,067,287</u>
				<u>\$ 7,548,553</u>	<u>\$ 7,548,553</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.

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.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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.

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, 1996, upon which the fiscal 1998 levy was based, was \$436 million. A 29.87 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, 1998 were 96% 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, 1998, 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, 1998.

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.

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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.

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:

Education	\$ 10,226
Public works:	
Streetlighting	320
Public safety:	
Police department	11,305
Finance:	
Assessor	1,692
Buildings	4,146
Town manager	5,439
Law	9,080
Other:	
Data processing	2,409
Parks and recreation:	
Organized recreation	2,316
Municipal parks	578
Operating transfers out	51

The following funds had fund deficits at June 30, 1998:

Special revenue funds:	
Dog fund	\$ 3,501
Capital projects funds:	
Water drainage improvements	150,000
School building project	63,500
Ladder tower truck	225,000

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

A. Assets:

Property Taxes Receivable - Gross receivables for 1998 reduced by allowance for uncollectible accounts are as follows:

	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
General Fund: Property taxes	\$ <u>1,316,216</u>	\$ <u>39,000</u>	\$ <u>1,277,216</u>

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

	Balance July 1, 1997	Additions	Adjustments and Deletions	Balance June 30, 1998
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	1,693,675	532,423	-	2,226,098
Town	4,653,643	572,880	14,259	5,212,264
	\$ <u>21,887,882</u>	\$ <u>1,105,303</u>	\$ <u>14,259</u>	\$ <u>22,978,926</u>

Summary of Proprietary Fund Property, Plant and Equipment - A summary of Proprietary Fund property, plant and equipment at June 30, 1998 follows:

Land	\$ 85,476
Buildings, structures and improvements	33,418,575
Equipment	695,857
Distribution reservoirs and standpipes	487,871
Construction in process	9,195,210
	43,882,989
Less accumulated depreciation	6,493,368
	\$ 37,389,621

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, 1998 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, 1998</u>
General purposes:					
Public improve-ments:					
Town Hall and Firehouse School Renovations	10/15/80	\$ 1,750,000	8.8 & 8.9%	10/15/2000	\$ 225,000
Water and sewer:					
Water Revenue	4/16/90	2,800,000	6.5 & 8.5%	4/16/2010	1,680,000
Sewer Inflow and Infiltration	6/2/89	1,452,600	5.0%	6/2/2015	949,500
Wastewater Treatment	6/2/89	4,183,800	6.25%	6/2/2015	2,735,700
Wastewater Treatment Highland Lake Sewer Project	6/2/89	405,600	5.75%	6/2/2015	265,200
Wastewater Treatment	6/22/94	4,353,400	5.0%	6/22/2024	3,773,400
Wastewater Treatment	6/26/98	4,132,300	4.50%	6/26/2018	4,132,300

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>
1999	\$ 450,000	\$ 287,156	\$ 724,015	\$ 722,569
2000	450,000	254,605	724,015	682,893
2001	450,000	222,054	724,015	643,147
2002	375,000	192,843	724,015	603,330
2003	375,000	166,968	724,015	563,515
Subsequent	2,180,000	451,815	9,916,025	4,131,677
	<u>\$ 4,280,000</u>	<u>\$ 1,575,441</u>	<u>\$ 13,536,100</u>	<u>\$ 7,347,131</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, 1998:

	Bonds and Notes Payable	Claims and Judgments	Accrued Vacation and Sick Leave Benefits	Obligations Under Capital Leases	Total
Balance, July 1, 1997	\$ 4,730,000	\$ 1,119,117	\$ 732,594	\$ 279,684	\$ 6,861,395
Payments made under capital lease obligations	-	-	-	(214,084)	(214,084)
Capital lease obligations entered into	-	-	-	484,000	484,000
Note obligations entered into	192,650	-	-	-	192,650
Debt retired	(450,000)	-	-	-	(450,000)
Decrease in heart and Hypertension liability	-	(20,109)	-	-	(20,109)
Increase in accrued vacation and sick leave benefits	-	-	10,934	-	10,934
Balance, June 30, 1998	<u>\$ 4,472,650</u>	<u>\$ 1,099,008</u>	<u>\$ 743,528</u>	<u>\$ 549,600</u>	<u>\$ 6,864,786</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 2003. Future minimum lease payments as of June 30, 1998 are as follows:

Fiscal Year

1999	\$ 175,773
2000	166,283
2001	111,497
2002	111,121
2003	55,451
Total minimum lease payments	<u>620,125</u>
Less amount representing interest	<u>70,525</u>
Present Value of Future Minimum Lease Payments	<u>\$ 549,600</u>

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Notes Payable - Notes payable at June 30, 1998 consisted of the following:

		Outstanding Principal Balance
Governmental Fund Type:		
Bond Anticipation Notes maturing August 4, 1998, interest at 4%	\$	438,500
Proprietary Funds:		
Bond Anticipation Notes maturing August 4, 1998, interest at 4%		9,111,500
	\$	9,550,000

The Bond Anticipation Notes in the Proprietary Funds are to finance the construction of a new water treatment facility and for improvements to the Town's water system to include the replacement of existing mains, service connections, hydrants and appurtenant work, repair and reconstruction of the Maddrah Dam and various other water improvements.

The Bond Anticipation Notes included in the Capital Projects Funds are to finance drainage improvements for various city streets, the purchase of an aerial ladder fire truck and roof and boiler repairs for two of the Town's schools.

Additionally, the Winchester Board of Education entered into an equipment purchase agreement during fiscal year 1998 for the amount of \$192,650. The entire balance is outstanding at June 30, 1998. Principal payments in the amount of \$132,086 and \$60,564 are due in fiscal years 1999 and 2000, respectively.

The Town is subject to the General Statutes of the State of Connecticut which limit the amount of debt outstanding at June 30, 1998. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$95 million.

Employee Retirement System:

Plan Description

The Town of Winchester is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its municipal employees. The PERS is considered to be part of the Town of Winchester's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund.

During the prior fiscal year, the Town implemented the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 25, "Financial Reporting for Defined Benefit Pension Plan and Note Disclosures for Defined Contribution Plans," and is implementing the provisions of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" for the year ended June 30, 1998. At the point of transition (July 1, 1997), the Town had no pension liability.

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

Employees are 100% vested after five years of continuous service, if their contributions remain in the fund upon termination. Employees who retire at normal retirement (the later of age 65 or 5 years of service) receive a retirement benefit for life of 2% times years of credited service (maximum of 25) of the highest average three consecutive years of compensation out of the last ten prior to retirement. No cost of living adjustments are included. Member's contributions are returnable on termination or on death while active, or after retirement (less any benefits paid), provided in each case that no death benefits are otherwise paid.

Plan membership consisted of the following at January 1, 1997, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries	
currently receiving benefits	14
Terminated employees entitled to benefits	
but not yet receiving them	5
Current plan members	64
Total	83

Summary of Significant Accounting Policies

Basis of Accounting: The Town of Winchester Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Funding Policy

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. For the year ended June 30, 1998 the Town's required contribution was \$86,382 which represents 4.4% of covered payroll of \$1,965,683.

Administrative costs of the Plan 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):

Concentrations

Those investments in any organization that represent 5% or more of net assets available for benefits at June 30, 1998 are as follows:

Fleet Bank:	
Commingled Funds	\$ 993,235
Galaxy Mutual Funds	1,073,661
U.S. Treasury Notes and Bonds	806,511
Corporate and Foreign Bonds	668,677

Annual Pension Cost and Net Pension Obligations

The Town of Winchester's annual pension cost and net pension obligation to the Town of Winchester Employees' Retirement Fund for the year ended June 30, 1998 were as follows:

Annual required contribution (ARC)	\$ 86,382
Interest on net pension obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual pension cost	86,382
Contributions made	86,382**
	<hr/>
Increase in net pension obligation	-
Net pension obligation, beginning of year	-
	<hr/>
Net pension obligation, end of year	\$ -
	<hr/> <hr/>

** Contribution will be made prior to 6/30/99

The annual required contribution for the current year was determined as part of the January 1, 1997 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8.5% investment rate of return and (b) 6% projected salary increases. Both (a) and (b) included an inflation component of 4.5%. The assumptions did not include cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The Plan is fully funded and, therefore, immediate recognition of gains and losses is applied. The remaining amortization period for benefit improvements as of January 1, 1997 is 30 years open.

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/96	\$ 69,630	\$ 69,630	100%	\$ -
6/30/97	194,311	194,311	100	-
6/30/98	86,382	86,382**	100	-

** Contribution will be made prior to June 30, 1999

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((b-a)/c)</u>
1/1/95	\$ 2,823,495	\$ 2,598,565	\$ (224,930)	108.7%	\$ 1,879,466	(12.0)%
1/1/96	2,811,978	2,811,978	-	100.0	1,905,623	-
1/1/97	3,231,242	3,113,776	(117,466)	103.8	1,965,683	(6.0)

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, 1998, the actuarial and actual contribution was \$179,365,000. Contributions to the State Teachers' Retirement System in the amount of \$392,666 were made by the State of Connecticut on behalf of the Town of Winchester, and are recorded in the General Fund (GAAP Basis).

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.

For the year ended June 30, 1998, teachers of the Town of Winchester contributed \$357,899 to the plan and covered payroll for the year was \$5,112,843. Teachers are required to contribute 7% of their annual salary, with the State of Connecticut funding the remaining cost of benefits. These obligations are established under the authority of Section 10-183 of the Connecticut General Statutes.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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, 1997, there were 161 participating local government units (counting departments of municipalities which joined or reported separately as separate units). Membership in the plan at July 1, 1997 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	212	-	181	166
b. With Social Security	114	2	179	151
General:				
a. Without Social Security	1,990	47	1,089	1,460
b. With Social Security	1,732	46	1,711	2,623
Withdrawn Municipalities	<u>15</u>	<u>2</u>	<u>N/A</u>	<u>N/A</u>
Total Members	<u>4,063</u>	<u>97</u>	<u>3,160</u>	<u>4,400</u>

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.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

- 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, 1998 (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, 1998 was \$199,427 which consisted of \$174,332 from the Town and \$25,095 from employees; these contributions represented 2.3% and 15.6% 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 Payroll</u>
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)
7/1/97	872	731	(141)	119	246	(57)

Schedule of Employer Contributions

The schedule of employer contributions below is presented in millions of dollars.

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/93	\$ 24.1	100%
6/30/94	23.1	100
6/30/95	22.2	100
6/30/96	23.2	100
6/30/97	21.3	100
6/30/98	18.8	100

The information presented in the required schedules of funding progress and employer contributions above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	July 1, 1997
Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	Various (depending upon unit's date of participation and other factors)
Asset valuation method	Market-related method, recognizing investment income fully each year. Differences between actual and assumed income are phased in over a closed 5-year period.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Actuarial assumptions:

Investment rate of return	8.5%
Projected salary increases	4.5%, attributable to inflation
Additional projected salary increases	2.5% for general employees and 3% for firemen and policemen attributable to seniority/merit.
Cost-of-living increases	None

Interfund Receivables and Payables - Individual interfund receivable and payable balances at June 30, 1998 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 45,803	\$ 173,782
Special Revenue Funds:		
Small Cities	-	5,028
Dog Fund	-	17,689
Town Aid Roads	49,305	-
Federal and State Education Grants	113,352	-
Sewer Assessment Fund	79,788	-
Other	609	4,766
Enterprise Funds:		
Waterworks	434,784	446,037
Sewer	81,456	150,118
NonExpendable Trust Funds:		
Other	-	3,141
Fiduciary Funds:		
Town Deposit	-	4,536
	<u>\$ 805,097</u>	<u>\$ 805,097</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, 1998 are as follows:

<u>Fund</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund	\$ 24,913	\$ 586,133
Special Revenue Funds:		
Dog Fund	28,575	-
Town Aid Road	98,558	-
Sewer Assessment Fund	-	355,718
Other	-	17
Capital Projects Funds:		
Region #7 Access Road	133,000	-
Water Drainage Improvements	150,000	-
School Building Project	63,500	-
Ladder Tower Truck	112,500	-
Enterprise Funds:		
Waterworks	-	18,930
Sewer	355,718	-
Nonexpendable Trust Funds:		
Forest View Cemetery	-	4,030
Winchester Center Cemetery	-	1,026
Other	-	769
Fiduciary Funds:		
Town Deposit	-	141
	<u>\$ 966,764</u>	<u>\$ 966,764</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	\$ 15,253,865	\$ 15,592,965
Contributing sources:			
U.S. Government	-	-	-
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, 1998 follows:

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ <u>1,246,625</u>	\$ <u>1,523,812</u>	\$ <u>2,770,437</u>
Operating expenses	\$ <u>818,998</u>	\$ <u>1,181,553</u>	\$ <u>2,000,551</u>
Depreciation expense	\$ <u>156,651</u>	\$ <u>410,786</u>	\$ <u>567,437</u>
Operating income	\$ <u>427,627</u>	\$ <u>342,259</u>	\$ <u>769,886</u>
Nonoperating expenses	\$ <u>(101,260)</u>	\$ <u>(393,239)</u>	\$ <u>(494,499)</u>
Transfers	\$ <u>(18,930)</u>	\$ <u>355,718</u>	\$ <u>336,788</u>
Net income	\$ <u>307,437</u>	\$ <u>304,738</u>	\$ <u>612,175</u>
Rents receivable, net of allowance for uncollectible accounts of \$8,671	\$ <u>303,632</u>	\$ <u>420,359</u>	\$ <u>723,991</u>
Acquisition and construction of capital assets	\$ <u>8,199,828</u>	\$ <u>149,875</u>	\$ <u>8,349,703</u>
Total assets	\$ <u>21,484,261</u>	\$ <u>24,262,768</u>	\$ <u>45,747,029</u>
Net working capital (deficit)	\$ <u>(4,291,740)</u>	\$ <u>1,381,857</u>	\$ <u>(2,909,883)</u>
Bonds and notes payable (payable from operating revenues)	\$ <u>14,923,800</u>	\$ <u>7,723,800</u>	\$ <u>22,647,600</u>
Total fund equity	\$ <u>5,286,115</u>	\$ <u>16,275,925</u>	\$ <u>21,562,040</u>

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):

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, 1998 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, 1998, the Town had long-term loans outstanding of \$1,674,096 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks did not exceed commercial insurance coverage during the years ended June 30, 1996, 1997 and 1998. Town insurance can be described as follows:

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.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 7 - Risk Management (Continued):

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 209 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 1997-98 will be evaluated at 18, 30, and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 1997-98 by the Town was \$141,872. 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 adopted the provisions of Governmental Accounting Standards Board Statement No. 27, which established standards of accounting and financial reporting for pension expenditures/expenses and related pension liabilities and assets.

Note 9 - Subsequent Events:

On August 3, 1998, the Town issued \$995,400 as General Obligation Bonds, payable annually beginning August 31, 1999 to August 3, 2018.

On August 4, 1998, the Town issued Bond Anticipation Notes totaling \$1,887,500 with \$112,500 due on August 4, 1999. The remaining \$1,775,000 is due November 4, 1998 with \$1,500,000 to be repaid through a General Obligation Bond issue and \$275,000 to be repaid with grant revenues received.

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
6/30/93	157,977	100%
6/30/94	-	100%
6/30/95	-	100% *
6/30/96	69,630	100% *
6/30/97	194,311	100%
6/30/98	86,382	100% **

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

** Contribution will be made prior to 6/30/99.

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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	30 Years Open for benefit improvements
Asset valuation method	4-year smoothed market value
Actuarial assumptions:	
Investment rate of return*	8.50%
Projected salary increases*	6.00%
Cost-of-living adjustments	None
Plan or Assumption changes	None

* includes inflation at 4.5%

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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, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and cash equivalents	\$ 1,411,787	\$ 1,828,271
Property taxes receivable, net	1,277,216	1,415,667
Receivable from State of Connecticut	336,625	63,702
Other receivables	230,509	63,307
Due from other funds	45,803	39,612
Other assets	<u>42,358</u>	<u>157,295</u>
Total Assets	<u>\$ 3,344,298</u>	<u>\$ 3,567,854</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 454,181	\$ 540,150
Due to other funds	173,782	145,726
Accrued pension contribution	80,042	170,286
Deferred revenue	1,155,366	1,291,878
Total liabilities	<u>1,863,371</u>	<u>2,148,040</u>
Fund Balances:		
Reserved:		
Encumbrances	235,193	522,602
Prepaid expenditures	42,358	157,295
Unreserved:		
Undesignated	<u>1,203,376</u>	<u>739,917</u>
Total fund balances	<u>1,480,927</u>	<u>1,419,814</u>
Total Liabilities and Fund Balances	<u>\$ 3,344,298</u>	<u>\$ 3,567,854</u>

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1997

	1998			1997 Actual
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	
Revenues:				
Tax collector:				
General property taxes	\$ 12,753,598	\$ 12,819,225	\$ 65,627	\$ 11,473,663
Interest and lien fees	236,800	339,622	102,822	239,187
Total tax collector	<u>12,990,398</u>	<u>13,158,847</u>	<u>168,449</u>	<u>11,712,850</u>
Intergovernmental revenues:				
Education Equalization Grants	6,504,472	6,297,773	(206,699)	6,440,503
Public Act No. 290 - Education	8,313	228,955	220,642	130,005
Tax relief for elderly and disabled	138,000	128,006	(9,994)	137,704
Elementary transportation	19,885	251,156	231,271	273,901
Home Aid Roads	98,507	98,558	51	-
Reimbursement for industrial				
park tenants' tax exemptions	31,908	21,910	(9,998)	76,233
Welfare	29,000	39,315	10,315	66,017
Manufacturers' PILOT Grant	246,119	179,973	(66,146)	246,119
Reimbursement for private				
property tax exemptions	104,697	122,064	17,367	114,598
Reimbursement for revenue				
loss on motor boats	14,829	14,829	-	14,829
In lieu of taxes	22,000	25,493	3,493	22,150
Military defense	2,000	2,334	334	4,246
Overfront Project		38,597	38,597	-
1996 Blizzard reimbursement			-	100
Quot-State property	176,193	297,565	121,372	179,660
Bridge repairs		105,082	105,082	-
Grindfill capital reimbursement			-	1,458
Local capital improvement				
Program - highways	280,000	99,240	(180,760)	-
Telecommunications property taxes	127,264	131,569	4,305	127,264
School renovation project	509,928	461,620	(48,308)	528,959
Health and welfare		5,354	5,354	5,234
Region no. 7 debt retirement	136,200	17,364	(118,836)	-
Total intergovernmental revenues	<u>8,449,315</u>	<u>8,566,757</u>	<u>117,442</u>	<u>8,368,980</u>

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, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Revised Budget	Actual		
Other revenues:				
Interest income	\$ 110,000	\$ 157,786	\$ 47,786	\$ 120,579
Sale of equipment and land	40,000	7,950	(32,050)	5,384
Town Clerk	90,000	96,251	6,251	75,199
Parking fines	20,000	14,436	(5,564)	14,116
Building permits	60,000	58,992	(1,008)	47,540
Zoning and inspection fees	10,000	6,177	(3,823)	6,744
Fire Marshall revenue	250	40	(210)	40
Cemeteries - grave openings	22,000	13,915	(8,085)	14,785
Senior Citizen Center receipts	7,500		(7,500)	5,144
Cemeteries	11,000	14,130	3,130	34,671
Police reports	1,500	927	(573)	785
Police permits	6,500	1,342	(5,158)	785
Amusements, etc.	21,400	8,096	(13,304)	21,227
Probate Court	1,000	977	(23)	551
Ambulance revenue	120,000	50,000	(70,000)	-
Superior Court fines	100		(100)	-
Miscellaneous	84,329	133,882	49,553	105,572
Total other revenues	<u>605,579</u>	<u>564,901</u>	<u>(40,678)</u>	<u>453,122</u>
Total revenues	<u>22,045,292</u>	<u>22,290,505</u>	<u>245,213</u>	<u>20,534,952</u>
Expenditures:				
Board of Education	<u>13,199,277</u>	<u>13,209,503</u>	<u>(10,226)</u>	<u>12,502,461</u>
Public works				
Highways	1,399,301	1,371,488	27,813	1,307,070
Streetlighting	138,000	138,320	(320)	148,909
Total public works	<u>1,537,301</u>	<u>1,509,808</u>	<u>27,493</u>	<u>1,455,979</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, 1998
WITH COMPARATIVE ACTUAL AMOUNTS OR THE YEAR ENDED JUNE 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Revised Budget	Actual		
Other:				
Economic Development Commission	\$ 14,186	\$ 228	\$ 13,958	\$ 14,286
Probate Court	3,450	3,207	243	1,245
Soldiers Monument Commission	4,850	4,407	443	1,621
Laurel City Commission	2,500	2,500	-	2,124
Litchfield Conservation District	1,701	1,701	-	1,701
Conservation Commission	25,350	25,300	50	25,506
Shade Tree Committee	750	500	250	1,380
Advisory Commission for Disabled	655	599	56	275
Data processing	109,196	111,605	(2,409)	103,381
Rural Transit Authority	1,823	1,823	-	1,680
Inland Wetlands Commission	15,545	12,352	3,193	12,738
Town Planner	61,475	28,013	33,462	-
Redevelopment Agency	50,000	20,054	29,946	-
Town of Winchester Historians	500	494	6	669
	<u>291,981</u>	<u>212,783</u>	<u>79,198</u>	<u>166,606</u>
Total general government	<u>1,604,611</u>	<u>1,523,217</u>	<u>81,394</u>	<u>1,388,626</u>
Welfare	<u>132,366</u>	<u>121,676</u>	<u>10,690</u>	<u>144,772</u>
Health	<u>117,029</u>	<u>114,779</u>	<u>2,250</u>	<u>124,793</u>
Parks and recreation				
Organized recreation	132,405	134,721	(2,316)	120,252
Municipal parks	5,000	5,578	(578)	5,000
Total parks and recreation	<u>137,405</u>	<u>140,299</u>	<u>(2,894)</u>	<u>125,252</u>
Library	<u>128,000</u>	<u>128,000</u>	<u>-</u>	<u>125,000</u>
Debt service	<u>808,855</u>	<u>793,425</u>	<u>15,430</u>	<u>844,246</u>
Capital outlay				
Public works	543,474	487,004	56,470	382,658
General government	140,550	55,445	85,105	36,139
Public safety	94,347	67,803	26,544	58,778
Miscellaneous	13,312		13,312	4,979
Total capital outlay	<u>791,683</u>	<u>610,252</u>	<u>181,431</u>	<u>482,554</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, 1998
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Revised Budget	Actual		
Total expenditures	\$ 21,513,017	\$ 21,417,757	\$ 95,260	\$ 20,018,865
Excess of Revenues over Expenditures	532,275	872,748	340,473	516,087
Other Financing Sources (Uses):				
Proceeds from capital leases		36,995	36,995	-
Operating transfers in	26,430	24,913	(1,517)	24,483
Operating transfers out	(586,082)	(586,133)	(51)	(349,954)
Excess (Deficiency) of Revenues and Other Sources over Expenditures Other Uses	\$ (27,377)	\$ 348,523	\$ 375,900	\$ 190,616

SPECIAL REVENUE FUNDS

Small Cities Grants - To account for federal grant revenues from the U.S. Department of Housing and Urban Development for various grant years.

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.

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	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
Revenues:												
Federal and state grants	\$ 364,821	\$	\$ 146,664	\$ 343,120	\$	\$	\$ 54,198	\$	\$	\$ 113,049	\$ 1,021,852	\$ 1,199,677
Commodity sales			197,419								197,419	180,967
Interest income	952				70					2,684	3,706	11,275
Program income	30,870										30,870	24,168
Special assessments			8,160					12,564	263,381		263,381	220,951
Other			352,243	343,120	70		54,198	12,564	160,807	32,657	214,188	414,697
Total revenues	396,643		341,377	343,120		55,240	63,774	37,459	424,188	148,390	1,731,416	2,051,735
Program and Project Expenditures	479,197	8,120								137,395	1,465,682	1,581,696
Excess (Deficiency) of Revenues over Expenditures	(82,554)	(8,120)	10,866	-	70	(55,240)	(9,576)	(24,895)	424,188	10,995	265,734	470,039
Other Financing Sources (Uses):												
Operating transfers in						98,558						23,954
Operating transfers out								28,575	(355,718)	(17)	(355,735)	(348,026)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(82,554)	(8,120)	10,866	-	70	43,318	(9,576)	3,680	68,470	10,978	37,132	145,967
Fund Balances at Beginning of Year	118,608	164,412	46,993	-	3,142	37,229	15,264	(7,181)	50,620	81,493	510,580	364,613
Fund Balances at End of Year	\$ 36,054	\$ 156,292	\$ 57,859	\$ -	\$ 3,212	\$ 80,547	\$ 5,688	\$ (3,501)	\$ 119,090	\$ 92,471	\$ 547,712	\$ 510,580

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, 1998

	Town Aid Roads Fund			Dog Fund		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
License fees	\$	\$	\$ -	\$ 10,000	\$ 10,335	\$ 335
Miscellaneous revenues			-	1,500	2,229	729
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,500</u>	<u>12,564</u>	<u>1,064</u>
Expenditures:						
Salaries			-	12,000	12,000	-
Maintenance and expenditures			-	28,075	25,459	2,616
Supplies and expenditures	98,508	55,240	43,268			-
Total expenditures	<u>98,508</u>	<u>55,240</u>	<u>43,268</u>	<u>40,075</u>	<u>37,459</u>	<u>2,616</u>
Deficiency of Revenues over Expenditures	(98,508)	(55,240)	43,268	(28,575)	(24,895)	3,680
Other Financing Sources:						
Operating transfers in	<u>98,508</u>	<u>98,558</u>	<u>50</u>	<u>28,575</u>	<u>28,575</u>	<u>-</u>
Excess of Revenues and Other Sources over Expenditures	<u>\$ -</u>	<u>43,318</u>	<u>\$ 43,318</u>	<u>\$ -</u>	<u>3,680</u>	<u>\$ 3,680</u>
Fund Balances at Beginning of Year		<u>37,229</u>			<u>(7,181)</u>	
Fund Balances at End of Year		<u>\$ 80,547</u>			<u>\$ (3,501)</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

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CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

	Region #7 Access Road	Water Drainage Improvements	School Building Project	Ladder Tower Truck	Totals
	1998	1998	1998	1998	1997
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Notes payable	\$ 150,000	\$ 63,500	\$ 225,000	\$ 438,500	\$ 897,500
Fund Balances:					
Unreserved:					
Undesignated	(150,000)	(63,500)	(225,000)	(438,500)	(897,500)
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	Region #7 Access Road	Water Drainage Improvements	School Building Project	Ladder Tower Truck	Totals 1998	1997
Revenues:						
Miscellaneous income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,952
Expenditures:						
Capital outlay	-	-	-	-	-	13,776
Deficiency of Revenues over Expenditures	-	-	-	-	-	(10,824)
Operating Transfers In	133,000	150,000	63,500	112,500	459,000	326,000
Fund Balances at Beginning of Year	(133,000)	(300,000)	(127,000)	(337,500)	(897,500)	(1,212,676)
Fund Balances at End of Year	\$ -	\$ (150,000)	\$ (63,500)	\$ (225,000)	\$ (438,500)	\$ (897,500)

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.

TOWN OF WINCHESTER, CONNECTICUT

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ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1998

WITH COMPARATIVE TOTALS FOR JUNE 30, 1997

	Waterworks	Sewer	Totals	
			1998	1997
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,468,821	\$ 1,283,083	\$ 2,751,904	\$ 2,405,905
Investments	3,982,924		3,982,924	-
Rents receivable, net of allowance for uncollectible accounts of \$8,671 in 1998 and 1997	303,632	420,359	723,991	835,359
Other receivable	2,847		2,847	13,808
Accrued utility revenue	162,656	171,260	333,916	335,344
Due from other funds	434,784	81,456	516,240	164,105
Inventories, at cost	45,586		45,586	45,587
Total current assets	6,401,250	1,956,158	8,357,408	3,800,108
Property, Plant and Equipment:				
Land	57,556	27,920	85,476	85,476
Buildings, structures and improvements	7,064,056	26,354,519	33,418,575	27,085,579
Equipment	534,424	161,433	695,857	695,857
Distribution reservoirs and standpipes	487,871		487,871	487,871
Construction in process	9,195,210		9,195,210	7,178,503
Total fixed assets	17,339,117	26,543,872	43,882,989	35,533,286
Less accumulated depreciation	2,256,106	4,237,262	6,493,368	5,925,931
Net property, plant and equipment	15,083,011	22,306,610	37,389,621	29,607,355
Total Assets	\$ 21,484,261	\$ 24,262,768	\$ 45,747,029	\$ 33,407,463
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Current portion of bonds payable	\$ 346,615	\$ 377,400	\$ 724,015	\$ 517,400
Notes payable	9,111,500		9,111,500	1,952,500
Accounts payable and accrued liabilities	788,838	46,783	835,621	366,051
Due to other funds	446,037	150,118	596,155	127,668
Total current liabilities	10,692,990	574,301	11,267,291	2,963,619
Accrued vacation and sick leave benefits	39,471	66,142	105,613	90,179
Bonds payable, net of current portion	5,465,685	7,346,400	12,812,085	9,403,800
Total liabilities	16,198,146	7,986,843	24,184,989	12,457,598
Fund Equity:				
Contributed capital	339,100	15,253,865	15,592,965	15,592,965
Retained earnings	4,947,015	1,022,060	5,969,075	5,356,900
Total fund equity	5,286,115	16,275,925	21,562,040	20,949,865
Total Liabilities and Fund Equity	\$ 21,484,261	\$ 24,262,768	\$ 45,747,029	\$ 33,407,463

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGSFOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	Waterworks	Sewer	Totals	
			1998	1997
Operating Revenues:				
Rents	\$ 1,136,209	\$ 1,259,640	\$ 2,395,849	\$ 2,375,967
Fines, penalties and interest	107,261	136,621	243,882	153,682
Other	3,155	127,551	130,706	64,018
Total operating revenues	<u>1,246,625</u>	<u>1,523,812</u>	<u>2,770,437</u>	<u>2,593,667</u>
Operating Expenses:				
Operations	204,836	590,167	795,003	762,162
Maintenance	167,289	88,337	255,626	244,476
Depreciation	156,651	410,786	567,437	567,437
Administration	290,222	92,263	382,485	372,974
Total operating expenses	<u>818,998</u>	<u>1,181,553</u>	<u>2,000,551</u>	<u>1,947,049</u>
Operating Income	<u>427,627</u>	<u>342,259</u>	<u>769,886</u>	<u>646,618</u>
Nonoperating Revenues (Expenses):				
Interest income	21,704	63,817	85,521	51,242
Interest expense	(122,964)	(457,056)	(580,020)	(599,846)
Total nonoperating expenses	<u>(101,260)</u>	<u>(393,239)</u>	<u>(494,499)</u>	<u>(548,604)</u>
Income (Loss) Before Operating Transfers	326,367	(50,980)	275,387	98,014
Operating Transfers In (Out)	<u>(18,930)</u>	<u>355,718</u>	<u>336,788</u>	<u>329,079</u>
Net Income	307,437	304,738	612,175	427,093
Retained Earnings - Beginning of Year	<u>4,639,578</u>	<u>717,322</u>	<u>5,356,900</u>	<u>4,929,807</u>
Retained Earnings - End of Year	<u>\$ 4,947,015</u>	<u>\$ 1,022,060</u>	<u>\$ 5,969,075</u>	<u>\$ 5,356,900</u>

TOWN OF WINCHESTER, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	Waterworks	Sewer	Totals	
			1998	1997
Cash Flows from Operating Activities:				
Operating income	\$ 427,627	\$ 342,259	\$ 769,886	\$ 646,618
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	39,383	69,139	108,522	(83,358)
Receivable from the U.S. Government		13,808	13,808	(13,808)
Accrued utility revenue	(1,106)	2,535	1,429	(28,929)
Amounts due from other funds	(394,084)	41,951	(352,133)	
Increase (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	495,035	(25,465)	469,570	215,629
Amounts due to other funds	446,037	22,450	468,487	(63,698)
Accrued vacation and sick leave benefits	4,049	11,382	15,431	3,341
Net cash provided by operating activities	<u>1,173,592</u>	<u>888,845</u>	<u>2,062,437</u>	<u>1,243,232</u>
Cash Flows from Noncapital Related Financing Activities:				
Operating transfers in		355,718	355,718	348,009
Operating transfers out	(18,930)		(18,930)	(18,930)
Net cash provided by (used in) noncapital related financing activities	<u>(18,930)</u>	<u>355,718</u>	<u>336,788</u>	<u>329,079</u>
Cash Flows from Capital and Related Financing Activities:				
Grants received from state and federal governments			-	160,199
Proceeds of notes payable	14,908,000		14,908,000	3,097,000
Principal payments on notes payable	(7,611,000)	(138,000)	(7,749,000)	(2,809,000)
Proceeds of bonds payable	4,132,300		4,132,300	-
Principal payments on bonds payable	(140,000)	(377,400)	(517,400)	(517,400)
Interest paid on notes and bonds payable	(122,964)	(457,056)	(580,020)	(599,846)
Acquisition and construction of capital assets	(8,199,828)	(149,875)	(8,349,703)	(564,961)
Net cash provided by (used in) capital and related financing activities	<u>2,966,508</u>	<u>(1,122,331)</u>	<u>1,844,177</u>	<u>(1,234,008)</u>
Cash Flows from Investing Activities:				
Interest income	21,704	63,817	85,521	51,242
Purchase of U.S. Treasury notes	(3,982,924)		(3,982,924)	-
Net cash provided by (used in) investing activities	<u>(3,961,220)</u>	<u>63,817</u>	<u>(3,897,403)</u>	<u>51,242</u>
Net Increase in Cash and Cash Equivalents				
	159,950	186,049	345,999	389,545
Cash and Cash Equivalents at Beginning of Year	<u>1,308,871</u>	<u>1,097,034</u>	<u>2,405,905</u>	<u>2,016,360</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,468,821</u>	<u>\$ 1,283,083</u>	<u>\$ 2,751,904</u>	<u>\$ 2,405,905</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

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FIDUCIARY FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1998

	Pension Trust Fund*	Nonexpendable Trust Funds					
		Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	
ASSETS							
Cash and cash equivalents	\$	\$ 49,459	\$ 72,079	\$ 137,908	\$ 37,981	\$	\$ 135,656
Investments	3,565,629						
Contribution receivable	280,692						
Total Assets	\$ 3,846,321	\$ 49,459	\$ 72,079	\$ 137,908	\$ 37,981	\$	\$ 135,656
LIABILITIES AND FUND BALANCES							
Liabilities:							
Fiduciary deposits	\$	\$	\$	\$	\$	\$	\$
Due to General Fund							3,141
Total liabilities							3,141
Fund Balances:							
Reserved for employee retirement system	3,846,321	49,459	72,079	137,908	37,981		132,515
Unreserved - undesignated							132,515
Total fund balances	3,846,321	49,459	72,079	137,908	37,981		132,515
Total Liabilities and Fund Balances	\$ 3,846,321	\$ 49,459	\$ 72,079	\$ 137,908	\$ 37,981	\$	\$ 135,656

*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, 1998

	Expendable Trust Funds		Agency Funds					Totals
	Winchester Memorial Parks	Other	Town Deposit	Student Activities	General Assistance	Other		
ASSETS								
Cash and cash equivalents	\$ 11,362	\$ 7,159	\$ 4,536	\$ 6,102	\$ 7,111	\$ 35,903	\$ 505,256	
Investments							3,565,629	
Contribution receivable							280,692	
Total Assets	\$ 11,362	\$ 7,159	\$ 4,536	\$ 6,102	\$ 7,111	\$ 35,903	\$ 4,351,577	
LIABILITIES AND FUND BALANCES								
Liabilities:								
Fiduciary deposits	\$	\$	\$	\$ 6,102	\$ 7,111	\$ 35,903	\$ 49,116	
Due to General Fund			4,536				7,677	
Total liabilities			4,536	6,102	7,111	35,903	56,793	
Fund Balances:								
Reserved for employee retirement system							3,846,321	
Unreserved - undesignated	11,362	7,159					448,463	
Total fund balances	11,362	7,159					4,294,784	
Total Liabilities and Fund Balances	\$ 11,362	\$ 7,159	\$ 4,536	\$ 6,102	\$ 7,111	\$ 35,903	\$ 4,351,577	

TOWN OF WINCHESTER, CONNECTICUT

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NONEXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1998

	Nonexpendable Trust Funds					Totals
	Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	
Revenues:						
Interest and dividend income	\$ 4,363	\$ 2,163	\$ 4,058	\$ 1,098	\$ 5,192	\$ 16,874
Total revenues	<u>4,363</u>	<u>2,163</u>	<u>4,058</u>	<u>1,098</u>	<u>5,192</u>	<u>16,874</u>
Expenses:						
Other	<u>1,500</u>				<u>3,141</u>	<u>4,641</u>
Total expenses	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,141</u>	<u>4,641</u>
Operating Income	2,863	2,163	4,058	1,098	2,051	12,233
Operating Transfers Out			(4,030)	(1,026)	(769)	(5,825)
Net Income	2,863	2,163	28	72	1,282	6,408
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 49,459</u>	<u>\$ 72,079</u>	<u>\$ 137,908</u>	<u>\$ 37,981</u>	<u>\$ 132,515</u>	<u>\$ 429,942</u>

NONEXPENDABLE TRUST FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 1998

	Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	Totals
Cash Flows from Operating Activities:						
Operating income	\$ 2,863	\$ 2,163	\$ 4,058	\$ 1,098	\$ 2,051	\$ 12,233
Adjustments to reconcile operating income to net cash used in operating activities:						
Investment income	(4,363)	(2,163)	(4,058)	(1,098)	(5,192)	(16,874)
Increase in amount due from other funds					3,141	3,141
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			(4,030)	(1,026)	(769)	(5,825)
Net cash used in noncapital related financing activities	<u>-</u>	<u>-</u>	<u>(4,030)</u>	<u>(1,026)</u>	<u>(769)</u>	<u>(5,825)</u>
Cash Flows from Investing Activities:						
Investment income	4,363	2,163	4,058	1,098	5,192	16,874
Net cash provided by investing activities	<u>4,363</u>	<u>2,163</u>	<u>4,058</u>	<u>1,098</u>	<u>5,192</u>	<u>16,874</u>
Net Increase in Cash and Cash Equivalents	2,863	2,163	28	72	4,423	9,549
Cash and Cash Equivalents at Beginning 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>
Cash and Cash Equivalents at End of Year	<u>\$ 49,459</u>	<u>\$ 72,079</u>	<u>\$ 137,908</u>	<u>\$ 37,981</u>	<u>\$ 135,656</u>	<u>\$ 433,083</u>

TOWN OF WINCHESTER, CONNECTICUT

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EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1997

	Winchester Memorial Parks	Other	Totals	
			1998	1997
Revenues:				
Investment income	\$ 341	\$ 215	\$ 556	\$ 418
Expenditures			-	-
Excess of Revenues over Expenditures	341	215	556	418
Fund Balances at Beginning of Year	11,021	6,944	17,965	17,547
Fund Balances at End of Year	\$ 11,362	\$ 7,159	\$ 18,521	\$ 17,965

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 1998

	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Town Deposit:				
Assets:				
Cash and cash equivalents	\$ 4,536	\$ 141	\$ 141	\$ 4,536
Liabilities:				
Due to General Fund	\$ 4,536	\$ 141	\$ 141	\$ 4,536
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 23,657	\$ 75,881	\$ 93,436	\$ 6,102
Liabilities:				
Fiduciary deposits	\$ 23,657	\$ 75,881	\$ 93,436	\$ 6,102
General Assistance:				
Assets:				
Cash and cash equivalents	\$ 5,734	\$ 40,080	\$ 38,703	\$ 7,111
Liabilities:				
Fiduciary deposits	\$ 5,734	\$ 40,080	\$ 38,703	\$ 7,111
Other:				
Assets:				
Cash and cash equivalents	\$ 34,566	\$ 1,504	\$ 167	\$ 35,903
Liabilities:				
Fiduciary deposits	\$ 34,566	\$ 1,504	\$ 167	\$ 35,903
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 68,493	\$ 117,606	\$ 132,447	\$ 53,652
Total Assets	\$ 68,493	\$ 117,606	\$ 132,447	\$ 53,652
Liabilities:				
Due to General Fund	\$ 4,536	\$ 141	\$ 141	\$ 4,536
Fiduciary deposits	63,957	117,465	132,306	49,116
Total Liabilities	\$ 68,493	\$ 117,606	\$ 132,447	\$ 53,652

GENERAL FIXED ASSETS ACCOUNT GROUP

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

TOWN OF WINCHESTER, CONNECTICUT

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SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1998

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	2,226,098
Town	<u>5,212,264</u>
Total General Fixed Assets	\$ <u><u>22,978,926</u></u>
Investment in General Fixed Assets:	
Bonds and notes	\$ 10,322,386
Federal and state grants	4,509,333
Current appropriations	<u>8,147,207</u>
Total Investment in General Fixed Assets	\$ <u><u>22,978,926</u></u>

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1998

<u>Function</u>	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>
General Government	\$ 3,512,656	\$ 1,000,080	\$ 1,363,475	\$ 1,149,101
Public Safety	1,619,157		88,820	1,530,337
Public Works	2,609,191		150,564	2,458,627
Parks and Recreation	142,458		68,259	74,199
Education	<u>15,095,464</u>	<u></u>	<u>12,869,366</u>	<u>2,226,098</u>
Total General Fixed Assets Allocated by Function	<u>\$ 22,978,926</u>	<u>\$ 1,000,080</u>	<u>\$ 14,540,484</u>	<u>\$ 7,438,362</u>

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

FOR THE YEAR ENDED JUNE 30, 1998

Function	Balance, July 1, 1997	Additions	Adjustments and Deletions	Balance, June 30, 1998
General Government	\$ 3,437,841	\$ 87,617	\$ 12,802	\$ 3,512,656
Public Safety	1,540,016	80,598	1,457	1,619,157
Public Works	2,204,526	404,665		2,609,191
Parks and Recreation	142,458			142,458
Education	14,563,041	532,423		15,095,464
Total General Fixed Assets Allocated by Function	\$ 21,887,882	\$ 1,105,303	\$ 14,259	\$ 22,978,926

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OTHER INFORMATION

TOWN OF WINCHESTER, CONNECTICUT
 GENERAL FUND

9

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 1998

Grand List of October 1,	Due Date of Tax	New Levy and Uncollected Balance July 1, 1997	Lawful Corrections		Transfers to Suspend	Adjusted Tax Levies	Taxes	Collections Interest and Liens	Total	Taxes Receivable June 30, 1998
			Additions	Deductions						
1996	7/1 and 1/1	\$ 12,879,274	\$ 32,361	\$ 146,808	\$	\$ 12,764,827	\$ 12,200,973	\$ 71,358	\$ 12,272,331	\$ 563,854
1995	7/1 and 1/1	613,679	1,124	12,206		602,597	323,332	75,007	398,339	279,265
1994	7/1 and 1/1	287,595	169	9,935		277,829	112,312	48,164	160,476	165,517
1993*	7/1 and 1/1	553,389	1,479	22,382	43,655	488,831	181,252	140,830	322,082	307,579
Total Grand List		\$ 14,333,937	\$ 35,133	\$ 191,331	\$ 43,655	\$ 14,134,084	\$ 12,817,869	\$ 335,359	\$ 13,153,228	\$ 1,316,215
Suspend Collections							3,293	4,263	7,556	
Total Tax Collections							\$ 12,821,162	\$ 339,622	\$ 13,160,784	

*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, 1998

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 1997	Collections			Water Rents Receivable, June 30, 1998
		Rents	Interest and Liens	Total	
1997	\$ 1,144,910	\$ 1,031,626	\$ 12,634	\$ 1,044,260	\$ 113,284
1996	135,372	58,067	16,204	74,271	77,305
1995*	219,161	97,447	78,424	175,871	121,714
	<u>\$ 1,499,443</u>	<u>\$ 1,187,140</u>	<u>\$ 107,262</u>	<u>\$ 1,294,402</u>	<u>\$ 312,303</u>

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 1997	Collections			Sewer Rents Receivable, June 30, 1998
		Rents	Interest and Liens	Total	
1997	\$ 1,274,933	\$ 1,136,720	\$ 13,076	\$ 1,149,796	\$ 138,213
1996	167,480	69,318	18,441	87,759	98,162
1995*	322,019	138,035	105,104	243,139	183,984
	<u>\$ 1,764,432</u>	<u>\$ 1,344,073</u>	<u>\$ 136,621</u>	<u>\$ 1,480,694</u>	<u>\$ 420,359</u>

*Includes Grand List of 1995 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, 1998

Name	Title	Amount of Bond
Margaret A. Johnson	Town Manager	\$ 95,000
Henry L. Centrella, Jr.	Director of Finance	595,000
*	Treasurer	600,000
Robert D. Carfiro	Tax Collector	147,000
Kathleen N. Simmons	Assistant to the Tax Collector	85,000
Arthur Borla	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

* Position is vacant, Town Manager is fulfilling the role on a temporary basis

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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 Government	Welfare	Health	Parks and Recreation	Library	Debt Service	Capital Outlay	Total
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
1998	13,210	1,510	2,334	933	1,523	122	115	140	128	793	610	21,418

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

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					
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
1998	13,210	1,510	2,334	933	1,523	122	115	140	128	793	610	21,418

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>
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
1998	13,159	8,567	565	22,291

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

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

Table 3

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
1989	1987	35.60	\$ 8,584	\$ 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
1998	1996	29.87	12,765	12,201	95.58	617	12,818	100.42	1,316	10.31

(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	
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
1998	1996	357,822	511,174	33,855	48,364	44,180	63,114	435,857	622,652	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
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
1997	11,300	432,787,000	4,730,000	1.09	419
1998	11,422	435,857,000	4,280,000	0.98	375

(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, 1998

Total Tax Collections, Including Interest and Lien Fees, for Current Fiscal Year	\$ 13,160,784
Reimbursement for Revenue Loss on:	
Tax relief for elderly and disabled	128,006
Private property tax exemptions	122,064
Industrial park tenants' tax exemptions	21,910
Manufacturers PILOT grant	179,973
Motor boats	<u>14,829</u>
Base	<u>\$ 13,627,566</u>

General Long-Term Debt

	<u>General Purposes (2.25 x base)</u>	<u>Schools (4.50 x base)</u>	<u>Urban Renewal (3.25 x base)</u>	<u>Enterprise (3.75 x base)</u>
Debt Limitation:				
Statutory debt limits by function	<u>\$ 30,662,024</u>	<u>\$ 61,324,047</u>	<u>\$ 44,289,590</u>	<u>\$ 51,103,373</u>
Debt:				
Bonds payable	225,000	4,055,000		13,536,100
Notes payable	<u>375,000</u>	<u>256,150</u>		<u>9,111,500</u>
	<u>600,000</u>	<u>4,311,150</u>	<u>-</u>	<u>22,647,600</u>
Debt Limitation in Excess of Debt*	<u>\$ 30,062,024</u>	<u>\$ 57,012,897</u>	<u>\$ 44,289,590</u>	<u>\$ 28,455,773</u>

*In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be approximately \$95,392,962.

TOWN OF WINCHESTER, CONNECTICUT

Table 7

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
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
1998	455	320	775	21,418	3.62

(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.

TOWN OF WINCHESTER, CONNECTICUT

Table 8

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>
1989	11,260	1,225	\$ 16,741	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
1998	11,422	1,220		4.4

(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, 1990.

(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					
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		
1998	2	980	5	1,005	49,302	306,880	49,155		

(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.)

TOWN OF WINCHESTER, CONNECTICUT

Table 10

PRINCIPAL TAXPAYERS

JUNE 30, 1998

	Assessed Valuation as of October 1, 1995	Percentage of Gross Taxable Grand List	Nature of Business
1. Howmet Turbine	\$ 6,287,090	1.47 %	Manufacturing
2. Ledgebrook LLC Trustee	4,894,780	1.14	Shopping Center
3. Connecticut Light and Power	4,470,046	1.05	Power Company
4. Yankee Gas	2,659,258	0.62	Gas Company
5. Litchfield Gardens Association	2,197,530	0.51	Apartments
6. SKF USA, Inc.	2,150,027	0.50	Manufacturing
7. Homer D. Bronson Company	2,056,066	0.48	Manufacturing
8. Winsted Precision Ball	1,794,244	0.42	Manufacturing
9. Reynolds & Reynolds	1,345,081	0.32	Manufacturing
10. Litchfield Heights Apartments, LLC	1,343,240	0.31	Apartments
Total	\$ <u>29,197,362</u>	<u>6.82 %</u>	

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

TOWN OF WINCHESTER, CONNECTICUT

Table 11

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>Total</u>
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
1998	487	55	68			610

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

SUPPLEMENTAL DATA

JUNE 30, 1998

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	<u>Municipal Cemeteries</u>	
Paved	72.51	Active	3
Unpaved	8.76	Inactive	3
State highways	23.50		
		<u>Education</u>	
<u>Recreation</u>		Senior high schools	1
Community Centers	1	Students	18
Neighborhood parks	2	Private senior high schools	1
Public greens	2	Students	536
Acres of park land	30	Special education	55
Playgrounds	3	Instruction	47
Tennis courts	2	Administrative and other	
Asphalt	2	nonteaching personnel	27
Lighted	2	Middle schools	1
Ball diamonds	7	Students	379
Lighted	1	Elementary schools	2
Basketball courts	2	Students	788
Lighted	1	Special education	35
Beaches	2	Instructional	105
Ponds	1	Administrative and other	
		nonteaching personnel	68
		<u>Police Protection</u>	
<u>Elections</u>		Police cars	9
Registered voters	6,530	Police officers	19
Votes cast in last:		Civilian employees	5
National election	4,632	<u>Fire Protection</u>	
State election	4,097	Stations	4
Municipal election	2,456	Volunteer firemen	132
Percentage of registered		Full-time paid firemen	1
voters voting in last:		<u>Town Employees (Full-Time)</u>	
National election	71 %	Town	83
State election	63 %	School	173
Municipal election	38 %		
<u>Library</u>			
Main building	1		
Employees	10		
Full-time	3		
Part-time	5		