

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 1999

TOWN OF WINCHESTER,
CONNECTICUT



Office of the
Director of Finance

TOWN OF WINCHESTER, CONNECTICUT

Comprehensive Annual Financial Report

JUNE 30, 1999

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, 1999

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:	Spencer C. Monroe
Tax Collector:	Arlene M. Boutin
Town Clerk:	William T. Riiska
Purchasing Agent:	Mark A. Douglass
Town Assessor:	Janice L. McKie
Superintendent of Schools:	Raymond W. Powell

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Winchester,
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

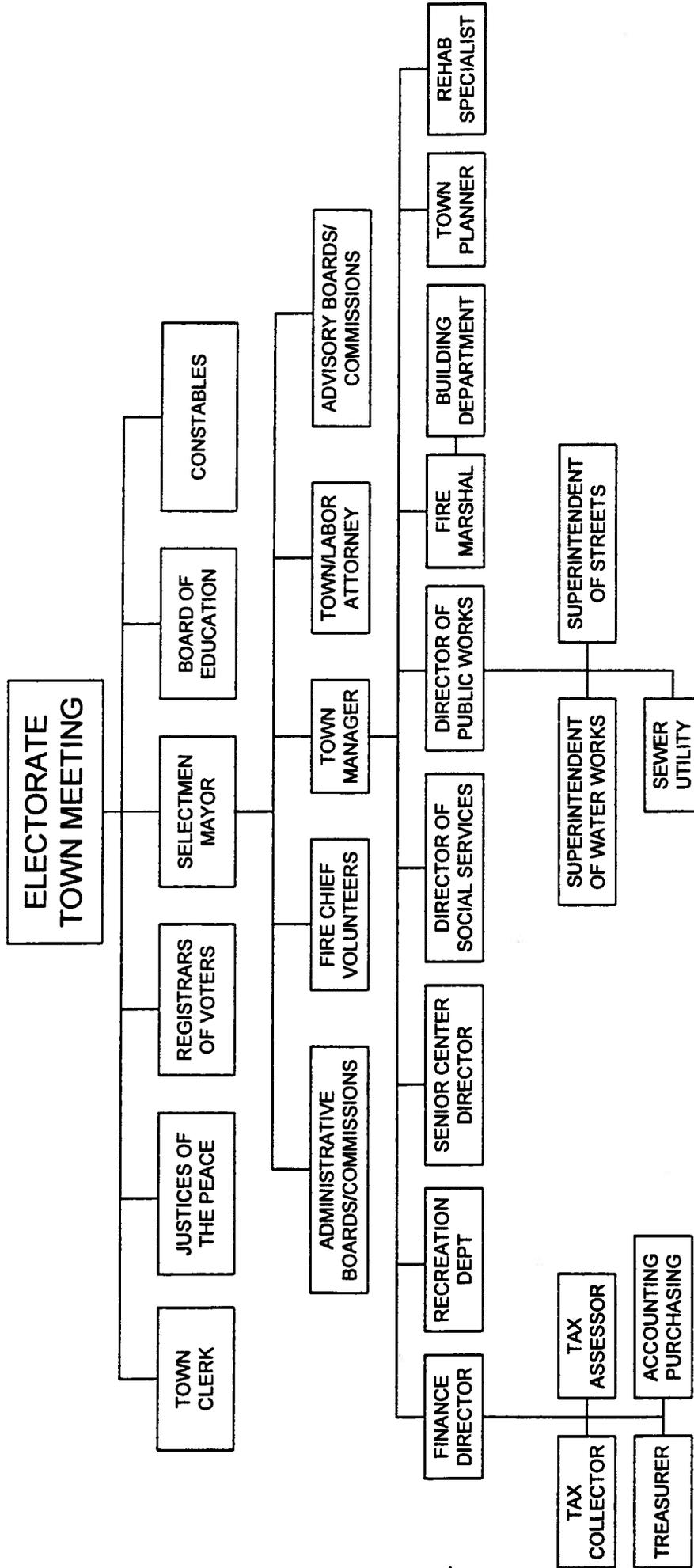
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Cary Brubaker
President

Jeffrey L. Eselle
Executive Director

ORGANIZATIONAL CHART





TOWN OF WINCHESTER - CITY OF WINSTED

Town Hall - 338 Main Street
WINSTED, CONNECTICUT 06098

November 30, 1999

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, 1999 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 1999 look somewhat more promising, with a decrease from June 1998.

Unemployment statistics as of June 1998 for the Town of Winchester are reported to be at 3.4%, while that of the State of Connecticut is 3.1%. These percentages present a declining unemployment rate from June 1998 which saw the Town of Winchester at 4.4% and the State of Connecticut at 4.0%.

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.

The Town of Winchester submitted 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 economic viability of the downtown commercial core of the Town. The total estimated cost of the project is \$4,839,000.

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.

During 1998, a new economic revitalization was under way. It is the Town's Brownfields Project. The U.S. EPA awarded the Town a \$200,000 grant to study and redevelop several potentially contaminated manufacturing sites located in the downtown and Highland Lake areas. The program will also educate the general public on the impacts and potentials of Brownfields. Town staff will be interviewing seven firms for implementation of this high priority project.

Future:

As part of the Town's ongoing commitment to enhance its utilization of its computer system, the town upgraded its AS/400 SISC machine to a new AS/400 RISC machine, which is year 2000 compliant. The Town's programs have been upgraded to AS/400 native language and are all year 2000 compliant. All of this makes the Town ready for the year 2000. Another commitment to

enhance the Town is that personal computers have been installed in Town departments and new category five cabling has been installed. With this and the installation of a network service (IBM Netfinity), all offices are now networked. The Town is also developing a WEB site to promote the Town. We are also establishing e-mail addresses for town departments. The Town can now electronically transmit and receive files for banking purposes.

The Economic Redevelopment Commission is currently marketing its second industrial park - Winchester Business Park. The Winchester Business Park, a 13-lot fully serviced industrial subdivision, is the result of a partnership between Winchester/Winsted and the State of Connecticut Department of Community and Economic Development (DECD). The Economic Development Commission and the Town of Winchester/City of Winsted are committed to developing a mix of industrial/high tech office buildings in an environment which compliments existing sites and projects a quality image.

The Town's Redevelopment Commission is working on a strategic plan of redevelopment. This plan analyzes the economic and physical potential for the commercial and residential areas in the downtown center of Winsted and will recommend a plan for improvement. In addition, the Town is working on a relocation plan. A consultant will be hired to assist the commission.

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, 1999 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, Waste Disposal and Recycling, 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 1999 vs. 1998

<u>Revenue Source</u>	<u>1999</u>		<u>1998</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	\$ 13,300,525	58.8%	\$ 13,158,847	59.0%	\$ 141,678	1.1%
Intergovernmental revenues	8,653,598	38.3	8,566,757	38.4	86,841	1.0
Other revenues	649,573	2.9	564,901	2.6	84,672	15.0
Total	\$ 22,603,696	100.0%	\$ 22,290,505	100.0%	\$ 313,191	1.4

General property taxes, interest and lien fees increased by \$141,678 or 1.1% from fiscal year 1998, due primarily to an increase in current tax collections resultant from an increase in the mill rate.

Intergovernmental revenues, which include state grants to the Town's general government and school system, increased \$86,841 or 1.0%, 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 1999 vs. 1998</u>					
	<u>1999</u>		<u>1998</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	\$ 1,731,914	7.8%	\$ 1,509,808	7.0%	\$ 222,106	14.7%
Public safety	2,505,492	11.3	2,333,901	10.9	171,591	7.4
Miscellaneous	757,048	3.4	932,897	4.3	(175,849)	(18.8)
General						
government	1,192,951	5.4	1,523,217	7.1	(330,266)	(21.7)
Welfare	51,085	.2	121,676	.6	(70,591)	(58.0)
Health	129,032	.6	114,779	.5	14,253	12.4
Parks and						
recreation	178,583	.8	140,299	.7	38,284	27.3
Library	175,000	.8	128,000	.6	47,000	36.7
Waste disposal and						
recycling	492,602	2.2	-	-	492,602	100.0
Debt service	749,076	3.4	793,425	3.7	(44,349)	(5.6)
Capital outlay	596,582	2.7	610,252	2.9	(13,670)	(2.2)
Total municipal	<u>8,559,365</u>	<u>38.6</u>	<u>8,208,254</u>	<u>38.3</u>	<u>351,111</u>	<u>4.3</u>
Board of Education	<u>13,543,394</u>	<u>61.4</u>	<u>13,209,503</u>	<u>61.7</u>	<u>333,891</u>	<u>2.5</u>
Total	<u>\$ 22,102,759</u>	<u>100.0%</u>	<u>\$ 21,417,757</u>	<u>100.0%</u>	<u>\$ 685,002</u>	<u>3.2</u>

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 the funding of waste disposal and recycling. 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>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Unreserved Fund Balance	\$ 433	\$ 551	\$ 740	\$ 1,203	\$ 1,210

The General Fund unreserved fund balance increased from \$1,203 to \$1,210 as of June 30, 1999. This increase represents .03% 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>1999</u>	<u>1998</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 2,735,458	\$ 2,770,437	\$ (34,979)
Operating expenses*	<u>2,098,058</u>	<u>2,000,551</u>	<u>97,507</u>
Operating Income	\$ <u>637,400</u>	\$ <u>769,886</u>	\$ <u>(132,486)</u>

*Includes depreciation expense of \$574,851 and \$567,437 for the fiscal years ended 1999 and 1998, respectively, leaving a 6.3% 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 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 1999 are as follows:

Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita
\$ <u>3,830,000</u>	<u>.87%</u>	\$ <u>335</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 \$150,000 at June 30, 1999. In addition, the Town has outstanding at June 30, 1999 Water Revenue Bonds which were issued in 1990. The original issue was for \$2,800,000, which has \$1,540,000 outstanding at June 30, 1999. Proceeds of the 1990 bond were used to finance improvements to the water system. On June 26, 1998, the Town issued Water Bonds with the United States Department of Agriculture - Rural Development in the amount of \$4,132,300 for the construction of the Water Filtration Plant Project. The balance outstanding at of June 30, 1999 is \$3,925,685. The second bond issue for this project was issued on August 3, 1998 for \$995,400, all of which was outstanding at June 30, 1999.

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, 1999, the United States Department of Agriculture - Rural Development bonds of \$893,600 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 United States Department of Agriculture - Rural Development 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, 1999, United States Department of Agriculture - Rural Development bonds of \$2,824,400 were outstanding. The Town's Water Pollution Control Authority is financing a Highland Lake Sewer Assessment Project Fund. United States Department of Agriculture - Rural Development bonds of \$4,353,400 were issued on June 22, 1994 and \$ 3,628,400 was outstanding as of June 30, 1999.

The Town has \$3,680,000 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 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, 1998. This was the eleventh 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

FINANCIAL SECTION



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

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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, 1999 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, 1999, 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 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.

Additionally, the year 2000 required supplementary information on page 32 is not a required part of the general purpose financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town of Winchester, Connecticut, is or will become year 2000 compliant, that the Town of Winchester, Connecticut's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Winchester, Connecticut, does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 1999 on our consideration of the Town of Winchester, Connecticut's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Blum, Shapiro & Company, P.C.
November 30, 1999

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

JUNE 30, 1999
 WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	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	General	Long-Term Debt	1999	(Memorandum Only) 1998		
ASSETS AND OTHER DEBITS													
Assets:													
Cash and cash equivalents	\$ 1,731,778	\$ 591,784	\$ 1,738,191	\$ 518,822	\$	\$	\$ 4,142,989	\$	\$	\$	\$	\$ 4,580,575	\$ 5,463,236
Investments	1,214,568			4,142,989								7,548,553	7,548,553
Property taxes receivable, net												1,214,568	1,277,216
Accounts receivable:													
State of Connecticut	134,964	674,888										809,852	523,153
Other	94,400	4,682,542	439,497	147,748								5,364,187	6,007,406
Accrued utility revenue			563,046									563,046	333,916
Due from other funds	79,224	268,413	78,401									426,038	805,097
Other assets	43,403	9,977										53,380	57,228
Inventories, at cost													45,586
Property, plant and equipment (net where applicable)			37,880,432		23,519,264							61,399,696	60,368,547
Other Debits:													
Amounts to be provided by state grant									2,403,948			2,403,948	2,648,916
Amounts to be provided by future years' budgets									3,787,351			3,787,351	4,215,870
Total Assets and Other Debits	\$ 3,298,337	\$ 6,227,604	\$ 40,699,567	\$ 4,809,559	\$ 23,519,264	\$ 6,191,299	\$ 84,745,630	\$ 89,291,724	\$	\$	\$	\$ 84,745,630	\$ 89,291,724
LIABILITIES, FUND EQUITY AND OTHER CREDITS													
Liabilities:													
Accounts payable and accrued liabilities	\$ 540,379	\$ 36,204	\$ 183,065	\$ 7,677	\$	\$	\$	\$	\$	\$	\$	\$ 759,648	\$ 1,341,843
Due to other funds	148,967	46,621	222,773									426,038	805,097
Due to State of Connecticut		181,988										181,988	177,812
Fiduciary deposits				53,927								53,927	49,116
Accrued pension contribution	53,779											53,779	80,042
Deferred revenue	891,742	5,337,343										6,229,085	6,355,426
Bonds and notes payable			15,307,485					3,830,000				19,249,985	27,558,750
Claims and judgements			112,500					1,018,890				1,018,890	1,099,008
Accrued vacation and sick leave benefits			102,711					781,514				884,225	849,141
Obligations under capital leases								560,895				560,895	549,600
Total liabilities	\$ 1,634,867	\$ 5,602,156	\$ 15,816,034	\$ 61,604	\$	\$ 6,191,299	\$ 29,418,460	\$ 38,865,835	\$	\$	\$	\$ 23,519,264	\$ 22,978,926
Fund Equity and Other Credits:													
Investment in general fixed assets			18,665,265		23,519,264							18,665,265	15,592,965
Contributed capital			6,218,268									6,218,268	5,969,075
Retained earnings													
Fund balances:													
Reserved for employee retirement system				4,290,737								4,290,737	3,846,321
Reserved for encumbrances	410,267											410,267	235,193
Reserved for prepaid expenditures	43,403											43,403	42,358
Unreserved:													
Undesignated	1,209,800	625,448		457,218								2,179,966	1,761,051
Total fund equity and other credits	1,663,470	625,448		4,747,955								35,327,170	50,423,889
Total Liabilities, Fund Equity and Other Credits	\$ 3,298,337	\$ 6,227,604	\$ 40,699,567	\$ 4,809,559	\$ 23,519,264	\$ 6,191,299	\$ 84,745,630	\$ 89,291,724	\$	\$	\$	\$ 84,745,630	\$ 89,291,724

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 FUNDS

FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Capital Projects	Fund Type	(Memorandum Only)	
				Expendable Trust	1999	1998
Revenues:						
General property taxes, interest and lien fees	\$ 13,300,525	\$	\$	\$	\$ 13,300,525	\$ 13,158,847
Intergovernmental revenues	9,049,766	1,481,965			10,531,731	9,997,125
Other revenues	649,573	652,960		543	1,303,076	1,275,021
Total revenues	<u>22,999,864</u>	<u>2,134,925</u>	<u>-</u>	<u>543</u>	<u>25,135,332</u>	<u>24,430,993</u>
Expenditures:						
Current:						
Board of Education	13,911,424				13,911,424	13,756,318
Program and project expenditures		1,902,629			1,902,629	1,465,682
Public works	1,709,615				1,709,615	1,501,118
Public safety	2,503,391				2,503,391	2,315,245
Miscellaneous	703,224				703,224	919,554
General government	1,142,889				1,142,889	1,523,004
Welfare	51,035				51,035	121,676
Health	129,032				129,032	114,779
Parks and recreation	160,397				160,397	139,414
Library	175,000				175,000	128,000
Waste disposal and recycling	492,602				492,602	
Debt service	749,076				749,076	793,425
Capital outlay	774,379				774,379	764,155
Total expenditures	<u>22,502,064</u>	<u>1,902,629</u>	<u>-</u>	<u>-</u>	<u>24,404,693</u>	<u>23,542,370</u>
Excess of Revenues over Expenditures	497,800	232,296		543	730,639	888,623
Other Financing Sources (Uses):						
Proceeds from capital lease	184,000				184,000	-
Operating transfers in	5,710	178,967	326,000		510,677	611,046
Operating transfers out	(504,967)	(333,527)			(838,494)	(941,868)
Excess of Revenues and Other Sources over Expenditures and Other Uses	182,543	77,736	326,000	543	586,822	557,801
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 1,663,470</u>	<u>\$ 625,448</u>	<u>\$ (112,500)</u>	<u>\$ 19,064</u>	<u>\$ 2,195,482</u>	<u>\$ 1,608,660</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

Exhibit 3

PENSION TRUST FUND

STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE PLAN YEAR ENDED DECEMBER 31, 1998

Additions:	
Contributions:	
Employer	\$ 61,367
Plan member	47,180
Total contributions	<u>108,547</u>
Investment income:	
Net appreciation in fair value of investments	237,298
Interest	165,754
Dividends	90,520
	<u>493,572</u>
Total additions	<u>602,119</u>
Deductions:	
Benefits	122,464
Administrative expense	35,239
Total deductions	<u>157,703</u>
Net Increase	444,416
Net Assets Held In Trust for Pension Benefits at Beginning of Year	<u>3,846,321</u>
Net Assets Held In Trust for Pension Benefits at End of Year	<u>\$ 4,290,737</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

Exhibit 4

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

FOR THE YEAR ENDED JUNE 30, 1999

	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	\$ 13,228,564	\$ 13,300,525	\$ 71,961	\$ -	\$ -	\$ -
Intergovernmental revenues	8,615,710	8,653,598	37,888	-	-	-
Other revenues	898,100	649,573	(248,527)	12,000	11,393	(607)
Total revenues	<u>22,742,374</u>	<u>22,603,696</u>	<u>(138,678)</u>	<u>12,000</u>	<u>11,393</u>	<u>(607)</u>
Expenditures:						
Current:						
Board of Education	13,524,779	13,543,394	(18,615)	-	-	-
Program and project expenditures	-	-	-	190,481	174,344	16,137
Public works	1,727,636	1,731,914	(4,278)	-	-	-
Public safety	2,529,272	2,505,492	23,780	-	-	-
Miscellaneous	701,402	757,048	(55,646)	-	-	-
General government	1,148,783	1,192,951	(44,168)	-	-	-
Welfare	51,841	51,085	756	-	-	-
Health	130,032	129,032	1,000	-	-	-
Parks and recreation	174,786	178,583	(3,797)	-	-	-
Library	175,000	175,000	-	-	-	-
Waste disposal and recycling	492,604	492,602	2	-	-	-
Debt service	757,731	749,076	8,655	-	-	-
Capital outlay	1,089,228	596,582	492,646	-	-	-
Total expenditures	<u>22,503,094</u>	<u>22,102,759</u>	<u>400,335</u>	<u>190,481</u>	<u>174,344</u>	<u>16,137</u>
Excess (Deficiency) of Revenues over Expenditures	239,280	500,937	261,657	(178,481)	(162,951)	15,530
Other Financing Sources (Uses):						
Proceeds from capital lease	-	5,789	5,789	-	-	-
Operating transfers in	6,000	5,710	(290)	178,481	178,967	486
Operating transfers out	(504,481)	(504,967)	(486)	-	-	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (259,201)</u>	<u>7,469</u>	<u>\$ 266,670</u>	<u>\$ -</u>	<u>16,016</u>	<u>\$ 16,016</u>
Fund Balances at Beginning of Year		<u>1,245,735</u>			<u>77,046</u>	
Fund Balances at End of Year		<u>\$ 1,253,204</u>			<u>\$ 93,062</u>	

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Nonexpend- able Trusts	Totals (Memorandum Only)
Operating Revenues:			
Water rents	\$ 1,200,646	\$	\$ 1,200,646
Sewer rents	1,157,388		1,157,388
Fines, penalties and investment income	264,526	15,871	280,397
Other	112,898		112,898
Total operating revenues	2,735,458	15,871	2,751,329
Operating Expenses:			
Operations	970,299		970,299
Maintenance	259,405		259,405
Depreciation	574,851		574,851
Administration	293,503		293,503
Other		2,100	2,100
Total operating expenses	2,098,058	2,100	2,100,158
Operating Income	637,400	13,771	651,171
Nonoperating Revenues (Expenses):			
Interest income	69,698		69,698
Interest expense	(791,414)		(791,414)
Net nonoperating expenses	(721,716)	-	(721,716)
Income (Loss) Before Operating Transfers	(84,316)	13,771	(70,545)
Operating Transfers In	333,509		333,509
Operating Transfers Out		(5,559)	(5,559)
Net Income	249,193	8,212	257,405
Retained Earnings/Fund Balances at Beginning of Year	5,969,075	429,942	6,399,017
Retained Earnings/Fund Balances at End of Year	\$ 6,218,268	\$ 438,154	\$ 6,656,422

The accompanying notes are an integral part of the financial statements

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

FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Non- expendable Trusts	Totals (Memorandum Only)	
			1999	1998
Cash Flows from Operating Activities:				
Operating income	\$ 637,400	\$ 13,771	\$ 651,171	\$ 782,119
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Investment income		(15,871)	(15,871)	(16,874)
Depreciation	574,851		574,851	567,437
(Increase) decrease in operating assets:				
Rents receivable	287,341		287,341	108,522
Receivable from U.S. Government			-	13,808
Accrued utility revenue	(229,130)		(229,130)	1,429
Other assets	45,587		45,587	-
Amounts due from other funds	437,839		437,839	(348,992)
Increase (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	(652,558)		(652,558)	469,570
Amounts due to other funds	(373,382)		(373,382)	468,487
Accrued vacation and sick leave benefits	(2,902)		(2,902)	15,431
Net cash provided by (used in) operating activities	<u>725,046</u>	<u>(2,100)</u>	<u>722,946</u>	<u>2,060,937</u>
Cash Flows from Noncapital Related Financing Activities:				
Operating transfers in	333,509		333,509	355,718
Operating transfers out		(5,559)	(5,559)	(24,755)
Net cash provided by (used in) noncapital related financing activities	<u>333,509</u>	<u>(5,559)</u>	<u>327,950</u>	<u>330,963</u>
Cash Flows from Capital and Related Financing Activities:				
Grants received from state and federal governments	3,072,300		3,072,300	-
Proceeds of notes payable	1,775,000		1,775,000	14,908,000
Principal payments on notes payable	(10,886,498)		(10,886,498)	(7,749,000)
Proceeds of bonds payable	2,495,400		2,495,400	4,132,300
Principal payments on bonds payable	(724,015)		(724,015)	(517,400)
Interest paid on notes and bonds payable	(791,414)		(791,414)	(580,020)
Acquisition and construction of capital assets	(1,065,663)		(1,065,663)	(8,349,703)
Net cash provided by (used in) capital and related financing activities	<u>(6,124,890)</u>	<u>-</u>	<u>(6,124,890)</u>	<u>1,844,177</u>
Cash Flows from Investing Activities:				
Investment income	69,698	15,871	85,569	102,395
Proceeds (purchase) of U.S. Treasury notes	3,982,924		3,982,924	(3,982,924)
Net cash provided by (used in) investing activities	<u>4,052,622</u>	<u>15,871</u>	<u>4,068,493</u>	<u>(3,880,529)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,013,713)	8,212	(1,005,501)	355,548
Cash and Cash Equivalents at Beginning of Year	2,751,904	433,083	3,184,987	2,829,439
Cash and Cash Equivalents at End of Year	\$ 1,738,191	\$ 441,295	\$ 2,179,486	\$ 3,184,987
Cash and Cash Equivalents at End of Year:				
Nonexpendable Trust Funds		\$ 441,295		
Expendable Trust and Agency Funds		<u>77,527</u>		
Total on Combined Balance Sheet		\$ 518,822		

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. 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, 1999.

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, 1999 is presented below:

	General Fund	Special Revenue Funds
Excess of revenues and other sources over expenditures and other uses for budgeted funds - budgetary basis	\$ 7,469	\$ 16,016
Timing difference:		
Change in reserve for encumbrances	175,074	-
Entity difference:		
Excess of revenues and other sources over expenditures and other uses for nonbudgeted funds	-	61,720
 Excess of Revenues and Other Sources over Expenditures and Other Uses - GAAP Basis	 \$ 182,543	 \$ 77,736

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, 1999:

Deposits	\$ <u>4,580,575</u> *
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* Includes demand and money market accounts.

At year-end, the carrying amount of the Town of Winchester's deposits was \$4,580,575, and the bank balance was \$4,693,826. Of the bank balance, \$233,982 was covered by federal depository insurance. The remaining balance of \$4,459,844 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 \$465,985 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 fair value, 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:

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Pension Trust Fund:					
U.S. Government securities	\$	\$ 855,011	\$	\$ 855,011	\$ 855,011
Corporate and foreign obligations		518,344		518,344	518,344
* Pooled trust funds - Fleet Bank				<u>2,769,634</u>	<u>2,769,634</u>
				<u>\$ 4,142,989</u>	<u>\$ 4,142,989</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, 1997, upon which the fiscal 1999 levy was based, was \$438 million. A 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, 1999 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, 1999, 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, 1999.

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	\$ 18,615
Public works:	
Streetlighting	5,424
Public safety:	
Police department	8,899
Miscellaneous	55,646
Finance:	
Accountants	796
Buildings	13,203
Town manager	8,172
Town clerk	3,458
Law	9,124
Other:	
Conservation commission	25,347
Data processing	2,511
Parks and recreation:	
Organized recreation	5,046
Operating transfers out	486

The following funds had fund deficits at June 30, 1999:

Special revenue funds:	
Dog fund	\$ 3,948
Capital projects funds:	
Ladder tower truck	112,500

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 1999 reduced by allowance for uncollectible accounts are as follows:

	Gross Receivable	Allowance for Uncollectible Accounts	Net Receivable
General Fund: Property taxes	\$ 1,253,568	\$ 39,000	\$ 1,214,568

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

	Balance July 1, 1998	Additions	Adjustments and Deletions	Balance June 30, 1999
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	2,226,098	264,130		2,490,228
Town	5,212,264	295,179	18,971	5,488,472
	\$ 22,978,926	\$ 559,309	\$ 18,971	\$ 23,519,264

Summary of Proprietary Fund Property, Plant and Equipment - A summary of Proprietary Fund property, plant and equipment at June 30, 1999 follows:

Land	\$ 85,476
Buildings, structures and improvements	42,472,871
Equipment	700,210
Distribution reservoirs and standpipes	487,871
Construction in process	1,479,973
	45,226,401
Less accumulated depreciation	7,068,219
Net Property, Plant and Equipment	\$ 38,158,182

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, 1999 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, 1999</u>
General purposes: Public improve- ments:					
Town Hall and Firehouse	10/15/80	\$ 1,750,000	8.8 & 8.9%	10/15/2000	\$ 150,000
School Renovations	11/15/88	7,430,000	6.977%	11/15/2008	3,680,000
Water and sewer:					
Water Revenue	4/16/90	2,800,000	6.5 & 8.5%	4/16/2010	1,540,000
Sewer Inflow and Infiltration	6/2/89	1,452,600	5.0%	6/2/2015	893,600
Wastewater Treatment	6/2/89	4,183,800	6.25%	6/2/2015	2,574,800
Wastewater Treatment	6/2/89	405,600	5.75%	6/2/2015	249,600
Highland Lake Sewer Project	6/22/94	4,353,400	5.0%	6/22/2024	3,628,400
Wastewater Treatment	6/26/98	4,132,300	4.50%	6/26/2018	3,925,685
Water Treatment Plant	8/3/98	995,400	4.50%	8/3/2018	995,400
Water Mains	11/1/98	1,500,000	4.0328%	11/1/2013	1,500,000

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.

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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>
2000	\$ 450,000	\$ 254,605	\$ 873,785	\$ 788,636
2001	450,000	222,054	873,785	743,150
2002	375,000	192,843	873,785	696,594
2003	375,000	166,968	873,785	649,039
2004	375,000	141,093	873,785	601,553
Subsequent	1,805,000	310,722	10,938,560	4,078,317
	<u>\$ 3,830,000</u>	<u>\$ 1,288,285</u>	<u>\$ 15,307,485</u>	<u>\$ 7,557,289</u>

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, 1999:

	<u>Bonds and Notes Payable</u>	<u>Claims and Judgments</u>	<u>Accrued Vacation and Sick Leave Benefits</u>	<u>Obligations Under Capital Leases</u>	<u>Total</u>
Balance, July 1, 1998	\$ 4,472,650	\$ 1,099,008	\$ 743,528	\$ 549,600	\$ 6,864,786
Payments made under capital lease obligations				(172,705)	(172,705)
Capital lease obligations entered into				184,000	184,000
Debt retired	(642,650)				(642,650)
Decrease in heart and hypertension liability		(80,118)			(80,118)
Increase in accrued vacation and sick leave benefits			37,986		37,986
Balance, June 30, 1999	<u>\$ 3,830,000</u>	<u>\$ 1,018,890</u>	<u>\$ 781,514</u>	<u>\$ 560,895</u>	<u>\$ 6,191,299</u>

TOWN OF WINCHESTER, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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, 1999 are as follows:

<u>Fiscal Year</u>	
2000	\$ 223,422
2001	151,309
2002	144,341
2003	87,201
2004	13,523
Total minimum lease payments	<u>619,796</u>
Less amount representing interest	<u>58,901</u>
Present Value of Future Minimum Lease Payments	<u>\$ 560,895</u>

Notes Payable - Notes payable at June 30, 1999 consisted of the following:

	<u>Outstanding Principal Balance</u>
Governmental Fund Type:	
Bond Anticipation Notes maturing August 4, 1999, interest at 4%	\$ 112,500

The Bond Anticipation Note included in the Capital Projects Funds is to finance the purchase of an aerial ladder fire truck.

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

The Town is subject to the General Statutes of the State of Connecticut which limit the amount of debt outstanding at June 30, 1999. In no case shall total indebtedness exceed seven times annual receipts from taxation. The maximum debt amount permitted under this formula would be approximately \$97 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.

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

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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, 1998, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries	
currently receiving benefits	16
Terminated employees entitled to benefits	
but not yet receiving them	3
Current plan members	<u>63</u>
Total	<u><u>82</u></u>

Summary of Significant Accounting Policies

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

Method Used to Value Investments: All funds are invested and administered through 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, 1999 the Town's required contribution was \$61,366 which represents 3.2 % of covered payroll of \$1,934,556.

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, 1999 are as follows:

Fleet Bank:	
Commingled Funds	\$ 1,262,755
Galaxy Mutual Funds	1,478,173

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, 1999 were as follows:

Annual required contribution (ARC)	\$ 61,366
Interest on net pension obligation	
Adjustment to annual required contribution	-
	<hr/>
Annual pension cost	61,366
Contributions made**	61,366
	<hr/>
	-
	<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 6/30/00

The annual required contribution for the current year was determined as part of the January 1, 1998 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8.5 % investment rate of return and (b) 6.0 % 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, 1998 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>
6/30/97	\$ 194,311	\$ 194,311	100%	\$ -
6/30/98	86,382	86,382*	100	-
6/30/99	61,366	61,366**	100	-

* Contribution was made prior to June 30, 1999

** Contribution will be made prior to June 30, 2000

Required Supplementary Information

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>
1/1/93	\$ 2,197,363	\$ 2,083,918	\$ (113,445)	105.4%	\$ 1,852,200	(6.1)%
1/1/94	2,503,025	2,340,208	(162,817)	107.0	1,969,209	(8.3)
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)
1/1/98	3,673,330	3,541,261	(132,069)	103.7	1,934,556	(6.8)

Schedule of Employer Contributions:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
6/30/99	61,366	100% **

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

** Contribution will be made prior to 6/30/00

TOWN OF WINCHESTER, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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, 1998
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*	8.5%
Projected salary increases*	6.0 %
Cost-of-living adjustments	None
Plan or Assumption changes	None

* includes inflation at 4.5%

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, 1999, the actuarial and actual contribution was \$188,334,000. Contributions to the State Teachers' Retirement System in the amount of \$396,168 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, 1999, teachers of the Town of Winchester contributed \$354,626 to the plan and covered payroll for the year was \$5,066,086. 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, 1998, there were 162 participating local government units (counting departments of municipalities which joined or reported separately as separate units). Membership in the plan at July 1, 1998 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	220	2	192	162
b. With Social Security	121	2	187	149
General:				
a. Without Social Security	1,990	32	1,142	1,461
b. With Social Security	1,824	50	1,846	2,514
Withdrawn Municipalities	16	2	N/A	N/A
Total Members	<u>4,171</u>	<u>88</u>	<u>3,367</u>	<u>4,286</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, 1999.

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, 1999 was \$195,226 which consisted of \$169,158 from the Town and \$26,068 from employees; these contributions represented 14.63% and 2.25% 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)
7/1/98	980	814	(166)	120	258	(64)

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
6/30/99	18.1	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, 1998
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 3.0% 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, 1999 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 79,224	\$ 148,967
Special Revenue Funds:		
Small Cities		3,125
Dog Fund		11,326
Town Aid Roads	97,576	
Federal and State Education Grants	43,322	
Sewer Assessment Fund	126,906	
Other	609	32,170
Enterprise Funds:		
Waterworks		25,537
Sewer	78,401	197,236
Nonexpendable Trust Funds:		
Other		3,141
Fiduciary Funds:		
Town Deposit		4,536
	<u>\$ 426,038</u>	<u>\$ 426,038</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, 1999 are as follows:

<u>Fund</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund	\$ 5,710	\$ 504,967
Special Revenue Funds:		
Dog Fund	30,695	
Town Aid Road	148,272	
Sewer Assessment Fund		333,509
Other		18
Capital Projects Funds:		
Water Drainage Improvements	150,000	
School Building Project	63,500	
Ladder Tower Truck	112,500	
Enterprise Funds:		
Sewer	333,509	
Nonexpendable Trust Funds:		
Forest View Cemetery		3,849
Winchester Center Cemetery		980
Other		730
Fiduciary Funds:		
Town Deposit		133
	<u>\$ 844,186</u>	<u>\$ 844,186</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	<u>3,072,300</u>		<u>3,072,300</u>
Ending Balance, Contributed Capital	<u>\$ 3,411,400</u>	<u>\$ 15,253,865</u>	<u>\$ 18,665,265</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, 1999 follows:

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ <u>1,314,671</u>	\$ <u>1,420,787</u>	\$ <u>2,735,458</u>
Operating expenses	\$ <u>912,052</u>	\$ <u>1,186,006</u>	\$ <u>2,098,058</u>
Depreciation expense	\$ <u>156,651</u>	\$ <u>418,200</u>	\$ <u>574,851</u>
Operating income	\$ <u>402,619</u>	\$ <u>234,781</u>	\$ <u>637,400</u>
Nonoperating expenses	\$ <u>353,409</u>	\$ <u>368,307</u>	\$ <u>721,716</u>
Transfers	\$ <u>-</u>	\$ <u>333,509</u>	\$ <u>333,509</u>
Net income	\$ <u>49,210</u>	\$ <u>199,983</u>	\$ <u>249,193</u>
Rents receivable, net of allowance for uncollectible accounts of \$8,671	\$ <u>212,022</u>	\$ <u>227,475</u>	\$ <u>439,497</u>
Acquisition and construction of capital assets	\$ <u>917,378</u>	\$ <u>148,285</u>	\$ <u>1,065,663</u>
Total assets	\$ <u>16,812,905</u>	\$ <u>24,164,412</u>	\$ <u>40,977,317</u>
Net working capital (deficit)	\$ <u>(1,183,580)</u>	\$ <u>1,463,092</u>	\$ <u>279,512</u>
Bonds and notes payable (payable from operating revenues)	\$ <u>7,961,085</u>	\$ <u>7,346,400</u>	\$ <u>15,307,485</u>
Total fund equity	\$ <u>8,407,625</u>	\$ <u>16,475,908</u>	\$ <u>24,883,533</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, 1999 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, 1999, the Town had long-term loans outstanding of \$1,797,190 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, 1997, 1998 and 1999. 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 215 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 1998-99 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 1998-99 by the Town was \$103,072. 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.

TOWN OF WINCHESTER, CONNECTICUT
YEAR 2000 REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

The following is a description of the Town of Winchester, Connecticut's efforts to ensure that systems and equipment will operate correctly upon the change of the century date to 2000. This required supplementary information was prepared with guidance from the Governmental Accounting Standards Board (GASB) Technical Bulletin (TB) 98-1 as amended by TB 99-1. As such, the required supplementary information refers to those systems and equipment which have been determined to be mission critical. TB 98-1 defines "mission critical" as critical to conducting operations. While the cost of the compliance efforts is not immediately determinable, the Town did rely on technical support from program consultants that were already under contract with the Town, and the time spent on the compliance issue was within the time and cost parameters of those contracts. The purchase of new equipment and a new main frame achieved some compliance.

Awareness and Assessment Stage - During the 1999-2000 fiscal year the town appropriated funds to purchase new equipment. All existing governmental programs were identified and updated. It was determined that this could be done within the contractual agreements the Town already had in place with computer software support. The Town was able to identify the mainframe computer system, embedded systems in building HVAC controls, emergency and medical response equipment, and equipment used in the Town's wastewater treatment operation as mission-critical systems and equipment. The mainframe computer system consists of a new IBM AS/400 machine, AS/400 operating system and GEMS software. The system is used for all accounting functions, tax assessment and collection and payroll. The Town has replaced and or added personal computers to all offices for word processing and spreadsheet applications. The Town also implemented NT network for connection to the AS/400, which has eliminated the need for multiple terminals.

Remediation Stage - The Town's mainframe computer hardware and operating systems have been replaced to be year 2000 compliant, with software supplied by the manufacturer. This was completed in October 1999. As for embedded systems, the Town contacted manufacturers and suppliers to receive year 2000 compliance assurance or direction for remedial action. The Town has received such assurances or has made recommended modifications or upgrades for those systems.

Validation/Testing Stage - Testing of all the computer systems was completed in November 1999.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of the related remediation efforts of the Town will not be fully determinable until the year 2000 and thereafter. However, the Town believes it has taken all reasonable actions necessary to ensure compliance.

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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, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash and cash equivalents	\$ 1,731,778	\$ 1,411,787
Property taxes receivable, net	1,214,568	1,277,216
Receivable from State of Connecticut	134,964	336,625
Other receivables	94,400	230,509
Due from other funds	79,224	45,803
Other assets	<u>43,403</u>	<u>42,358</u>
Total Assets	\$ <u>3,298,337</u>	\$ <u>3,344,298</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 540,379	\$ 454,181
Due to other funds	148,967	173,782
Accrued pension contribution	53,779	80,042
Deferred revenue	891,742	1,155,366
Total liabilities	<u>1,634,867</u>	<u>1,863,371</u>
Fund Balances:		
Reserved:		
Encumbrances	410,267	235,193
Prepaid expenditures	43,403	42,358
Unreserved:		
Undesignated	<u>1,209,800</u>	<u>1,203,376</u>
Total fund balances	<u>1,663,470</u>	<u>1,480,927</u>
Total Liabilities and Fund Balances	\$ <u>3,298,337</u>	\$ <u>3,344,298</u>

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - NON-GAAP BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Revised Budget	Actual		
Revenues:				
Tax collector:				
General property taxes	\$ 12,975,564	\$ 13,074,408	\$ 98,844	\$ 12,819,225
Interest and lien fees	253,000	226,117	(26,883)	339,622
Total tax collector	<u>13,228,564</u>	<u>13,300,525</u>	<u>71,961</u>	<u>13,158,847</u>
Intergovernmental revenues:				
Education Equalization Grants	6,536,849	6,536,404	(445)	6,297,773
Public Act No. 290 - Education	7,915	164,140	156,225	228,955
Tax relief for elderly and disabled	128,000	118,217	(9,783)	128,006
Elementary transportation	294,241	280,344	(13,897)	251,156
Town Aid Roads	147,837	148,273	436	98,558
Reimbursement for industrial park tenants' tax exemptions		21,252	21,252	21,910
Welfare	3,000	5,668	2,668	39,315
Manufacturers' PILOT Grant	179,973	209,513	29,540	179,973
Reimbursement for private property tax exemptions	221,755	221,265	(490)	122,064
Reimbursement for revenue loss on motor boats	14,829	14,829	-	14,829
In lieu of taxes	25,000	25,273	273	25,493
Civil defense	2,000	3,158	1,158	2,334
Riverfront Project			-	38,597
Pequot-State property	310,009	298,685	(11,324)	297,565
Bridge repairs			-	105,082
Senior citizens DMR Grant	14,992	11,400	(3,592)	-
Local capital improvement program - highways		8,575	8,575	99,240
Winchester Center ballfield			-	
Miscellaneous grants	30,335		(30,335)	
Telecommunications property taxes	131,569	140,107	8,538	131,569
School renovation project	567,406	440,999	(126,407)	461,620
Health and welfare		5,496	5,496	5,354
Region no. 7 debt retirement			-	17,364
Total intergovernmental revenues	<u>8,615,710</u>	<u>8,653,598</u>	<u>37,888</u>	<u>8,566,757</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, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Revised Budget	Actual		
Other revenues:				
Interest income	\$ 150,000	\$ 132,936	\$ (17,064)	\$ 157,786
Sale of equipment and land	5,000	6,395	1,395	7,950
Town Clerk	90,000	97,409	7,409	96,251
Parking fines	20,000	9,638	(10,362)	14,436
Building permits	55,000	66,490	11,490	58,992
Zoning and inspection fees	6,500	6,038	(462)	6,177
Fire Marshall revenue	250	140	(110)	40
Cemeteries - grave openings	22,000	14,855	(7,145)	13,915
Senior Citizen Center receipts	5,000		(5,000)	-
Cemeteries	11,000	10,500	(500)	14,130
Police reports	1,500	140	(1,360)	927
Police permits	1,000	998	(2)	1,342
Amusements, etc.	21,300	10,857	(10,443)	8,096
Probate Court	550		(550)	977
Ambulance revenue		18,662	18,662	50,000
Reimbursement division	438,000		(438,000)	-
Miscellaneous	71,000	274,515	203,515	133,882
Total other revenues	<u>898,100</u>	<u>649,573</u>	<u>(248,527)</u>	<u>564,901</u>
Total revenues	<u>22,742,374</u>	<u>22,603,696</u>	<u>(138,678)</u>	<u>22,290,505</u>
Expenditures:				
Board of Education	<u>13,524,779</u>	<u>13,543,394</u>	<u>(18,615)</u>	<u>13,209,503</u>
Public works:				
Highways	1,586,636	1,585,490	1,146	1,371,488
Streetlighting	141,000	146,424	(5,424)	138,320
Total public works	<u>1,727,636</u>	<u>1,731,914</u>	<u>(4,278)</u>	<u>1,509,808</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, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Revised Budget	Actual		
Public safety:				
Police Department	\$ 1,926,970	\$ 1,935,869	\$ (8,899)	\$ 1,806,812
Fire Department	339,688	327,805	11,883	310,345
Other public safety	149,141	129,514	19,627	93,438
Civil defense	8,603	7,558	1,045	7,235
Ambulance service	104,870	104,746	124	116,071
Total public safety	<u>2,529,272</u>	<u>2,505,492</u>	<u>23,780</u>	<u>2,333,901</u>
Miscellaneous	<u>701,402</u>	<u>757,048</u>	<u>(55,646)</u>	<u>932,897</u>
General government:				
Finance:				
Accountants	121,039	121,835	(796)	111,596
Assessor	108,230	107,597	633	94,114
Tax collector	76,893	72,833	4,060	72,042
Treasurer	5,925	5,925	-	5,925
Total finance	<u>312,087</u>	<u>308,190</u>	<u>3,897</u>	<u>283,677</u>
Buildings	<u>104,306</u>	<u>117,509</u>	<u>(13,203)</u>	<u>95,474</u>
Town Manager	<u>152,747</u>	<u>160,919</u>	<u>(8,172)</u>	<u>143,195</u>
Town Clerk	<u>120,496</u>	<u>123,954</u>	<u>(3,458)</u>	<u>109,488</u>
Selectmen	<u>24,252</u>	<u>22,880</u>	<u>1,372</u>	<u>536,205</u>
Law	<u>84,000</u>	<u>93,124</u>	<u>(9,124)</u>	<u>106,803</u>
Registrars	<u>32,473</u>	<u>30,536</u>	<u>1,937</u>	<u>33,335</u>
Boards	<u>7,457</u>	<u>4,334</u>	<u>3,123</u>	<u>2,257</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, 1999
WITH COMPARATIVE ACTUAL AMOUNTS OR THE YEAR ENDED JUNE 30, 1998

	1999			1998 Actual
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	
Other:				
Economic Development Commission	\$ 28,600	\$ 25,873	\$ 2,727	\$ 228
Probate Court	3,560	2,471	1,089	3,207
Soldiers Monument Commission	5,250	3,796	1,454	4,407
Laurel City Commission	2,500	2,500	-	2,500
Litchfield Conservation District	1,953	1,953	-	1,701
Conservation Commission	25,350	50,697	(25,347)	25,300
Shade Tree Committee	750	750	-	500
Advisory Commission for Disabled	1,625	1,511	114	599
Data processing	115,049	117,560	(2,511)	111,605
Rural Transit Authority	1,823	1,823	-	1,823
Inland Wetlands Commission	18,809	17,095	1,714	12,352
Town Planner	76,196	76,161	35	28,013
Redevelopment Agency	29,000	28,815	185	20,054
Town of Winchester Historians	500	500	-	494
	<u>310,965</u>	<u>331,505</u>	<u>(20,540)</u>	<u>212,783</u>
Total general government	<u>1,148,783</u>	<u>1,192,951</u>	<u>(44,168)</u>	<u>1,523,217</u>
Welfare	<u>51,841</u>	<u>51,085</u>	<u>756</u>	<u>121,676</u>
Health	<u>130,032</u>	<u>129,032</u>	<u>1,000</u>	<u>114,779</u>
Parks and recreation:				
Organized recreation	169,321	174,367	(5,046)	134,721
Municipal parks	5,465	4,216	1,249	5,578
Total parks and recreation	<u>174,786</u>	<u>178,583</u>	<u>(3,797)</u>	<u>140,299</u>
Library	<u>175,000</u>	<u>175,000</u>	<u>-</u>	<u>128,000</u>
Waste disposal and recycling	<u>492,604</u>	<u>492,602</u>	<u>2</u>	<u>-</u>
Debt service	<u>757,731</u>	<u>749,076</u>	<u>8,655</u>	<u>793,425</u>
Capital outlay:				
Public works	704,450	276,111	428,339	487,004
General government	224,900	176,728	48,172	55,445
Public safety	159,878	143,743	16,135	67,803
Total capital outlay	<u>1,089,228</u>	<u>596,582</u>	<u>492,646</u>	<u>610,252</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, 1999
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 1998

	1999			1998 Actual
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	
Total expenditures	\$ 22,503,094	\$ 22,102,759	\$ 400,335	\$ 21,417,757
Excess of Revenues over Expenditures	239,280	500,937	261,657	872,748
Other Financing Sources (Uses):				
Proceeds from capital leases		5,789	5,789	36,995
Operating transfers in	6,000	5,710	(290)	24,913
Operating transfers out	(504,481)	(504,967)	(486)	(586,133)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (259,201)	\$ 7,469	\$ 266,670	\$ 348,523

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.

TOWN OF WINCHESTER, CONNECTICUT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	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
	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999
Cash and cash equivalents	\$ 99,351	\$ 298,522	\$ 13,142	\$ -	\$ 3,284	\$ 9,474	\$ 12,066	\$ 7,313	\$ -	\$ 148,632	\$ 591,784
Accounts receivable:											
State of Connecticut	619,590		23,662	31,636							674,888
Other	1,797,190			43,322		97,576		4,575	2,880,777	609	4,682,542
Due from other funds									126,906		243,054
Other assets			8,810					1,167			9,977
Total Assets	\$ 2,516,131	\$ 298,522	\$ 45,614	\$ 74,958	\$ 3,284	\$ 107,050	\$ 12,066	\$ 13,055	\$ 3,007,683	\$ 149,241	\$ 6,227,604

LIABILITIES AND FUND BALANCES

Liabilities:											
Accounts payable and accrued liabilities	\$ 3,125	\$ -	\$ 9	\$ 16,314	\$ -	\$ 10,040	\$ 5,300	\$ 280	\$ 4,031	\$ 230	\$ 36,204
Due to other funds		153,130		23,461				11,326		32,170	46,621
Due to State of Connecticut	2,434,771			35,183				5,397			181,988
Deferred revenue		153,130		74,958					2,867,389		5,337,343
Total liabilities	\$ 2,437,896	\$ 153,130	\$ 9	\$ 74,958	\$ -	\$ 10,040	\$ 5,300	\$ 17,003	\$ 2,871,420	\$ 32,400	\$ 5,602,156
Fund Balances:											
Unreserved:											
Undesignated	78,235	145,392	45,605	-	3,284	97,010	6,766	(1,948)	136,263	116,841	625,448
Total fund balances	\$ 78,235	\$ 145,392	\$ 45,605	\$ -	\$ 3,284	\$ 97,010	\$ 6,766	\$ (1,948)	\$ 136,263	\$ 116,841	\$ 625,448
Total Liabilities and Fund Balances	\$ 2,516,131	\$ 298,522	\$ 45,614	\$ 74,958	\$ 3,284	\$ 107,050	\$ 12,066	\$ 13,055	\$ 3,007,683	\$ 149,241	\$ 6,227,604

TOWN OF WINCHESTER, CONNECTICUT

B-2

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	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
	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999	1999
	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998	1998
Revenues:											
Federal and state grants	\$ 382,118	\$ -	\$ 137,718	\$ 731,285	\$ -	\$ -	\$ 60,221	\$ -	\$ -	\$ 170,623	\$ 1,481,965
Commodity sales			199,384								199,384
Interest income	898				72					1,790	2,760
Program income	44,291										44,291
Special assessments			7,724					11,393	179,388	36,726	179,388
Other	427,307	-	344,826	731,285	72	-	60,221	11,393	171,294	209,139	227,137
Total revenues	385,126	10,900	357,080	731,285	72	131,809	59,143	42,535	350,682	184,751	1,902,629
Program and Project Expenditures											
Excess (Deficiency) of Revenues over Expenditures	42,181	(10,900)	(12,254)	-	72	(131,809)	1,078	(31,142)	350,682	24,388	232,296
Other Financing Sources (Uses):											
Operating transfers in											178,967
Operating transfers out								30,695	(333,509)	(18)	(333,527)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	42,181	(10,900)	(12,254)	-	72	16,463	1,078	(447)	17,173	24,370	77,736
Fund Balances at Beginning of Year	36,054	156,292	57,859	-	3,212	80,547	5,688	(3,501)	119,090	92,471	547,712
Fund Balances at End of Year	\$ 78,235	\$ 145,392	\$ 45,605	\$ -	\$ 3,284	\$ 97,010	\$ 6,766	\$ (3,948)	\$ 136,263	\$ 116,841	\$ 625,448
											\$ 547,712

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, 1999

	Town Aid Roads Fund			Dog Fund		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
License fees	\$	\$	\$ -	\$ 10,000	\$ 9,581	\$ (419)
Miscellaneous revenues			-	2,000	1,812	(188)
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>11,393</u>	<u>(607)</u>
Expenditures:						
Maintenance and expenditures			-	42,695	42,535	160
Supplies and expenditures	<u>147,786</u>	<u>131,809</u>	<u>15,977</u>	<u>42,695</u>	<u>42,535</u>	<u>-</u>
Total expenditures	<u>147,786</u>	<u>131,809</u>	<u>15,977</u>	<u>42,695</u>	<u>42,535</u>	<u>160</u>
Deficiency of Revenues over Expenditures	(147,786)	(131,809)	15,977	(30,695)	(31,142)	(447)
Other Financing Sources:						
Operating transfers in	<u>147,786</u>	<u>148,272</u>	<u>486</u>	<u>30,695</u>	<u>30,695</u>	<u>-</u>
Excess of Revenues and Other Sources over Expenditures	<u>\$ -</u>	<u>16,463</u>	<u>\$ 16,463</u>	<u>\$ -</u>	<u>(447)</u>	<u>\$ (447)</u>
Fund Balances at Beginning of Year		<u>80,547</u>			<u>(3,501)</u>	
Fund Balances at End of Year		<u>\$ 97,010</u>			<u>\$ (3,948)</u>	

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CAPITAL PROJECTS FUNDS

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

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

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

TOWN OF WINCHESTER, CONNECTICUT

CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Water Drainage Improvements	School Building Project	Ladder Tower Truck	Totals
	1999	1999	1999	1998
Revenues:				
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	-	-	-
Excess of Revenues over Expenditures	150,000	63,500	112,500	459,000
Operating Transfers In	(150,000)	(63,500)	(225,000)	(897,500)
Fund Balances at Beginning of Year				
Fund Balances at End of Year	\$ -	\$ -	\$ (112,500)	\$ (438,500)

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ENTERPRISE FUNDS

Waterworks Fund - To account for the financial operations of the Winsted Waterworks. All necessary activities to provide such services are included in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection. Also included in this fund is the water treatment plant project. The Board of Selectmen, as empowered by the Town Charter, acts as the Water Board and oversees the operation of the Winsted Waterworks.

Sewer Fund - To account for the financial operations of the Town's sewer utility. All activities necessary to provide such services are included in this fund, including, but not limited to, administration, operations, maintenance, financing, and billing and collection. Also included in this fund are the inflow/infiltration analysis program, the wastewater treatment plant project and the Highland Lake sewer project. Authority over the operations of the Sewer Fund is with the Water Pollution Control Authority.

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1999

WITH COMPARATIVE TOTALS FOR JUNE 30, 1998

	Waterworks	Sewer	Totals	
			1999	1998
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 187,200	\$ 1,550,991	\$ 1,738,191	\$ 2,751,904
Investments			-	3,982,924
Rents receivable, net of allowance for uncollectible accounts of \$8,671 in 1999 and 1998	212,022	227,475	439,497	723,991
Other receivable			-	2,847
Accrued utility revenue	292,196	270,850	563,046	333,916
Due from other funds		78,401	78,401	516,240
Inventories, at cost			-	45,586
Total current assets	691,418	2,127,717	2,819,135	8,357,408
Property, Plant and Equipment:				
Land	57,556	27,920	85,476	85,476
Buildings, structures and improvements	15,692,317	26,502,804	42,195,121	33,418,575
Equipment	538,777	161,433	700,210	695,857
Distribution reservoirs and standpipes	487,871		487,871	487,871
Construction in process	1,479,973		1,479,973	9,195,210
Total fixed assets	18,256,494	26,692,157	44,948,651	43,882,989
Less accumulated depreciation	2,412,757	4,655,462	7,068,219	6,493,368
Net property, plant and equipment	15,843,737	22,036,695	37,880,432	37,389,621
Total Assets	\$ 16,535,155	\$ 24,164,412	\$ 40,699,567	\$ 45,747,029
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current liabilities:				
Current portion of bonds payable	\$ 256,385	\$ 377,400	\$ 633,785	\$ 724,015
Notes payable	1,500,000		1,500,000	9,111,500
Accounts payable and accrued liabilities	93,076	89,989	183,065	835,621
Due to other funds	25,537	197,236	222,773	596,155
Total current liabilities	1,874,998	664,625	2,539,623	11,267,291
Accrued vacation and sick leave benefits	47,832	54,879	102,711	105,613
Bonds payable, net of current portion	6,204,700	6,969,000	13,173,700	12,812,085
Total liabilities	8,127,530	7,688,504	15,816,034	24,184,989
Fund Equity:				
Contributed capital	3,411,400	15,253,865	18,665,265	15,592,965
Retained earnings	4,996,225	1,222,043	6,218,268	5,969,075
Total fund equity	8,407,625	16,475,908	24,883,533	21,562,040
Total Liabilities and Fund Equity	\$ 16,535,155	\$ 24,164,412	\$ 40,699,567	\$ 45,747,029

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGSFOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Waterworks	Sewer	Totals	
			1999	1998
Operating Revenues:				
Rents	\$ 1,200,646	\$ 1,157,388	\$ 2,358,034	\$ 2,395,849
Fines, penalties and interest	106,329	158,197	264,526	243,882
Other	7,696	105,202	112,898	130,706
Total operating revenues	<u>1,314,671</u>	<u>1,420,787</u>	<u>2,735,458</u>	<u>2,770,437</u>
Operating Expenses:				
Operations	396,387	573,912	970,299	795,003
Maintenance	171,652	87,753	259,405	255,626
Depreciation	156,651	418,200	574,851	567,437
Administration	187,362	106,141	293,503	382,485
Total operating expenses	<u>912,052</u>	<u>1,186,006</u>	<u>2,098,058</u>	<u>2,000,551</u>
Operating Income	<u>402,619</u>	<u>234,781</u>	<u>637,400</u>	<u>769,886</u>
Nonoperating Revenues (Expenses):				
Interest income	16,862	52,836	69,698	85,521
Interest expense	<u>(370,271)</u>	<u>(421,143)</u>	<u>(791,414)</u>	<u>(580,020)</u>
Net nonoperating expenses	<u>(353,409)</u>	<u>(368,307)</u>	<u>(721,716)</u>	<u>(494,499)</u>
Income (Loss) Before Operating Transfers	49,210	(133,526)	(84,316)	275,387
Operating Transfers In		<u>333,509</u>	<u>333,509</u>	<u>336,788</u>
Net Income	49,210	199,983	249,193	612,175
Retained Earnings - Beginning of Year	<u>4,947,015</u>	<u>1,022,060</u>	<u>5,969,075</u>	<u>5,356,900</u>
Retained Earnings - End of Year	<u>\$ 4,996,225</u>	<u>\$ 1,222,043</u>	<u>\$ 6,218,268</u>	<u>\$ 5,969,075</u>

TOWN OF WINCHESTER, CONNECTICUT

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Waterworks	Sewer	Totals	
			1999	1998
Cash Flows from Operating Activities:				
Operating income	\$ 402,619	\$ 234,781	\$ 637,400	\$ 769,886
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	156,651	418,200	574,851	567,437
(Increase) decrease in operating assets:				
Rents receivable	94,457	192,884	287,341	108,522
Receivable from the U.S. Government			-	13,808
Accrued utility revenue	(129,540)	(99,590)	(229,130)	1,429
Other assets	45,587		45,587	-
Amounts due from other funds	434,784	3,055	437,839	(352,133)
Increase (decrease) in operating liabilities:				
Accounts payable and accrued liabilities	(695,764)	43,206	(652,558)	469,570
Amounts due to other funds	(420,500)	47,118	(373,382)	468,487
Accrued vacation and sick leave benefits	8,361	(11,263)	(2,902)	15,431
Net cash provided by (used in) operating activities	<u>(103,345)</u>	<u>828,391</u>	<u>725,046</u>	<u>2,062,437</u>
Cash Flows from Noncapital Related Financing Activities:				
Operating transfers in		333,509	333,509	355,718
Operating transfers out			-	(18,930)
Net cash provided by noncapital related financing activities	<u>-</u>	<u>333,509</u>	<u>333,509</u>	<u>336,788</u>
Cash Flows from Capital and Related Financing Activities:				
Grants received from state and federal governments	3,072,300		3,072,300	-
Proceeds of notes payable	1,775,000		1,775,000	14,908,000
Principal payments on notes payable	(10,886,498)		(10,886,498)	(7,749,000)
Proceeds of bonds payable	2,495,400		2,495,400	4,132,300
Principal payments on bonds payable	(346,615)	(377,400)	(724,015)	(517,400)
Interest paid on notes and bonds payable	(370,271)	(421,143)	(791,414)	(580,020)
Acquisition and construction of capital assets	(917,378)	(148,285)	(1,065,663)	(8,349,703)
Net cash provided by (used in) capital and related financing activities	<u>(5,178,062)</u>	<u>(946,828)</u>	<u>(6,124,890)</u>	<u>1,844,177</u>
Cash Flows from Investing Activities:				
Interest income	16,862	52,836	69,698	85,521
Proceeds (purchase) of U.S. Treasury notes	3,982,924		3,982,924	(3,982,924)
Net cash provided by (used in) investing activities	<u>3,999,786</u>	<u>52,836</u>	<u>4,052,622</u>	<u>(3,897,403)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,281,621)	267,908	(1,013,713)	345,999
Cash and Cash Equivalents at Beginning of Year	1,468,821	1,283,083	2,751,904	2,405,905
Cash and Cash Equivalents at End of Year	\$ 187,200	\$ 1,550,991	\$ 1,738,191	\$ 2,751,904

TOWN OF WINCHESTER, CONNECTICUT
 FIDUCIARY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1999

	Pension Trust Fund* 1998	Nonexpendable Trust Funds				
		Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	
Cash and cash equivalents	\$ 4,142,989	\$ 51,359	\$ 74,193	\$ 137,938	\$ 38,054	\$ 139,751
Investments	147,748					
Contribution receivable						
Total Assets	\$ 4,290,737	\$ 51,359	\$ 74,193	\$ 137,938	\$ 38,054	\$ 139,751
LIABILITIES AND FUND BALANCES						
Liabilities:						
Fiduciary deposits Due to General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,141
Total liabilities						3,141
Fund Balances:						
Reserved for employee retirement system	4,290,737					
Unreserved - undesignated		51,359	74,193	137,938	38,054	136,610
Total fund balances	4,290,737	51,359	74,193	137,938	38,054	136,610
Total Liabilities and Fund Balances	\$ 4,290,737	\$ 51,359	\$ 74,193	\$ 137,938	\$ 38,054	\$ 139,751

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

(Continued on following page)

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.

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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
FIDUCIARY FUNDS

COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 1999

	Expendable Trust Funds		Agency Funds				Totals
	Winchester Memorial Parks	Other	Town Deposit	Student Activities	General Assistance	Other	
ASSETS							
Cash and cash equivalents	\$ 11,696	\$ 7,368	\$ 4,536	\$ 16,735	\$ 71	\$ 37,121	\$ 518,822
Investments							4,142,989
Contribution receivable							147,748
Total Assets	\$ 11,696	\$ 7,368	\$ 4,536	\$ 16,735	\$ 71	\$ 37,121	\$ 4,809,559
LIABILITIES AND FUND BALANCES							
Liabilities:							
Fiduciary deposits	\$	\$	\$	\$	\$	\$	\$ 53,927
Due to General Fund			4,536				7,677
Total liabilities			4,536	16,735	71	37,121	61,604
Fund Balances:							
Reserved for employee retirement system							4,290,737
Unreserved - undesignated	11,696	7,368					457,218
Total fund balances	11,696	7,368					4,747,955
Total Liabilities and Fund Balances	\$ 11,696	\$ 7,368	\$ 4,536	\$ 16,735	\$ 71	\$ 37,121	\$ 4,809,559

TOWN OF WINCHESTER, CONNECTICUT

E-2

NONEXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1999

	Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	Totals
Revenues:						
Interest and dividend income	\$ 4,000	\$ 2,114	\$ 3,879	\$ 1,053	\$ 4,825	\$ 15,871
Expenses:						
Other	2,100					2,100
Operating Income	1,900	2,114	3,879	1,053	4,825	13,771
Operating Transfers Out			(3,849)	(980)	(730)	(5,559)
Net Income	1,900	2,114	30	73	4,095	8,212
Fund Balances at Beginning of Year	49,459	72,079	137,908	37,981	132,515	429,942
Fund Balances at End of Year	<u>\$ 51,359</u>	<u>\$ 74,193</u>	<u>\$ 137,938</u>	<u>\$ 38,054</u>	<u>\$ 136,610</u>	<u>\$ 438,154</u>

TOWN OF WINCHESTER, CONNECTICUT

E-3

NONEXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 1999

	Winchester School Trust	Winchester Sinking	Forest View Cemetery	Winchester Center Cemetery	Other	Totals
Cash Flows from Operating Activities:						
Operating income	\$ 1,900	\$ 2,114	\$ 3,879	\$ 1,053	\$ 4,825	\$ 13,771
Adjustments to reconcile operating income to net cash used in operating activities:						
Investment income	(4,000)	(2,114)	(3,879)	(1,053)	(4,825)	(15,871)
Net cash used in operating activities	(2,100)	-	-	-	-	(2,100)
Cash Flows from Noncapital Related Financing Activities:						
Operating transfers to General Fund			(3,849)	(980)	(730)	(5,559)
Net cash used in noncapital related financing activities	-	-	(3,849)	(980)	(730)	(5,559)
Cash Flows from Investing Activities:						
Investment income	4,000	2,114	3,879	1,053	4,825	15,871
Net cash provided by investing activities	4,000	2,114	3,879	1,053	4,825	15,871
Net Increase in Cash and Cash Equivalents	1,900	2,114	30	73	4,095	8,212
Cash and Cash Equivalents at Beginning of Year	49,459	72,079	137,908	37,981	135,656	433,083
Cash and Cash Equivalents at End of Year	\$ 51,359	\$ 74,193	\$ 137,938	\$ 38,054	\$ 139,751	\$ 441,295

TOWN OF WINCHESTER, CONNECTICUT

E-4

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 1999
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 1998

	Winchester Memorial Parks	Other	Totals	
			1999	1998
Revenues:				
Investment income	\$ 334	\$ 209	\$ 543	\$ 556
Expenditures			-	-
Excess of Revenues over Expenditures	334	209	543	556
Fund Balances at Beginning of Year	11,362	7,159	18,521	17,965
Fund Balances at End of Year	\$ 11,696	\$ 7,368	\$ 19,064	\$ 18,521

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 1999

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
Town Deposit:				
Assets:				
Cash and cash equivalents	\$ 4,536	\$ 133	\$ 133	\$ 4,536
Liabilities:				
Due to General Fund	\$ 4,536	\$ 133	\$ 133	\$ 4,536
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 6,102	\$ 99,581	\$ 88,948	\$ 16,735
Liabilities:				
Fiduciary deposits	\$ 6,102	\$ 99,581	\$ 88,948	\$ 16,735
General Assistance:				
Assets:				
Cash and cash equivalents	\$ 7,111	\$ 31,696	\$ 38,736	\$ 71
Liabilities:				
Fiduciary deposits	\$ 7,111	\$ 31,696	\$ 38,736	\$ 71
Other:				
Assets:				
Cash and cash equivalents	\$ 35,903	\$ 1,386	\$ 168	\$ 37,121
Liabilities:				
Fiduciary deposits	\$ 35,903	\$ 1,386	\$ 168	\$ 37,121
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 53,652	\$ 132,796	\$ 127,985	\$ 58,463
Total Assets	\$ 53,652	\$ 132,796	\$ 127,985	\$ 58,463
Liabilities:				
Due to General Fund	\$ 4,536	\$ 133	\$ 133	\$ 4,536
Fiduciary deposits	49,116	132,663	127,852	53,927
Total Liabilities	\$ 53,652	\$ 132,796	\$ 127,985	\$ 58,463

GENERAL FIXED ASSETS ACCOUNT GROUP

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

TOWN OF WINCHESTER, CONNECTICUT

E-1

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

JUNE 30, 1999

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	2,490,228
Town	<u>5,488,472</u>
Total General Fixed Assets	\$ <u><u>23,519,264</u></u>
Investment in General Fixed Assets:	
Bonds and notes	\$ 10,322,386
Federal and state grants	4,509,333
Current appropriations	<u>8,687,545</u>
Total Investment in General Fixed Assets	\$ <u><u>23,519,264</u></u>

SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION

JUNE 30, 1999

<u>Function</u>	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>
General Government	\$ 3,609,296	\$ 1,000,080	\$ 1,363,475	\$ 1,245,741
Public Safety	1,702,850		88,820	1,614,030
Public Works	2,702,791		150,564	2,552,227
Parks and Recreation	144,733		68,259	76,474
Education	<u>15,359,594</u>		<u>12,869,366</u>	<u>2,490,228</u>
Total General Fixed Assets Allocated by Function	<u>\$ 23,519,264</u>	<u>\$ 1,000,080</u>	<u>\$ 14,540,484</u>	<u>\$ 7,978,700</u>

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION

FOR THE YEAR ENDED JUNE 30, 1999

Function	Balance, July 1, 1998	Additions	Adjustments and Deletions	Balance, June 30, 1999
General Government	\$ 3,512,656	\$ 115,611	\$ 18,971	\$ 3,609,296
Public Safety	1,619,157	83,693		1,702,850
Public Works	2,609,191	93,600		2,702,791
Parks and Recreation	142,458	2,275		144,733
Education	<u>15,095,464</u>	<u>264,130</u>		<u>15,359,594</u>
Total General Fixed Assets Allocated by Function	<u>\$ 22,978,926</u>	<u>\$ 559,309</u>	<u>\$ 18,971</u>	<u>\$ 23,519,264</u>

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OTHER INFORMATION

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR THE YEAR ENDED JUNE 30, 1999

Grand List of October 1,	Due Date of Tax	New Levy and Uncollected Balance July 1, 1998	Lawful Corrections		Transfers to Suspense	Adjusted Tax Levies	Collections		Taxes Receivable June 30, 1999
			Additions	Deductions			Taxes	Interest and Liens	
1997	7/1 and 1/1	\$ 13,056,797	\$	78,755	-	12,978,042	12,410,105	47,997	567,937
1996	7/1 and 1/1	563,854	5,614	544,718	13,522	544,718	289,449	50,300	255,269
1995	7/1 and 1/1	279,265	2,858	220,190	56,217	220,190	104,533	31,377	115,657
1994*	7/1 and 1/1	473,096	671	383,914	88,511	383,914	69,211	95,367	314,703
Total Grand List		\$ 14,373,012	\$ -	\$ 87,898	\$ 158,250	\$ 14,126,864	12,873,298	225,041	\$ 1,253,566
Suspense Collections							276	1,074	1,350
Total Tax Collections							\$ 12,873,574	\$ 226,115	\$ 13,099,689

*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, 1999

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 1998	Collections			Water Rents Receivable, June 30, 1999
		Rents	Interest and Liens	Total	
1998	\$ 1,075,788	\$ 1,007,994	\$ 12,524	\$ 1,020,518	\$ 67,794
1997	113,284	51,192	16,063	67,255	62,092
1996*	199,019	108,212	77,742	185,954	90,807
	<u>\$ 1,388,091</u>	<u>\$ 1,167,398</u>	<u>\$ 106,329</u>	<u>\$ 1,273,727</u>	<u>\$ 220,693</u>

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 1998	Collections			Sewer Rents Receivable, June 30, 1999
		Rents	Interest and Liens	Total	
1998	\$ 1,064,248	\$ 1,019,728	\$ 15,141	\$ 1,034,869	\$ 44,520
1997	138,213	73,994	21,353	95,347	64,219
1996*	282,146	163,410	121,702	285,112	118,736
	<u>\$ 1,484,607</u>	<u>\$ 1,257,132</u>	<u>\$ 158,196</u>	<u>\$ 1,415,328</u>	<u>\$ 227,475</u>

*Includes Grand List of 1996 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, 1999

Name	Title	Amount of Bond
Margaret A. Johnson	Town Manager	\$ 95,000
Henry L. Centrella, Jr.	Director of Finance	595,000
Spencer C. Monroe	Treasurer	600,000
Arlene M. Boutin	Tax Collector	147,000
Janet L. Clossom	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

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STATISTICAL SECTION

Table J

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	Waste Disposal and Recycling	Debt Service	Capital Outlay	Total
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
1999	13,543	1,732	2,505	757	1,193	51	129	179	175	493	749	597	22,103

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>
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
1999	13,300	8,654	650	22,604

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

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

(In Thousands)

Fiscal Year	Grand List	Mill Rate (1)	Total Tax Levy	Current Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Taxes	Percent of Outstanding Taxes to Tax Levy
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
1999	1997	30.16	12,978	12,410	95.62	464	12,874	99.20	1,254	9.66

(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

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	
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
1999	1997	359,016	512,880	35,050	50,071	43,909	62,727	437,975	625,678	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
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
1999	11,422	437,975,000	3,830,000	0.87	335

(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, 1999

Total Tax Collections, Including Interest and Lien Fees, for Current Fiscal Year	\$ 13,300,525
Reimbursement for Revenue Loss on:	
Tax relief for elderly and disabled	118,217
Private property tax exemptions	221,265
Industrial park tenants' tax exemptions	21,252
Manufacturers PILOT grant	209,513
Motor boats	<u>14,829</u>
Base	<u>\$ 13,885,601</u>

General Long-Term Debt

	General Purposes (2.25 x base)	Schools (4.50 x base)	Urban Renewal (3.25 x base)	Enterprise (3.75 x base)
Debt Limitation:				
Statutory debt limits by function	\$ <u>31,242,602</u>	\$ <u>62,485,205</u>	\$ <u>45,128,203</u>	\$ <u>52,071,004</u>
Debt:				
Bonds payable	150,000	3,680,000		15,307,485
Notes payable	<u>112,500</u>			
	<u>262,500</u>	<u>3,680,000</u>	<u>-</u>	<u>15,307,485</u>
Debt Limitation in Excess of Debt*	<u>\$ 30,980,102</u>	<u>\$ 58,805,205</u>	<u>\$ 45,128,203</u>	<u>\$ 36,763,519</u>

*In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be approximately \$97,199,207.

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
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
1999	450	299	749	22,103	3.39

(1) Includes only general bonded debt.

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

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

DEMOGRAPHIC STATISTICS (1)

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>(2) Population</u>	<u>(3) School Enrollment</u>	<u>(4) Per Capita Income</u>	<u>(5) Unemployment Rate</u>
1990	11,740	1,245	\$ 16,741	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
1999	11,422	1,182		3.4

(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.

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					
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		
1999	3	41	19	2,516	49,130	306,450	49,170		

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

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

(3) Information is not available.

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>
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
1999	276	177	144			597

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

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					
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		
1999	3	41	19	2,516	49,130	306,450	49,170		

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

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

(3) Information is not available.

PRINCIPAL TAXPAYERS

JUNE 30, 1999

	Assessed Valuation as of October 1, 1997	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	1.04	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	0.31	Manufacturing
10. Litchfield Heights Apartments, LLC	1,343,240	0.31	Apartments
Total	<u>\$ 29,197,362</u>	<u>6.80 %</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>
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
1999	276	177	144			597

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

SUPPLEMENTAL DATA

JUNE 30, 1999

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	23.5		
		<u>Education</u>	
<u>Recreation</u>		Senior high schools	1
Community Centers	1	Students	22
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	348
Lighted	1	Elementary schools	2
Basketball courts	2	Students	784
Lighted	1	Special education	28
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	4,630	<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		