

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2003

TOWN OF WINCHESTER,  
CONNECTICUT



Office of the  
Director of Finance



**TOWN OF WINCHESTER, CONNECTICUT**

**Comprehensive Annual Financial Report**

**JUNE 30, 2003**

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 - CITY OF WINSTED**  
**Town Hall - 338 Main Street**  
**WINSTED, CONNECTICUT 06098**

January 23, 2004

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to this requirement, we are pleased to issue the comprehensive annual financial report (CAFR) of the Town of Winchester for the fiscal year ended June 30, 2003.

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

The Town of Winchester's financial statements have been audited by Blum, Shapiro & Company, P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Winchester for the fiscal year ended June 30, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Winchester's financial statements for the fiscal year ended June 30, 2003 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

### **Profile of the Government**

The Town of Winchester, located in Litchfield County, is a political subdivision situated about 29 miles northwest of Hartford in the watersheds of the Farmington and Naugatuck Rivers. It is bordered on the north by the Town of Colebrook, on the south by the City of Torrington, on the east by the Town of Barkhamsted, and on the west by the Towns of Norfolk and Goshen. It covers a land area of approximately 33.8 square miles. The City of Winsted is located within the Town of Winchester but has no separate government. Winchester was first settled and incorporated as a Town in 1732. The Town sits at the crossroads of U.S. Route No. 44 and State Route No. 8. State Routes No. 20 and 183 also traverse the Town. There are 81.3 miles of Town roads, of which 72.5 miles are paved, and 23.4 miles of State roads.

The Town of Winchester is governed under a home-rule charter last revised in 2001 that provides a Manager/Selectmen/Town Meeting form of government with a seven member Board of Selectmen that also serves as the Board of Finance. Elections are held biennially in November in every odd-numbered year. The residents also have the powers and privileges conferred and granted to Towns and Cities under the Constitution and the General Statutes of the State of Connecticut.

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

The Town's annual budget meeting is held on the first Monday in May. Prior to adjournment to budget referendum, the electors at the annual town budget meeting review the budget as presented by the Board of Selectmen and have the power to amend, but not increase, any line item of the budget. The annual budget meeting is then adjourned to a referendum for approval.

The Town provides a full range of services, including general government operations; police and fire protection; the construction and maintenance of highways, streets and

other infrastructure; health and welfare services; cultural and recreational activities and education. The Town has seventeen recreational areas including a newly constructed skate park.

### **Factors Affecting Financial Condition**

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

**Economic Condition and Outlook.** Winchester is primarily a residential community with single-family homes. Most residents are in the manufacturing, education, health and social services categories. Recent data from United States Department of Commerce indicates that Winchester's per capita income as of 2000 is \$22,589 as compared to the State of Connecticut's \$28,766. The Town's population decreased 7.5% over the past decade.

A recently completed revaluation led to a 27% increase in assessed property values. This growth was largely due to appreciation of residential properties located in the Town's Highland Lake area. The tax base is primarily zoned residential (84%) with an important industrial and commercial presence (16%).

Unfortunately the Town of Winchester's bond rating was reduced in January 2004 from A1 to A2. The primary reason for this downgrade was due to decline in the Town's fund balance. This decline was due to two major factors: the exposure it had in fiscal 2003 to state aid reductions, and a decision by the Town at its annual budget meeting to use \$725,000 of its fund balance to provide tax levy relief.

**Major Initiatives.** During fiscal year 2002-2003 the Town of Winchester's Economic Development Commission, in partnership with the Litchfield Hills Council of Elected Officials, contracted with a consultant firm to prepare a regional Comprehensive Economic Development Strategy (CEDS). The plan, anticipated to be completed in January 2004, will identify economic development projects which have position impacts on the regional and local economy. The CEDS document will afford the Town access to Federal Economic Development Administration grant and loan funds which are currently not available.

In the spring of 2003, the Town submitted a TEA-21 grant request in the amount of \$4,500,000 to complete the rest of the Main Street Enhancement Project (Phase II). In the summer of 1998 the Town submitted a proposal to enhance the quality of its Main Street. This first phase of this construction began in August 2002 with anticipated completion in the spring of 2004.

The Still River Greenway is a proposed five mile long, ten-foot wide paved recreational trail running from the intersection of Willow and Rowley Streets in the Town of Winchester south along Torrington Road for 2.5 miles to Harris Road in the City of

Torrington. The trail will be handicapped-accessible and will be designed for walking, jogging, bicycling, in-line skating, and cross-country skiing. Funding for this \$1,875,000 project will be from a Federal TEA-21 grant in the amount of 1.5 million dollars. The grant will cover 80% of the project costs with the remaining 20% to come from the Town of Winchester, City of Torrington, and the Still River Greenway Committee. The State of Connecticut Department of Transportation is currently reviewing semi-final design plans. The construction phase is anticipated to begin in the spring of 2004.

**Budgetary Controls.** 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 electors at referendum. 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 full encumbrance system, which encumbers appropriations upon the issuance of purchase orders. Encumbrances outstanding at year-end are recorded as budgetary expenditures and reported as a reservation of the fund balance at June 30. Transfers within a department may be made during the fiscal year upon approval by the Board of Selectmen. Transfers between departments can only be made during the last three months of the fiscal year, once again, with approval by the Board of Selectmen. Management cannot amend the budget.

**Cash Management Policies and Practices.** In April 1990, the Town formally adopted an investment policy. This was done in conjunction with the close scrutiny of New England banks by federal regulators. This policy seeks to maintain the safety and liquidity of the investments and provide for the optimum yield on the investments. The policy provides for specific financial information to be obtained from the financial institution 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.

**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 and portions of its liability-automobile-property insurance with CIRMA. Other portions of its liability-automobile-property insurance are with various insurance companies. The Town's insurance agent is the Litchfield Insurance Group. The Town has a safety committee which meets monthly to review and implement any recommendations by the insurance carriers.

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

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

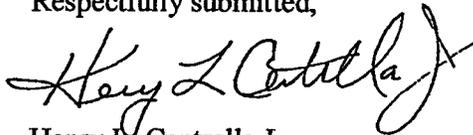
#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (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, 2002. This was the fifteenth year 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.

The preparation of this report would have not 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 manger.

Respectfully submitted,



Henry L. Centrella Jr.  
Director of Finance

# 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, 2002

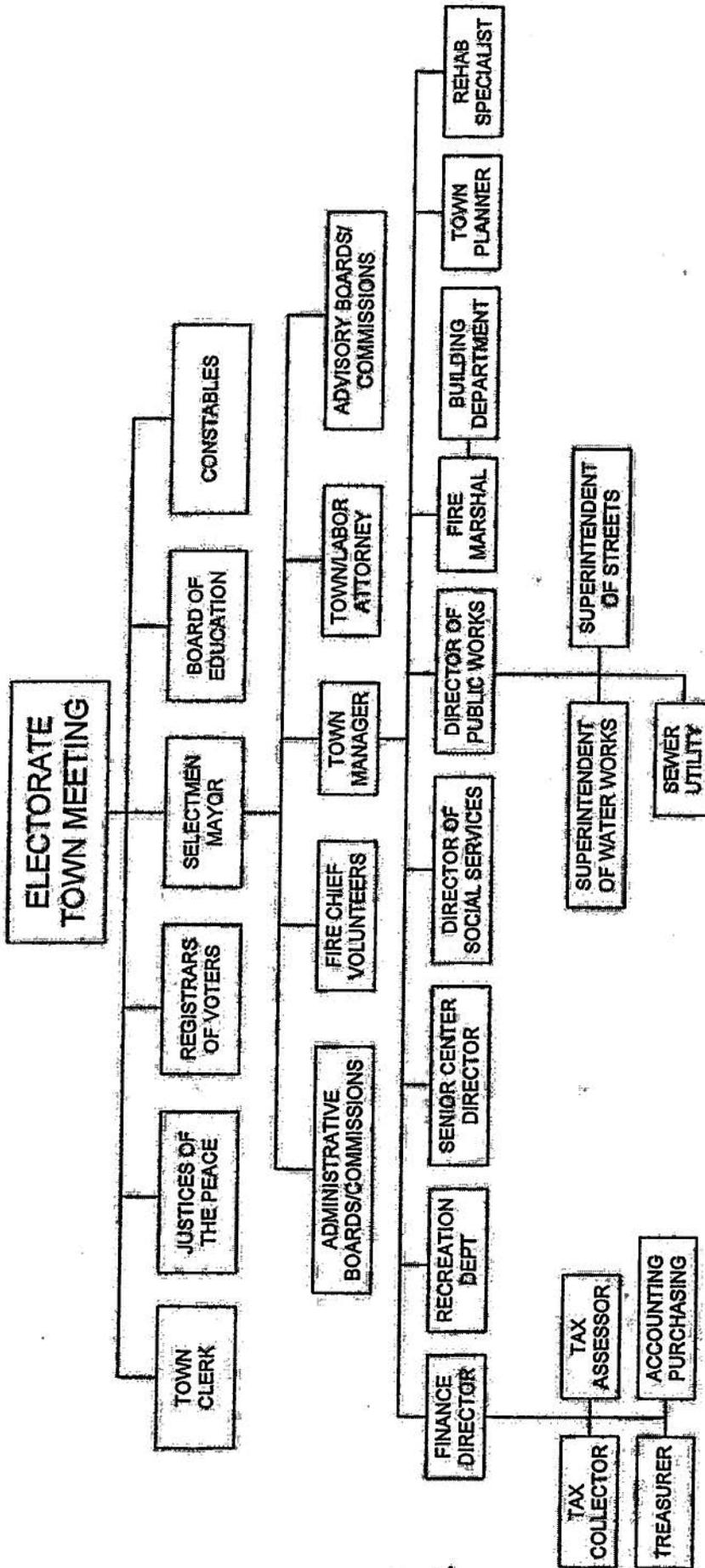
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# ORGANIZATIONAL CHART



**TOWN OF WINCHESTER, CONNECTICUT**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**AS OF JUNE 30, 2003**

Mayor:	John R. Forrest
Board of Selectmen:	Karen Beadle Richard Lavieri Lynda F. Colavecchio Carol Crossman David A. Cappabianca Maryann D. Welcome Dennis Cappabianca Mark Arcelaschi
Board of Tax Review:	Walter St. Onge, Jr. John Groppo Robert Warner Ralph Gustafsen
Director of Public Works:	Patrick E. Hague
Interim Town Manager:	Raymond A. Carpentin
Director of Finance:	Henry L. Centrella, Jr.
Treasurer:	Spencer C. Monroe
Tax Collector:	Arlene M. Boutin
Town Clerk:	Sheila S. Sedlack
Purchasing Agent:	Mark A. Douglass
Town Assessor:	Janice L. McKie
Interim Superintendent of Schools:	Edwin T. Merritt

**FINANCIAL SECTION**



# BlumShapiro

## Report of Independent Accountants

To the Members of the Town Council  
Town of Winchester, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Winchester, Connecticut, as of and for the year ended June 30, 2003, which collectively comprise the Town of Winchester, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Winchester, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Winchester, Connecticut, as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the basic financial statements, the Town has implemented a number of new governmental accounting and reporting pronouncements as of July 1, 2002.

Management's discussion and analysis on pages 3 through 16 and the schedule of funding progress - Pension Trust Fund on page 57 are not required parts of the basic financial statements

but are supplementary information required by the Governmental 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 express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2003 on our consideration of the Town of Winchester, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Blum, Shapiro & Company, P.C.*

October 31, 2003

## **TOWN OF WINCHESTER, CONNECTICUT**

### **Management's Discussion and Analysis**

**JUNE 30, 2003**

This Annual Financial Report introduces for the first time the new financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. Until now, annual reports provided information about various funds of the Town of Winchester. These funds showed restrictions on the planned use of resources or measured, in the short term, the revenues and expenditures arising from certain activities. GASB Statement 34 requires that we, as managers, now focus on our most important, or "major" funds, including the general fund.

Fund statements will continue to measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. On the other hand, if the Town charges a fee to users for services, fund information will continue to be based on accrual accounting. Showing budgetary compliance has always been an important part of governmental accountability. The Town's statements will now include the original budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether the Town's financial position has improved or deteriorated as a result of the year's operations. The annual report includes new government-wide financial statements prepared on the accrual basis for all government activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the new government-wide financial statements will help you:

- Assess the finances of the Town in its entirety, including the year's operating results;
- Determine whether the overall financial position of the Town improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, sewers, water systems, schools, parks and other infrastructure assets;
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

### **Management's Discussion and Analysis (MD&A)**

An introduction to the basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions or conditions. The MD&A:

- Includes comparisons of the current year to the prior year based on government-wide information;
- Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
- Analyzes significant changes in fund and major budget variances;
- Describes capital asset and long-term debt activity during the year;
- Concludes with a description of currently known facts, decisions or conditions that are expected to have a significant effect on our financial position or the results of our operations.

### **Basic Financial Statements**

#### **Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation.

Our business-type activities include the Water and Sewer Commission. The government-wide financial statements include only the Town of Winchester itself (known as the primary government). There is no legally separate unit of government or governmental function (component unit) for which the Town is financially accountable. The Water and Sewer Commission, although legally separate, functions for all practical purposes as a department of the Town, and therefore has been included as an integral part of the primary government.

Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with depreciation expense in the statement of activities. Net assets are reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net assets are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

### **Fund Financial Statements**

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

**Governmental Funds** - Governmental fund financial statements include financial data for the general fund, special revenue funds, capital projects, debt service and permanent funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements with similar information presented for governmental activities in the long-term impact of the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Town maintains 18 individual governmental funds. Three of these funds are considered major funds, and 15 are treated as nonmajor funds consisting of 10 special revenue funds and 5 permanent funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues,

expenditures and changes in fund balances for the General Fund, the Small Cities Fund, and the Sewer Assessment Fund, all of which are considered to be major funds. Data from the 15 nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**Proprietary Funds** - Proprietary fund financial statements, including financial data for enterprise and internal service funds, are prepared using the economic resources measurement focus and the accrual basis of accounting. The Town maintains one type of Proprietary Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for the operations of its Water and Sewer Commission. Internal service funds are an accounting device used to calculate and allocate costs internally among the Town's various functions. Currently, the Town has no internal service funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Commission.

**Fiduciary Funds** - Fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances. Proprietary fund statements are comprised of a statement of net assets, a statement of revenues, expenses and changes in net fund assets, and a statement of cash flows. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

Separate columns are shown for the General Fund and for other major governmental and enterprise funds. Major funds are funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Other funds that we believe are particularly important to you are also reported as a major fund. Nonmajor funds are reported in the aggregate in a separate column.

Governmental fund balances are segregated into reserved and unreserved categories.

Proprietary fund net assets are reported in the same categories required for government-wide financial statements. Proprietary fund statements of net assets distinguish between current and noncurrent assets and liabilities and display restricted assets.

The statements distinguish between operating and nonoperating revenues and expenses in proprietary fund statements of revenues, expenses and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term

endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net assets.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used our own programs. We must show a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Fiduciary fund statements also disclose interfund loans, interfund services provided and used, and interfund transfers.

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

The notes provide information essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information (RSI)**

Required supplementary information consists of MD&A and a schedule presenting the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

We hope the new financial reporting model will serve as a more comprehensive way to demonstrate our stewardship in the long term in addition to the way we currently demonstrate our management in the short term and through the budgetary process.

As management of the Town of Winchester, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii-vii of this report.

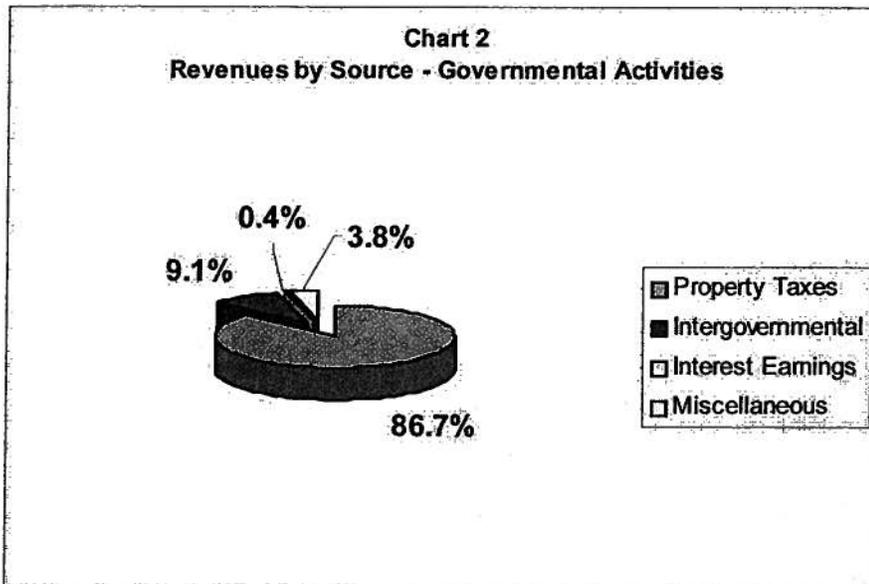
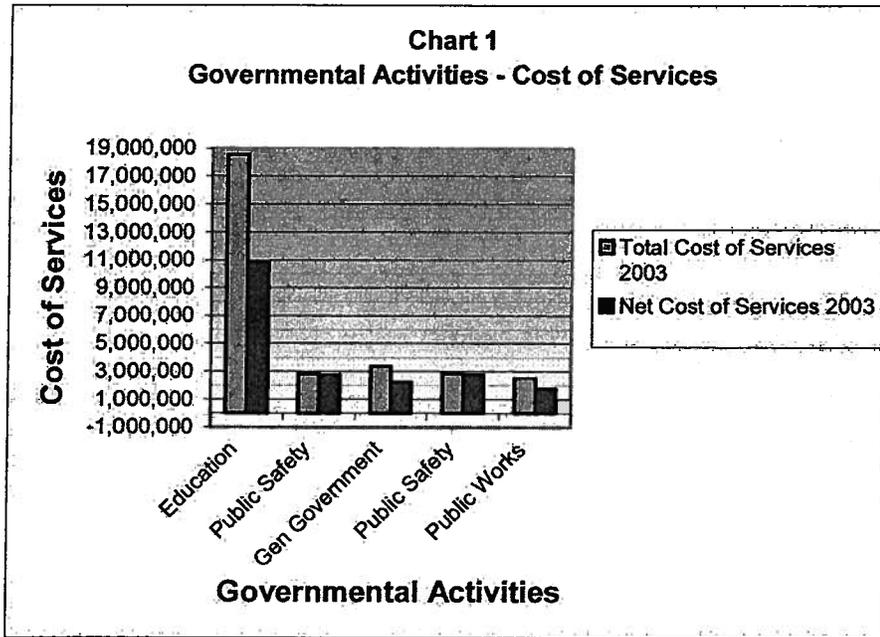
### **Financial Highlights**

- The assets of the Town for both governmental and business-type activities exceeded its liabilities at the close of the most recent year by \$56,808,527 (net assets). Of this amount, \$5,108,428 (unrestricted net assets) may be used to meet our ongoing obligations to citizens and creditors.
- The primary government's total net assets decreased by \$1,624,463.
- As of the close of the current fiscal year, the Town's governmental funds reported combining ending fund balances of \$1,993,215, a decrease of \$1,472,130 in comparison with the prior year. Over half of this amount, \$1,278,109, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$506,795, or 1.83% of total general fund expenditures.
- The Town's total debt decreased by \$1,285,585 (8.43%) during the current fiscal year. The key factor in this decrease was the amortization of scheduled principal payments on our outstanding long-term debt and the refunding of our USDA sewer loans that will save us \$997,237 over the next fifteen years.

Property tax collections increased by slightly over \$8,000 (0.05%) during the year.

Operating grants for governmental activities increased by \$1,378,000. The largest increase of \$961,000,000 occurred in the Board of Education followed by a \$292,000 rise in the public works account. General government realized a \$161,000 net increase in State grants.

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

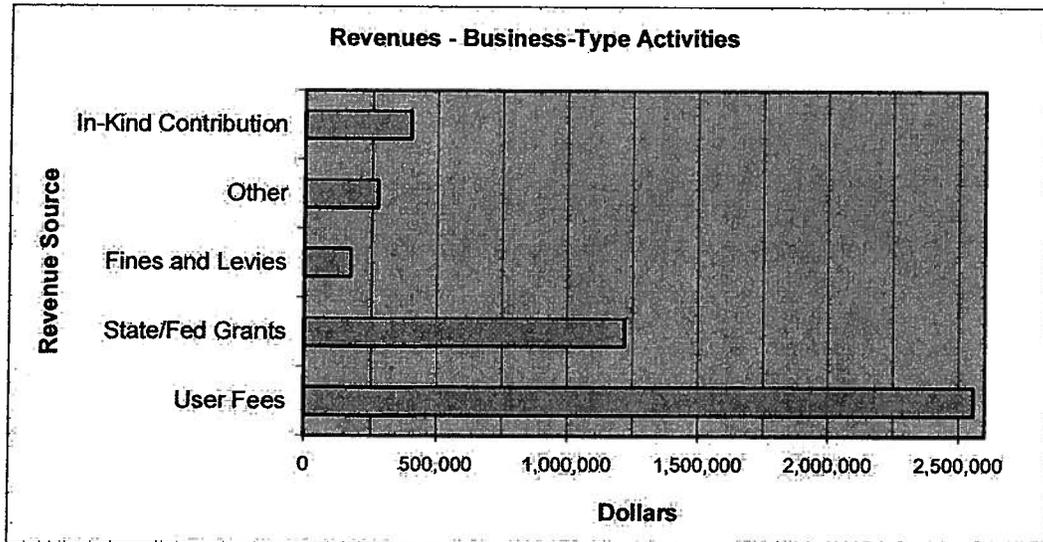


For the most part, increases in expenses between fiscal year 2002 and 2003 were very minor as the Town attempted to manage its costs in line with expected revenues. The uncertain financial “state of the State” required that the Town budget expenditures conservatively. The bulk of increased expenditures occurred in the school department.

**Business-Type Activities**

Business-type activities added \$1,006,762 to the Town’s net assets, offsetting the \$2,631,225 net asset decrease in general government activities discussed earlier. Key elements of this enterprise fund increase are as follows:

- Charges for services, fines and penalties, and other revenue sources for business-type activities decreased nominally by about \$4,000 balanced by an increase in water rents and a decrease in sewer rents.
- Operating expenses increased nominally by about \$6,000 primarily in operating costs arising from imbedded contract and benefit costs and the increased expense of operating the water plant and the sewer plant.
- Operating income fell roughly \$9,000 to \$2,413 from fiscal year 2002’s slight profit of \$11,342 as a result of decreased water and sewer usage by citizens of the Town.
- Nonoperating revenues rose over \$38,000 in fiscal year 2003 as a result of decreased interest expense on water and sewer debt due in part to a refunding of the Town’s six outstanding sewer loans from the United States Rural Development Agency (USDA).
- After accounting for transfers in and out, net income for the period was \$1,006,762, an increase of almost \$100,000 from the prior year’s \$909,431.



**Capital Asset and Debt Administration**

**Capital Assets** - The Town's investment in capital assets for its governmental and proprietary fund assets includes land, buildings and systems improvements, machinery and equipment, park facilities, roads, highways, sewer systems, water systems and bridges. The total decrease in the Town's investment in capital assets for the current fiscal year was \$335,443 or 0.51%.

Major capital asset events during the current fiscal year included the following:

- Roughly \$264,000 of new vehicles and equipment were acquired government-wide.
- \$51,500 was used to construct a skateboarding park.
- About \$32,000 was spent to purchase a new police computer system.
- \$24,375 was the cost of buying a fire/police van.

	<b>Capital Assets, Net of Depreciation June 30, 2003 and 2002</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Land	\$ 25,536,000	\$ 25,823,053	\$ 85,476	\$ 85,476	\$ 25,621,476	\$ 25,908,529
Buildings and improvements	1,033,647	1,156,389	31,837,277	32,690,079	32,870,924	33,846,468
Equipment	1,081,708	1,340,610	529,969	597,634	1,611,677	1,938,245
Infrastructure			374,274	384,159	374,274	384,159
Construction in progress			5,034,277	3,770,671	5,034,277	3,770,671
<b>Totals</b>	<b>\$ 27,651,355</b>	<b>\$ 28,320,052</b>	<b>\$ 37,861,273</b>	<b>\$ 37,528,019</b>	<b>\$ 65,512,628</b>	<b>\$ 65,848,071</b>

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

**Long-Term Debt** - At the end of the current fiscal year, the Town had \$13,955,545 of long-term bonded debt outstanding and no short-term debt. All outstanding bonded and long-term obligations comprise general obligation debt backed by the full faith and credit of the Town. Water and sewer debt is first paid from assessments, levies and fines, and other Water and Sewer

Commission resources which have been sufficient to fully pay principal of and interest on outstanding water and sewer obligations.

**Long-Term and Short-Term Debt**

<u>Bonds</u>					
<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Debt Outstanding</u>	<u>Fiscal Year Maturity</u>
11/15/88	School	6.977	\$ 7,430,000	\$ 2,180,000	2009
4/15/90	General Purpose (Water) <sup>1</sup>	6.50-8.50	2,800,000	980,000	2010
6/30/98	General Purpose (Water) <sup>1,2</sup>	4.50	4,132,300	3,099,225	2018
8/1/98	General Purpose (Water) <sup>1,2</sup>	4.50	995,400	796,320	2019
11/1/98	General Purpose (Water) <sup>1</sup>	3.50-5.50	1,500,000	1,100,000	2014
8/15/02	Sewer <sup>1</sup>	3.00-5.00	6,290,000	5,800,000	2023
<b>Total</b>			<b><u>\$23,147,700</u></b>	<b><u>\$13,955,545</u></b>	

<sup>1</sup> Self-supporting

<sup>2</sup> USDA loan

The Town's total debt decreased by \$1,285,585 (8.43%) during the current fiscal year. The decrease came about through the payment of scheduled principal amortization on outstanding bonds and loans. During the current fiscal year, the Town refinanced its existing sewer debt to take advantage of favorable interest rates. The Town issued general obligation bonds to refinance the full outstanding \$6,214,200 principal balance of six USDA sewer loans. The refunding transaction provided net present value savings in excess of 9.7% and is expected to reduce future debt service payments by over \$993,000.

The Town maintained a "A1" rating from Moody's Investors Service, Inc., on its general obligation debt for the fiscal year ended June 30, 2003. Subsequent to the close of the period, Moody's lowered our rating to "A2".

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections plus interest and lien fees. For June 30, 2003, the maximum amount of borrowing permitted under the formula is \$117,121,347. By statute, water debt of \$5,975,545 and future school grant reimbursements for principal of \$1,179,111 are excluded from the debt limit calculation. With net borrowings of \$6,800,889, our outstanding general obligation debt is \$110,320,458 below the maximum debt limitation (see "Schedule of Debt Limitation" on page 79 of this report).

Additional information on our long-term debt can be found in note 3F on pages 45-47 of this document.

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

The unemployment rate for the Town is currently 5.6% (November 2003), which is a decrease from the rate of 5.7% a year ago. This compares unfavorably to the state's average unemployment rate of 4.5% and comparably to the national average rate of 5.6%.

Every effort was made to reduce expenditures in the light of State budget cutbacks.

**TOWN OF WINCHESTER, CONNECTICUT**

**RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**

**JUNE 30, 2003**

Amounts reported for governmental activities in the statement of net assets (page 17) are different because of the following:

Fund balances - total governmental funds (page 19) \$ 1,993,215

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

Governmental capital assets	\$ 34,422,371	
Less accumulated depreciation	<u>(6,771,016)</u>	
		27,651,355

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

Property taxes receivable greater than 60 days	771,036
Sewer assessments receivable	2,097,213
Interest receivable on property taxes	282,478
Receivable from the State for school construction projects	1,424,078

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	(2,180,000)
Capital leases payable	(653,147)
Claims and judgments payable	(979,101)
Interest payable on bonds	(6,337)
Compensated absences	<u>(1,116,685)</u>

Net Assets of Governmental Activities (page 17) \$ 29,284,105

The accompanying notes are an integral part of the financial statements

**TOWN OF WINCHESTER, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>General</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property taxes, interest and lien fees	\$ 16,113,787	\$	\$	\$	\$ 16,113,787
Intergovernmental revenues	9,223,769	231,850		1,764,792	11,220,411
Other local revenues	578,905	111,691	360,733	272,987	1,324,316
Total revenues	<u>25,916,461</u>	<u>343,541</u>	<u>360,733</u>	<u>2,037,779</u>	<u>28,658,514</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Board of Education	17,052,061			1,373,090	18,425,151
Program and project expenses	134,178	194,041			328,219
Public works	1,629,396				1,629,396
Public safety	2,568,696				2,568,696
Miscellaneous	406,150				406,150
General government	2,076,764			478,651	2,555,415
Welfare	51,388				51,388
Health	225,374				225,374
Parks and recreation	199,518				199,518
Library	193,976				193,976
Waste disposal and recycling	542,091				542,091
<b>Debt service:</b>					
Principal retirement	375,000		39,031		414,031
Interest	188,353		101,274		289,627
Capital outlay	2,038,852			482,984	2,521,836
Total expenditures	<u>27,681,797</u>	<u>194,041</u>	<u>140,305</u>	<u>2,334,725</u>	<u>30,350,868</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(1,765,336)	149,500	220,428	(296,946)	(1,692,354)
<b>Other Financing Sources (Uses):</b>					
Proceeds from capital leases	433,004				433,004
Operating transfers in from other funds	3,188			106,896	110,084
Operating transfers out to other funds	(106,896)		(212,780)	(3,188)	(322,864)
<b>Net Change in Fund Balances</b>	(1,436,040)	149,500	7,648	(193,238)	(1,472,130)
<b>Fund Balances at Beginning of Year, as Restated</b>	2,242,681	6,707	131,065	1,084,892	3,465,345
<b>Fund Balances at End of Year</b>	<u>\$ 806,641</u>	<u>\$ 156,207</u>	<u>\$ 138,713</u>	<u>\$ 891,654</u>	<u>\$ 1,993,215</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINCHESTER, CONNECTICUT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers and users	\$ 1,646,657	\$ 1,169,388	\$ 2,816,045
Receipts from interfund services provided	15,321	(182,603)	(167,282)
Payments for operations	(908,104)	(976,785)	(1,884,889)
Payments for administration	(28,303)	(25,681)	(53,984)
Payments for interfund services used	(54,150)	278,983	224,833
Net cash provided by operating activities	671,421	263,302	934,723
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers in from other funds		212,780	212,780
Net cash provided by noncapital financing activities	-	212,780	212,780
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Grants received from state and federal governments	1,217,827		1,217,827
Capital contributions	396,300		396,300
Principal payments on bonds payable	(496,385)	(490,000)	(986,385)
Interest paid on bonds payable	(659,223)	(178,547)	(837,770)
Proceeds from bonds issued		6,290,000	6,290,000
Current refunding of bonds		(6,214,000)	(6,214,000)
Premium on bonds issued		121,160	121,160
Unamortized bond costs		(197,358)	(197,358)
Additions to capital assets	(1,263,607)		(1,263,607)
Net cash used in capital and related financing activities	(805,088)	(668,745)	(1,473,833)
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	1,234	13,978	15,212
Net cash provided by investing activities	1,234	13,978	15,212
<b>Net Decrease in Cash and Cash Equivalents</b>	(132,433)	(178,685)	(311,118)
<b>Cash and Cash Equivalents at Beginning of Year</b>	214,938	1,036,891	1,251,829
<b>Cash and Cash Equivalents at End of Year</b>	\$ 82,505	\$ 858,206	\$ 940,711
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>			
Operating income (loss)	\$ 324,747	\$ (322,334)	\$ 2,413
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	383,888	546,464	930,352
Amortization		3,800	3,800
Change in assets and liabilities:			
(Increase) decrease in rents receivable	(20,274)	(82,965)	(103,239)
(Increase) decrease in due from State of Connecticut	66,167	(78,126)	(11,959)
(Increase) decrease in accrued utility revenue	48,392	36,292	84,684
(Increase) decrease in amounts due from other funds	15,321	(104,477)	(89,156)
Increase (decrease) in accounts payable and accrued expenses	(64,367)	11,346	(53,021)
Increase (decrease) in accrued vacation and sick leave benefits	(28,303)	(25,681)	(53,984)
Increase (decrease) in amounts due to other funds	(54,150)	278,983	224,833
Total adjustments	346,674	585,636	932,310
<b>Net Cash Provided by Operating Activities</b>	\$ 671,421	\$ 263,302	\$ 934,723
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Debt payment	\$ 396,300	\$ -	\$ 396,300

The accompanying notes are an integral part of the financial statements

**TOWN OF WINCHESTER, CONNECTICUT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**JUNE 30, 2003**

	Pension Trust Fund	Agency Funds			Total Agency Funds	Total
		Town Deposit	Student Activities	Other		
<b>Assets:</b>						
Cash and cash equivalents	\$	\$ 4,535	\$ 11,182	\$ 35,933	\$ 51,650	\$ 51,650
<b>Investments, at fair value:</b>						
U.S. Government obligations	1,140,181				-	1,140,181
Domestic corporate bonds	456,703				-	456,703
Short-term investments	2,936,240				-	2,936,240
Accrued income	30,786				-	30,786
Total investments	<u>4,563,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,563,910</u>
Total assets	<u>4,563,910</u>	<u>4,535</u>	<u>11,182</u>	<u>35,933</u>	<u>51,650</u>	<u>4,615,560</u>
<b>Liabilities:</b>						
Accounts payable		4,535			4,535	4,535
Fiduciary deposits			11,182	35,933	47,115	47,115
Total liabilities		<u>4,535</u>	<u>11,182</u>	<u>35,933</u>	<u>51,650</u>	<u>51,650</u>
<b>Net Assets:</b>						
Held in Trust for Pension Benefits and Other Purposes	\$ <u>4,563,910</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,563,910</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WINCHESTER, CONNECTICUT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u><b>Pension Trust Fund</b></u>
<b>Additions:</b>	
<b>Contributions:</b>	
Employer	\$ 284,286
Plan members	140,709
<b>Total contributions</b>	<u>424,995</u>
<b>Investment earnings:</b>	
Net decrease in fair value of investments	(469,712)
Interest	173,507
<b>Net investment earnings</b>	<u>(296,205)</u>
<b>Total additions</b>	<u>128,790</u>
<b>Deductions:</b>	
Benefits	159,433
Administrative expenses	44,695
<b>Total deductions</b>	<u>204,128</u>
<b>Change in net assets</b>	(75,338)
<b>Net Assets at Beginning of Year</b>	<u>4,639,248</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 4,563,910</u></u>

The accompanying notes are an integral part of the financial statements

# TOWN OF WINCHESTER, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

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

#### B. Basis of Presentation

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

#### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

#### **C. Cash Equivalents**

For purposes of reporting cash flows, all savings, checking, money market accounts and certificates of deposit with an original maturity of less than 90 days are considered to be cash equivalents.

#### **D. Investments**

Investments are stated at fair value.

#### **E. Inventories**

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

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**F. Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes receivable at June 30, 2003 are stated net of allowance for uncollectible accounts of \$39,000.

**G. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town intends to record infrastructure on the books in fiscal year 2007 as permitted by GAAP.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings, structures and improvements	50
Equipment	7-15
Distribution reservoirs and standpipes	50

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **H. Long-Term Obligations**

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

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

#### **I. Compensated Absences**

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

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

#### **J. Equity**

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

**Invested in Capital Assets, Net of Related Debt** - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Assets** - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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Unrestricted Net Assets - This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Reserved Fund Balance - A portion of fund balance that is not available for appropriation or is legally restricted by outside parties for use for a specific purpose.

Designated Fund Balance - Represents tentative management plans that are subject to change.

Unreserved Fund Balance - Serves as a measure of current available financial resources.

#### **K. 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 Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. A mill rate was applied to the Grand List. Liens are placed on delinquent accounts in June following the levy date.

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

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

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### L. Accounting Estimates

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

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary Information

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 the government-wide financial statements.

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.
- 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.
- 5) The control level on which expenditures may not legally exceed appropriations is the departmental level. Management can transfer amounts within a department. Unencumbered appropriations lapse at the close of the fiscal year, except for those appropriations which are made for capital improvements.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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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.

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 May 19, 2003.

The accompanying combined statement of revenues, expenditures and changes in fund balances - budget and actual - general fund - non-GAAP budgetary basis presents comparisons of the legally adopted budget 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, 2003 is presented below:

	<u>General Fund</u>
Deficiency of revenues and other sources over expenditures and other uses for budgeted funds - budgetary basis	\$ (1,241,774)
Timing difference:	
Change in reserve for encumbrances	<u>(194,266)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ (1,436,040)</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**B. Excess of Expenditures over Appropriations**

For the year ended June 30, 2003, expenditures exceeded appropriations in the General Fund at the following departmental levels:

Treasurer/Finance	\$ 137
Board of Finance	1,570
Insurance	55,112
Town Counsel	6,793
Building Department	420
Vacation and sick pay accrual	52,815
School Crossing Guards	1,525
Conservation Commission	5,752
Miscellaneous	110,744
Police Department	211,518
Streetlighting	10,060
Interest	21,573

These overexpenditures were funded by greater than anticipated revenues and available fund balance.

**C. Deficit Fund Equity**

The Dog Fund had a deficit fund balance of \$24,149. This amount will be funded through contributions and future revenues.

**3. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut.

The following is a summary of cash and cash equivalents at June 30, 2003:

Deposits	\$ <u>3,978,900</u> *
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\*Includes demand and money market accounts.

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **Deposits**

At June 30, 2003, the carrying amount of the Town of Winchester's deposits was \$3,978,900, and the bank balance was \$3,192,196. Of the bank balance, \$522,890 was covered by federal depository insurance. The remaining balance of \$2,669,306 falls under Risk Category 3. Risk Category 3 is defined as uninsured. As required by P.A. 91-245, the depositories with which the Town has its deposits have set aside collateral of \$122,610 in 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.

#### **Investments**

Temporary investments are stated at cost which approximates fair value, corporate and government obligations are carried at amortized cost which approximates fair value, and investments in mutual funds are carried at fair value. Pension Trust Fund investments are carried at fair value. Investments maturing within one year of acquisition are stated at amortized cost.

The Connecticut General 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)**

The Town's investments held are as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Pension Trust Fund:					
U.S. Government securities	\$	\$ 1,140,181	\$	\$ 1,140,181	\$ 1,140,181
Corporate and foreign obligations		456,703		456,703	456,703
* Pooled trust funds - Fleet Bank				2,967,026	2,967,026
				\$ 4,563,910	\$ 4,563,910

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

**B. Receivables**

Receivables of taxes at year end for the General Fund were \$971,762, including the applicable allowance for uncollectible accounts of \$39,000.

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 771,035	\$
Small Cities:		
Grant		2,045,965
Sewer Assessment:		
Delinquent assessment taxes receivable	2,097,213	
Other Governmental Funds - State and Federal		
Education Grants:		
Various education grants		98,576
<b>Total Deferred/Unearned Revenue for Governmental Funds</b>	<b>\$ 2,868,248</b>	<b>\$ 2,144,541</b>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2003 was as follows:

	<b>Restated Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,823,053	\$ _____	\$ 287,053	\$ 25,536,000
Capital assets being depreciated:				
Buildings	3,478,740			3,478,740
Improvements	702,628	51,558	100,903	653,283
Machinery and equipment	4,557,934	490,429	294,015	4,754,348
Total capital assets being depreciated	8,739,302	541,987	394,918	8,886,371
Less accumulated depreciation for:				
Buildings	2,534,362	49,005		2,583,367
Improvements	490,617	24,392		515,009
Machinery and equipment	3,217,324	455,316		3,672,640
Total accumulated depreciation	6,242,303	528,713	-	6,771,016
Total capital assets being depreciated, net	2,496,999	13,274	394,918	2,115,355
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 28,320,052</b>	<b>\$ 13,274</b>	<b>\$ 681,971</b>	<b>\$ 27,651,355</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 85,476	\$ _____	\$ _____	\$ 85,476
Construction in progress	3,770,671	1,263,606		5,034,277
Total capital assets not being depreciated	3,856,147	1,263,606	-	5,119,753
Capital assets being depreciated:				
Buildings and improvements	42,277,956			42,277,956
Machinery and equipment	765,319			765,319
Infrastructure	487,871			487,871
Total capital assets being depreciated	43,531,146	-	-	43,531,146
Less accumulated depreciation for:				
Buildings and improvements	9,587,877	852,802		10,440,679
Machinery and equipment	167,685	67,665		235,350
Infrastructure	103,712	9,885		113,597
Total accumulated depreciation	9,859,274	930,352	-	10,789,626
Total capital assets being depreciated, net	33,671,872	930,352	-	32,741,520
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 37,528,019</b>	<b>\$ 333,254</b>	<b>\$ -</b>	<b>\$ 37,861,273</b>



**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2003, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 385,389
	Other Governmental Funds	69,170
		<u>454,559</u>
Sewer Assessment Fund	Sewer Fund	<u>98,463</u>
Other Governmental Funds	General Fund	<u>132,197</u>
Waterworks Fund	General Fund	<u>8,797</u>
Sewer Fund	Waterworks Fund	192,557
	General Fund	78,126
		<u>270,683</u>
Total		<u>\$ 964,699</u>

Interfund transfers that occurred during the year are as follows:

	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	
Transfers out:				
General Fund	\$	\$ 106,896	\$	\$ 106,896
Sewer Assessments Fund			212,780	212,780
Other Governmental Funds	<u>3,188</u>			<u>3,188</u>
Total Transfers Out	<u>\$ 3,188</u>	<u>\$ 106,896</u>	<u>\$ 212,780</u>	<u>\$ 322,864</u>



**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 2,555,000	\$	\$ 375,000	\$ 2,180,000	\$ 375,000
Capital leases	390,686	433,004	170,543	653,147	214,030
Compensated absences	1,046,138	70,546		1,116,684	363,379
Claims and judgments	<u>956,584</u>	<u>22,517</u>		<u>979,101</u>	<u>88,348</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 4,948,408</u></b>	<b><u>\$ 526,067</u></b>	<b><u>\$ 545,543</u></b>	<b><u>\$ 4,928,932</u></b>	<b><u>\$ 1,040,757</u></b>
<b>Business-Type Activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 12,686,130	\$ 6,290,000	\$ 7,200,585	\$ 11,775,545	\$ 951,385
<b>Plus deferred amounts:</b>					
Issuance premiums on refunding		<u>121,160</u>	<u>6,058</u>	<u>115,102</u>	
Total bonds payable	<u>12,686,130</u>	<u>6,411,160</u>	<u>7,206,643</u>	<u>11,890,647</u>	<u>951,385</u>
Compensated absences	<u>153,428</u>		<u>53,984</u>	<u>99,444</u>	<u>-</u>
<b>Business-Type Activities Long-Term Liabilities</b>	<b><u>\$ 12,839,558</u></b>	<b><u>\$ 6,411,160</u></b>	<b><u>\$ 7,260,627</u></b>	<b><u>\$ 11,990,091</u></b>	<b><u>\$ 951,385</u></b>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities. During the year, general obligation bonds totaling \$6,290,000 were issued.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$1,424,078 will be used to repay respective debt; however,







**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2003 was as follows:

	<b>Restated Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 25,823,053	\$ -	\$ 287,053	\$ 25,536,000
 <b>Capital assets being depreciated:</b>				
Buildings	3,478,740			3,478,740
Improvements	702,628	51,558	100,903	653,283
Machinery and equipment	4,557,934	490,429	294,015	4,754,348
Total capital assets being depreciated	8,739,302	541,987	394,918	8,886,371
 <b>Less accumulated depreciation for:</b>				
Buildings	2,534,362	49,005		2,583,367
Improvements	490,617	24,392		515,009
Machinery and equipment	3,217,324	455,316		3,672,640
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Total capital assets being depreciated, net	2,496,999	13,274	394,918	2,115,355
<b>Governmental Activities Capital Assets, Net</b>	\$ 28,320,052	\$ 13,274	\$ 681,971	\$ 27,651,355
 <b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 85,476	\$ -	\$ -	\$ 85,476
Construction in progress	3,770,671	1,263,606		5,034,277
Total capital assets not being depreciated	3,856,147	1,263,606	-	5,119,753
 <b>Capital assets being depreciated:</b>				
Buildings and improvements	42,277,956			42,277,956
Machinery and equipment	765,319			765,319
Infrastructure	487,871			487,871
Total capital assets being depreciated	43,531,146	-	-	43,531,146
 <b>Less accumulated depreciation for:</b>				
Buildings and improvements	9,587,877	852,802		10,440,679
Machinery and equipment	167,685	67,665		235,350
Infrastructure	103,712	9,885		113,597
Total accumulated depreciation	9,859,274	930,352	-	10,789,626
Total capital assets being depreciated, net	33,671,872	930,352	-	32,741,520
<b>Business-Type Activities Capital Assets, Net</b>	\$ 37,528,019	\$ 333,254	\$ -	\$ 37,861,273

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Governmental activities:		
General government	\$	163,513
Public safety		33,880
Public works		11,345
Education		137,174
Miscellaneous		166,175
Parks and recreation		<u>16,626</u>
Total Depreciation Expense - Governmental Activities	\$	<u>528,713</u>
Business-type activities:		
Water		383,888
Sewer		<u>546,464</u>
Total Depreciation Expense - Business-Type Activities	\$	<u>930,352</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2003. The projects include water and drainage projects, and enhancement of Main Street. At year-end, the Town's commitments with contractors are as follows:

Project	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Pipe Replacement - Project 2	\$ 1,999,788	\$ 141,179
Water Pipe Replacement - Project 3	817,425	168,014
Drainage Project	125,224	38,312
Drainage Project		87,487
Quonset Hut		108,050
Main Street Enhancement	<u>497,212</u>	<u>405,560</u>
Total	\$ <u>3,439,649</u>	\$ <u>948,602</u>

The commitments are being financed with general obligation bonds and State and Federal grants.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2003, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 385,389
	Other Governmental Funds	69,170
		<u>454,559</u>
Sewer Assessment Fund	Sewer Fund	98,463
Other Governmental Funds	General Fund	132,197
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Sewer Fund	Waterworks Fund	192,557
	General Fund	78,126
		<u>270,683</u>
Total		<u>\$ 964,699</u>

Interfund transfers that occurred during the year are as follows:

	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	
Transfers out:				
General Fund	\$	\$ 106,896	\$	\$ 106,896
Sewer Assessments Fund			212,780	212,780
Other Governmental Funds	<u>3,188</u>			<u>3,188</u>
Total Transfers Out	<u>\$ 3,188</u>	<u>\$ 106,896</u>	<u>\$ 212,780</u>	<u>\$ 322,864</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**E. Leases**

**Capital Leases**

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 682,010
Less accumulated depreciation	<u>(39,072)</u>
Total	<u>\$ 642,938</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2004	\$ 214,030
2005	187,621
2006	127,616
2007	127,217
2008	<u>57,753</u>
Total minimum lease payments	714,237
Less amount representing interest	<u>61,090</u>
Present Value of Minimum Lease Payments	<u>\$ 653,147</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 2,555,000	\$	\$ 375,000	\$ 2,180,000	\$ 375,000
Capital leases	390,686	433,004	170,543	653,147	214,030
Compensated absences	1,046,138	70,546		1,116,684	363,379
Claims and judgments	<u>956,584</u>	<u>22,517</u>		<u>979,101</u>	<u>88,348</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 4,948,408</u></b>	<b><u>\$ 526,067</u></b>	<b><u>\$ 545,543</u></b>	<b><u>\$ 4,928,932</u></b>	<b><u>\$ 1,040,757</u></b>
<b>Business-Type Activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 12,686,130	\$ 6,290,000	\$ 7,200,585	\$ 11,775,545	\$ 951,385
<b>Plus deferred amounts:</b>					
Issuance premiums on refunding		<u>121,160</u>	<u>6,058</u>	<u>115,102</u>	
Total bonds payable	<u>12,686,130</u>	<u>6,411,160</u>	<u>7,206,643</u>	<u>11,890,647</u>	<u>951,385</u>
Compensated absences	<u>153,428</u>		<u>53,984</u>	<u>99,444</u>	<u>-</u>
<b>Business-Type Activities Long-Term Liabilities</b>	<b><u>\$ 12,839,558</u></b>	<b><u>\$ 6,411,160</u></b>	<b><u>\$ 7,260,627</u></b>	<b><u>\$ 11,990,091</u></b>	<b><u>\$ 951,385</u></b>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities. During the year, general obligation bonds totaling \$6,290,000 were issued.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$1,424,078 will be used to repay respective debt; however,

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

the Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2003</u>
<b>General Purposes:</b>						
Public improvements:						
School renovations	11/15/88	\$ 7,430,000	6.977%	11/15/2008	\$ 375,000 - 330,000	\$ <u>2,180,000</u>
<b>Water and Sewer:</b>						
General refunding	8/15/02	6,290,000	3%-5%	8/15/22	490,000 - 150,000	5,800,000
Water revenue	4/15/90	2,800,000	6.5 & 8.5%	4/16/2010	140,000	980,000
Sewer inflow and treatment	6/30/98	4,132,300	4.50%	6/26/2018	206,615	3,099,225
Water treatment plant	8/1/98	995,400	4.50%	8/3/2018	49,770	796,320
Water mains	11/1/98	1,500,000	3.5-5.5%	11/1/2013	100,000	<u>1,100,000</u>
						\$ <u>11,775,545</u>

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 375,000	\$ 140,530	\$ 951,385	\$ 507,465
2005	375,000	114,280	951,385	465,769
2006	375,000	88,030	936,385	427,106
2007	375,000	61,593	921,385	389,193
2008	350,000	35,855	931,385	343,181
2009-2013	330,000	11,715	4,151,925	1,125,236
2014-2018			2,266,925	432,741
2019-2022			664,770	73,172
Total	\$ <u>2,180,000</u>	\$ <u>452,003</u>	\$ <u>11,775,545</u>	\$ <u>3,763,863</u>

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **General Obligation Bonds - Current Refunding**

On August 15, 2002, the Town issued \$6,290,000 of general obligation refunding bonds with interest rates ranging from 2% to 4.75% to currently refund the outstanding principal amounts of a \$4,183,800 General Obligation Bond, Issue of 1989, a \$1,452,600 General Obligation Bond, Issue of 1989, a \$405,600 General Obligation Bond, Issue of 1989, each dated June 2, 1989, and a \$1,382,500 General Obligation Bond, Issue of 1994, a \$912,300 General Obligation Bond, Issue of 1994, and a \$2,058,600 General Obligation Bond, Issue of 1994, each dated June 21, 1994.

The net proceeds of \$6,420,433 (including a premium of \$121,160 and payment of \$106,595 in underwriter's fees and other issuance costs) will reduce total debt service payments over the next 15 years by approximately \$997,237 and represents an economic gain (difference between present values of the debt service payments on the old and net debt) of \$613,444. As a result, the refunded bonds are considered defeased and the liability has been removed from the basic financial statements.

#### **Authorized But Unissued Bonds**

The Town has no authorized but unissued bonds at June 30, 2003. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

#### **4. EMPLOYEE RETIREMENT PLAN**

##### **A. Pension Trust Fund**

The Town of Winchester is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its municipal employees. The PERS is considered to be part of the Town of Winchester's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The plan does not issue a stand-alone financial report.

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

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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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, 2002, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	6
Current plan members	<u>67</u>
 Total	 <u>92</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.

**Contributions**

Plan participants are required to contribute to the Plan 2.5% 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, 2003 the Town's required contribution was \$217,710 which represents 8.3% of covered payroll.

Administrative costs of the Plan are financed through investment earnings.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Concentrations**

Those investments in any organization that represent 5% or more of net assets available for benefits at June 30, 2003 are as follows:

Fleet Bank:	
Fleet Stable Asset Fund	\$ 1,303,357
Liberty Equity Growth Fund Class Z	663,528
Liberty Equity Value Fund Class Z	641,894

**Annual Pension Cost and Net Pension Obligations**

The Town's annual pension cost and net pension obligation to the Town of Winchester Employees' Retirement Fund for the year ended June 30, 2003 were as follows:

Annual required contribution (ARC)	\$ 217,710
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	217,710
Contributions made**	<u>217,710</u>
	<u>-</u>
Increase in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net Pension Obligation, End of Year	<u>\$ -</u>

\*\* Contribution will be made prior to June 30, 2004.

The annual required contribution for the current year was determined as part of the January 1, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8.5% investment rate of return and (b) 5% projected salary increases. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 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, 2002 is 30 years, open method, on a level dollar basis.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Three-Year 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>
6/30/01	\$ 188,481	\$ 188,481	100%	-
6/30/02	204,443	204,443*	100	-
6/30/03	217,710	217,710**	100	-

\* Contribution was made prior to June 30, 2003.

\*\* Contribution will be made prior to June 30, 2004.

**B. Teachers**

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

All certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service teachers were fully vested in their own contributions. After ten years of service teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183 b (7). The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2003 was \$362,091 and is recognized in the governmental funds GAAP-basis income statement. For the year ended June 30, 2003, teachers of the Town contributed \$401,749 to the plan, and covered payroll for the year was \$5,739,271.

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

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **Deposits**

At June 30, 2003, the carrying amount of the Town of Winchester's deposits was \$3,978,900, and the bank balance was \$3,192,196. Of the bank balance, \$522,890 was covered by federal depository insurance. The remaining balance of \$2,669,306 falls under Risk Category 3. Risk Category 3 is defined as uninsured. As required by P.A. 91-245, the depositories with which the Town has its deposits have set aside collateral of \$122,610 in 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.

#### **Investments**

Temporary investments are stated at cost which approximates fair value, corporate and government obligations are carried at amortized cost which approximates fair value, and investments in mutual funds are carried at fair value. Pension Trust Fund investments are carried at fair value. Investments maturing within one year of acquisition are stated at amortized cost.

The Connecticut General 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)**

The Town's investments held are as follows:

	Category			Carrying Amount	Fair Value
	1	2	3		
Pension Trust Fund:					
U.S. Government securities	\$	\$ 1,140,181	\$	\$ 1,140,181	\$ 1,140,181
Corporate and foreign obligations		456,703		456,703	456,703
* Pooled trust funds - Fleet Bank				2,967,026	2,967,026
				\$ 4,563,910	\$ 4,563,910

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

**B. Receivables**

Receivables of taxes at year end for the General Fund were \$971,762, including the applicable allowance for uncollectible accounts of \$39,000.

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 771,035	\$
Small Cities:		
Grant		2,045,965
Sewer Assessment:		
Delinquent assessment taxes receivable	2,097,213	
Other Governmental Funds - State and Federal		
Education Grants:		
Various education grants		98,576
<b>Total Deferred/Unearned Revenue for Governmental Funds</b>	<b>\$ 2,868,248</b>	<b>\$ 2,144,541</b>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2003 was as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,823,053	\$ _____	\$ 287,053	\$ 25,536,000
Capital assets being depreciated:				
Buildings	3,478,740			3,478,740
Improvements	702,628	51,558	100,903	653,283
Machinery and equipment	4,557,934	490,429	294,015	4,754,348
Total capital assets being depreciated	<u>8,739,302</u>	<u>541,987</u>	<u>394,918</u>	<u>8,886,371</u>
Less accumulated depreciation for:				
Buildings	2,534,362	49,005		2,583,367
Improvements	490,617	24,392		515,009
Machinery and equipment	3,217,324	455,316		3,672,640
Total accumulated depreciation	<u>6,242,303</u>	<u>528,713</u>	<u>-</u>	<u>6,771,016</u>
Total capital assets being depreciated, net	<u>2,496,999</u>	<u>13,274</u>	<u>394,918</u>	<u>2,115,355</u>
Governmental Activities Capital Assets, Net	<u>\$ 28,320,052</u>	<u>\$ 13,274</u>	<u>\$ 681,971</u>	<u>\$ 27,651,355</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 85,476	\$ _____	\$ _____	\$ 85,476
Construction in progress	3,770,671	1,263,606		5,034,277
Total capital assets not being depreciated	<u>3,856,147</u>	<u>1,263,606</u>	<u>-</u>	<u>5,119,753</u>
Capital assets being depreciated:				
Buildings and improvements	42,277,956			42,277,956
Machinery and equipment	765,319			765,319
Infrastructure	487,871			487,871
Total capital assets being depreciated	<u>43,531,146</u>	<u>-</u>	<u>-</u>	<u>43,531,146</u>
Less accumulated depreciation for:				
Buildings and improvements	9,587,877	852,802		10,440,679
Machinery and equipment	167,685	67,665		235,350
Infrastructure	103,712	9,885		113,597
Total accumulated depreciation	<u>9,859,274</u>	<u>930,352</u>	<u>-</u>	<u>10,789,626</u>
Total capital assets being depreciated, net	<u>33,671,872</u>	<u>930,352</u>	<u>-</u>	<u>32,741,520</u>
Business-Type Activities Capital Assets, Net	<u>\$ 37,528,019</u>	<u>\$ 333,254</u>	<u>\$ -</u>	<u>\$ 37,861,273</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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

Governmental activities:		
General government	\$	163,513
Public safety		33,880
Public works		11,345
Education		137,174
Miscellaneous		166,175
Parks and recreation		<u>16,626</u>
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$</b>	<b><u>528,713</u></b>
Business-type activities:		
Water		383,888
Sewer		<u>546,464</u>
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$</b>	<b><u>930,352</u></b>

**Construction Commitments**

The Town has active construction projects as of June 30, 2003. The projects include water and drainage projects, and enhancement of Main Street. At year-end, the Town's commitments with contractors are as follows:

Project	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Pipe Replacement - Project 2	\$ 1,999,788	\$ 141,179
Water Pipe Replacement - Project 3	817,425	168,014
Drainage Project	125,224	38,312
Drainage Project		87,487
Quonset Hut		108,050
Main Street Enhancement	<u>497,212</u>	<u>405,560</u>
<b>Total</b>	<b>\$ <u>3,439,649</u></b>	<b>\$ <u>948,602</u></b>

The commitments are being financed with general obligation bonds and State and Federal grants.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2003, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 385,389
	Other Governmental Funds	69,170
		<u>454,559</u>
Sewer Assessment Fund	Sewer Fund	98,463
Other Governmental Funds	General Fund	132,197
Waterworks Fund	General Fund	8,797
Sewer Fund	Waterworks Fund	192,557
	General Fund	78,126
		<u>270,683</u>
<b>Total</b>		<b>\$ <u>964,699</u></b>

Interfund transfers that occurred during the year are as follows:

	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Fund</u>	
Transfers out:				
General Fund	\$	\$ 106,896	\$	\$ 106,896
Sewer Assessments Fund			212,780	212,780
Other Governmental Funds	<u>3,188</u>			<u>3,188</u>
<b>Total Transfers Out</b>	<b>\$ <u>3,188</u></b>	<b>\$ <u>106,896</u></b>	<b>\$ <u>212,780</u></b>	<b>\$ <u>322,864</u></b>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**E. Leases**

**Capital Leases**

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$ 682,010
Less accumulated depreciation	<u>(39,072)</u>
Total	<u>\$ 642,938</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2004	\$ 214,030
2005	187,621
2006	127,616
2007	127,217
2008	<u>57,753</u>
Total minimum lease payments	714,237
Less amount representing interest	<u>61,090</u>
Present Value of Minimum Lease Payments	<u>\$ 653,147</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**F. Long-Term Debt**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds	\$ 2,555,000	\$	\$ 375,000	\$ 2,180,000	\$ 375,000
Capital leases	390,686	433,004	170,543	653,147	214,030
Compensated absences	1,046,138	70,546		1,116,684	363,379
Claims and judgments	<u>956,584</u>	<u>22,517</u>		<u>979,101</u>	<u>88,348</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 4,948,408</u></b>	<b><u>\$ 526,067</u></b>	<b><u>\$ 545,543</u></b>	<b><u>\$ 4,928,932</u></b>	<b><u>\$ 1,040,757</u></b>
<b>Business-Type Activities:</b>					
<b>Bonds payable:</b>					
General obligation bonds	\$ 12,686,130	\$ 6,290,000	\$ 7,200,585	\$ 11,775,545	\$ 951,385
<b>Plus deferred amounts:</b>					
Issuance premiums on refunding		<u>121,160</u>	<u>6,058</u>	<u>115,102</u>	
Total bonds payable	<u>12,686,130</u>	<u>6,411,160</u>	<u>7,206,643</u>	<u>11,890,647</u>	<u>951,385</u>
Compensated absences	<u>153,428</u>		<u>53,984</u>	<u>99,444</u>	<u>-</u>
<b>Business-Type Activities Long-Term Liabilities</b>	<b><u>\$ 12,839,558</u></b>	<b><u>\$ 6,411,160</u></b>	<b><u>\$ 7,260,627</u></b>	<b><u>\$ 11,990,091</u></b>	<b><u>\$ 951,385</u></b>

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for business-type activities. During the year, general obligation bonds totaling \$6,290,000 were issued.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. School building grants of \$1,424,078 will be used to repay respective debt; however,

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

the Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Annual Principal</u>	<u>Principal Outstanding June 30, 2003</u>
<b>General Purposes:</b>						
Public improvements:						
School renovations	11/15/88	\$ 7,430,000	6.977%	11/15/2008	\$ 375,000 - 330,000	\$ <u>2,180,000</u>
<b>Water and Sewer:</b>						
General refunding	8/15/02	6,290,000	3%-5%	8/15/22	490,000 - 150,000	5,800,000
Water revenue	4/15/90	2,800,000	6.5 & 8.5%	4/16/2010	140,000	980,000
Sewer inflow and treatment	6/30/98	4,132,300	4.50%	6/26/2018	206,615	3,099,225
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Annual debt service requirements to maturity for general obligation bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 375,000	\$ 140,530	\$ 951,385	\$ 507,465
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## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **General Obligation Bonds - Current Refunding**

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#### **Authorized But Unissued Bonds**

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#### **4. EMPLOYEE RETIREMENT PLAN**

##### **A. Pension Trust Fund**

The Town of Winchester is the administrator of a single-employer public employee retirement system (PERS) established and administered by the Town to provide pension benefits for its municipal employees. The PERS is considered to be part of the Town of Winchester's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The plan does not issue a stand-alone financial report.

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

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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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, 2002, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	6
Current plan members	<u>67</u>
 Total	 <u>92</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.

**Contributions**

Plan participants are required to contribute to the Plan 2.5% 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, 2003 the Town's required contribution was \$217,710 which represents 8.3% of covered payroll.

Administrative costs of the Plan are financed through investment earnings.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Concentrations**

Those investments in any organization that represent 5% or more of net assets available for benefits at June 30, 2003 are as follows:

Fleet Bank:	
Fleet Stable Asset Fund	\$ 1,303,357
Liberty Equity Growth Fund Class Z	663,528
Liberty Equity Value Fund Class Z	641,894

**Annual Pension Cost and Net Pension Obligations**

The Town's annual pension cost and net pension obligation to the Town of Winchester Employees' Retirement Fund for the year ended June 30, 2003 were as follows:

Annual required contribution (ARC)	\$ 217,710
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual pension cost	217,710
Contributions made**	<u>217,710</u>
	<u>-</u>
Increase in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net Pension Obligation, End of Year	<u>\$ -</u>

\*\* Contribution will be made prior to June 30, 2004.

The annual required contribution for the current year was determined as part of the January 1, 2002 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8.5% investment rate of return and (b) 5% projected salary increases. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 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, 2002 is 30 years, open method, on a level dollar basis.

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Three-Year 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>
6/30/01	\$ 188,481	\$ 188,481	100%	-
6/30/02	204,443	204,443*	100	-
6/30/03	217,710	217,710**	100	-

\* Contribution was made prior to June 30, 2003.

\*\* Contribution will be made prior to June 30, 2004.

**B. Teachers**

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

All certified teachers are eligible to participate in the plan and are required to contribute 7% of their annual earnings. The Board of Education does not contribute to the plan. Prior to July 1, 1989, teachers were vested in their contributions up to 5% of their earnings prior to five years of service. After five years of service teachers were fully vested in their own contributions. After ten years of service teachers are fully vested and entitled to a monthly pension benefit that is payable at the age of 60. The State of Connecticut contributes amounts based on the actuarial reserve basis described in C.G.S. Sections 10-183 b (7). The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2003 was \$362,091 and is recognized in the governmental funds GAAP-basis income statement. For the year ended June 30, 2003, teachers of the Town contributed \$401,749 to the plan, and covered payroll for the year was \$5,739,271.

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

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**C. Municipal Employees' Retirement System**

**Plan Description**

All Town employees not covered by the Town pension plan or the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). 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 that may be obtained by writing to the State of Connecticut, Office of the State Comptroller, Municipal Employees' Retirement Fund, 55 Elm Street, Hartford, CT 06106.

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, 2002, the most recent valuation available, there were 164 participating local government units (counting departments of municipalities which joined or reported separately as separate units).

Membership in the plan at July 1, 2002 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	\$ 254	\$ 8	\$ 355	\$ 132
b. With Social Security	161	15	243	105
General:				
a. Without Social Security	2,104	90	1,849	1,003
b. With Social Security	2,214	219	2,932	1,807
Withdrawn municipalities	<u>8</u>		N/A	N/A
<b>Total Members</b>	<b>\$ <u>4,741</u></b>	<b>\$ <u>332</u></b>	<b>\$ <u>5,379</u></b>	<b>\$ <u>3,047</u></b>

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. Effective January 1, 2002, all other retired members will receive a 2.5% annual adjustment until age 65, at which point they will receive the same cost-of-living adjustment as those currently 65. For those retiring after December 31, 2001, annual cost-of-living increases will be between 2.5% and 6%. Benefits vest after 5 years of continuous service. Members

**TOWN OF WINCHESTER, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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who retire after age 55 with 5 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
- If covered by Social Security: 1-1/2% of the three-year average of earnings not in excess of the year's breakpoint, plus 2% of the three-year average of earnings in excess of the year's breakpoint. The year's breakpoint for 2002 is \$34,300.

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**

**Basis of Accounting:** MERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

**Method Used to Value Investments:** Retirement trust funds can invest in the following investment pools maintained by the State of Connecticut.

Mutual Fixed Income Fund - Investments consist principally of bonds and notes.

Mutual Equity Fund - Investments consist principally of common stocks.

Real Estate Fund - Investments consist principally of interest in commingled equity real estate funds.

Mutual Commercial Mortgage Fund - Investments consist principally of interest in commercial mortgages.

Mutual Venture Capital Fund - Investments consist principally of interests in venture capital partnerships that have common stock interests in emerging businesses.

Mutual International Stock Fund - Investments consist principally of international equity securities.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. There are no investments in any organizations that represent 5% or more of the net assets available for benefits.

**Funding Status and Progress**

The actuarial accrued liability is a measure that uses the benefit provisions and is intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Entry age was established by subtracting credited service from current age on the valuation date. Assumptions, including projected pay increases, were the same as those used to determine the annual required contribution between entry age and assumed exit age.

The actuarial value of assets is based on a market-related method that recognizes assumed investment income fully each year. Differences between actual and assumed investment income are phased in over a closed five-year period.

The actuarial accrued liability was determined as part of an actuarial valuation at July 1, 2002.

Actuarial accrued liability as of July 1, 2002:

Active members	\$ 594,155,760
Retirees and beneficiaries currently receiving benefits	701,639,759
Terminated employees not yet receiving benefits	<u>23,953,079</u>
Total actuarial accrued liability	1,319,748,598
Actuarial value of assets	<u>1,403,401,930</u>
Unfunded actuarial accrued asset	\$ <u>(83,653,332)</u>

During the year there were no changes in benefit provisions, actuarial assumptions or methods since the last valuation.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Contributions Required and Contributions Made**

Each participating municipality is required by State statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general city employees, and within those two groups, with versus without Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending on the unit's date of participation and other factors.

- a. The contributions are actuarially determined using the entry age normal method.
- b. The actuarial assumptions are the same as those used to compute the actuarial accrued liability discussed above.
- c. Contributions totaling \$27,139,880 (\$15,958,635 employer and \$11,181,245 employee) were made for the plan year ended June 30, 2003 in accordance with actuarially determined contribution requirements based on an actuarial valuation performed as of July 1, 2002. These contributions consisted of (a) \$22,204,832 normal cost and (b) \$4,935,048 amortization of the unfunded actuarial accrued liability. The employer and employee contributions represent 4.9% and 3.7% of covered payroll, respectively, as of July 1, 2002.

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

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/01	\$ 177,156	100%
6/30/02	166,767	100%
6/30/03	128,679	100%

**5. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties, except for worker's compensation, which is handled through an interlocal risk pool. Settled

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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claims for these risks did not exceed commercial insurance coverage during the years ended June 30, 2001, 2002 and 2003. 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.

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool, that began on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 240 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan and losses incurred in coverage period 2002-03 will be evaluated at 18, 30 and 42 months after the effective date of coverage. The deposit contribution (premium) paid in 2002-03 by the Town was \$171,501. The contribution (premium) is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains up to \$750,000 per occurrence. Claims over \$750,000 are reinsured.

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

#### **B. Contingent Liabilities**

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

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

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

## TOWN OF WINCHESTER, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### **C. New Accounting Pronouncements and Related Restatements**

As of July 1, 2002, the Town implemented the following significant Governmental Accounting Standards Board pronouncements:

GASBS 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments

GASBS 37 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus

GASBS 38 - Certain Financial Statement Note Disclosures

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements required the Town to implement the new requirements for this fiscal year, June 30, 2003. A summary of the pronouncements is as follows:

Management's Discussion and Analysis - to provide users of the basic financial statements with a narrative introduction, overview and analysis of those statements

Basic Financial Statements:

Government-Wide Financial Statements - involves aggregating the various balances reported in each individual governmental and proprietary fund using the accrual basis of accounting

Fund Financial Statements - focus is on major funds

Reconciliation of Fund Financial Statements to Government-Wide Financial Statements

As a result of implementing these pronouncements, the following restatements were made to certain beginning fund balances:

Fiduciary Funds - The Nonexpendable Trust Funds were reclassified as a permanent funds resulting in an increase in beginning governmental net assets and a decrease in fiduciary net assets of \$495,975, respectively. The Expendable Trust Funds were combined into the General Fund resulting in an increase in beginning governmental net assets and a decrease in fiduciary net assets of \$20,568, respectively.

Capital Assets - Governmental Activities - During the fiscal year, the Town increased their capitalization threshold and inventoried all capital assets. As a result, the capital assets of the governmental activities increased by approximately \$9,610,000.

**REQUIRED SUPPLEMENTARY INFORMATION**



**TOWN OF WINCHESTER, CONNECTICUT**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUND**

Schedule of Funding Progress

<u>Plan Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/1997	\$ 3,231,242	\$ 3,113,776	\$ (117,466)	103.8%	\$ 1,965,683	(6.0)%
1/1/1998	3,673,330	3,541,261	(132,069)	103.7%	1,934,556	(6.8)%
1/1/1999	4,053,007	3,926,577	(126,430)	103.2%	2,118,074	(6.0)%
1/1/2000	4,418,779	4,196,794	(221,985)	105.3%	2,297,628	(9.7)%
1/1/2001	4,993,180	4,626,646	(366,534)	107.9%	2,483,046	(14.8)%
1/1/2002	5,268,213	5,111,874	(156,339)	103.1%	2,612,300	(6.0)%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/1998	\$ 86,382	100%
6/30/1999	61,366	100%
6/30/2000	95,805	100%
6/30/2001	188,481	100%
6/30/2002	204,443	100%
6/30/2003	217,710	100%

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

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**GENERAL FUND**

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



**TOWN OF WINCHESTER, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes, interest and lien fees	\$ 16,190,128	\$ 16,190,128	\$ 16,113,787	\$ (76,341)
<b>Intergovernmental revenues:</b>				
State of Connecticut - General Government	3,058,762	3,058,762	1,985,112	(1,073,650)
State of Connecticut - Board of Education	7,085,119	7,085,119	6,876,566	(208,553)
	10,143,881	10,143,881	8,861,678	(1,282,203)
<b>Other local revenues:</b>				
<b>Licenses, fees and permits:</b>				
Cemeteries	37,000	37,000	23,100	(13,900)
Town Clerk	135,000	135,000	157,715	22,715
<b>Charges for services:</b>				
In lieu of taxes - Housing Authority	25,000	25,000	24,870	(130)
Building Department	103,500	103,500	107,261	3,761
Planning and Zoning	500	500	388	(112)
Inland Wetlands Commission	1,500	1,500		(1,500)
Zoning Board of Appeals	2,500	2,500		(2,500)
Police Department	31,000	31,000	22,220	(8,780)
Fire Department	250	250	2,745	2,495
Payroll grant reimbursements	20,250	20,250	12,000	(8,250)
Sale of land and equipment	12,500	12,500	8,646	(3,854)
Senior citizens	6,450	6,450	6,800	350
Social services	1,000	1,000	1,000	-
Park and Recreation Department	21,300	21,300		(21,300)
Tree Harvest	35,000	35,000	51,800	16,800
Probate Court	550	550	1,239	689
Interest and dividends	125,000	125,000	69,288	(55,712)
Other	53,002	53,002	89,655	36,653
	611,302	611,302	578,727	(32,575)
<b>Total revenues</b>	<b>26,945,311</b>	<b>26,945,311</b>	<b>25,554,192</b>	<b>(1,391,119)</b>

(Continued on following page)

**TOWN OF WINCHESTER, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Expenditures:</b>				
<b>General government:</b>				
Board of Selectmen	\$ 29,365	\$ 29,365	\$ 23,529	\$ 5,836
Town Clerk	134,210	136,210	133,996	2,214
Treasurer/Finance	5,777	5,777	5,914	(137)
Board of Finance	137,476	137,476	139,046	(1,570)
Election expenditures	41,307	41,307	38,532	2,775
Insurance	195,000	195,000	250,112	(55,112)
Town Counsel	79,950	92,084	98,877	(6,793)
Town Manager	214,945	214,945	209,232	5,713
Building Department	164,198	164,198	164,618	(420)
Assessor	114,670	114,670	112,445	2,225
Board of Tax Review	3,364	3,364	2,847	517
Tax Collector	59,877	59,877	59,392	485
Planning and Zoning	3,214	3,214	976	2,238
Building	139,066	139,066	114,119	24,947
Inland Wetland Commission	4,296	4,296	806	3,490
Zoning Board of Appeals	1,620	1,620	900	720
Laurel City Commission	4,875	4,875	4,875	-
Advisory Comm for the Disabled	1,048	1,048	-	1,048
Litchfield Conservation District	1,794	1,794	977	817
Purchasing/Data Processing	138,592	138,592	137,379	1,213
Probate Court	4,314	4,314	3,928	386
Senior Citizens	123,017	123,017	119,539	3,478
Rural Transit District	1,968	1,968	492	1,476
Vacation and sick pay accrual	14,625	14,625	67,440	(52,815)
Municipal Historian	488	488	488	-
Tree Advisory Board	975	975	210	765
Economic Development Commission	22,184	22,184	3,346	18,838
School Crossing Guards	48,433	48,433	49,958	(1,525)
Judgments and Losses	2,925	2,925	-	2,925
Conservation Commission	24,716	24,716	30,468	(5,752)
Unemployment Compensation	975	975	768	207
Cemeteries	68,050	68,050	65,812	2,238
Soldiers Monument Commission	4,924	4,924	3,984	940
Planning and Community Development	187,838	187,838	171,512	16,326
Redevelopment Agency	24,668	24,668	5,000	19,668
Civil Service Commission	17,408	17,408	13,269	4,139
	<u>2,022,152</u>	<u>2,036,286</u>	<u>2,034,786</u>	<u>1,500</u>

(Continued on following page)

**TOWN OF WINCHESTER, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures:</b>				
Library	\$ 193,976	\$ 193,976	\$ 193,976	\$ -
Miscellaneous	296,006	296,006	406,750	(110,744)
Recycling	535,535	542,091	542,091	-
<b>Public safety:</b>				
Police Department	2,001,373	2,001,373	2,212,891	(211,518)
Fire Department	298,420	258,963	226,817	32,146
Fire Marshal	75,826	75,826	71,878	3,948
Civil Preparedness	8,249	8,249	7,736	513
Winchester Fire Department	33,150	33,775	33,775	-
Ambulance	82,870	82,870	36,423	46,447
	<u>2,499,888</u>	<u>2,461,056</u>	<u>2,589,520</u>	<u>(128,464)</u>
<b>Public works:</b>				
Public Works Department	1,671,467	1,671,467	1,502,336	169,131
Streetlighting	117,000	117,000	127,060	(10,060)
	<u>1,788,467</u>	<u>1,788,467</u>	<u>1,629,396</u>	<u>159,071</u>
<b>Welfare:</b>				
Social Services	54,617	54,617	51,388	3,229
<b>Health:</b>				
Department of Health	38,686	39,678	39,678	-
Youth and Family Services	120,654	120,654	118,696	1,958
Paramedic	54,600	67,000	67,000	-
	<u>213,940</u>	<u>227,332</u>	<u>225,374</u>	<u>1,958</u>
<b>Culture and recreation:</b>				
Park and Recreation Department	213,540	213,540	190,852	22,688
<b>Education:</b>				
Board of Education	16,539,421	16,539,421	16,503,147	36,274
<b>Program and project expenses</b>	<u>137,714</u>	<u>137,714</u>	<u>134,178</u>	<u>3,536</u>

(Continued on following page)

**TOWN OF WINCHESTER, CONNECTICUT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 375,000	\$ 375,000	\$ 375,000	\$ -
Interest	166,780	166,780	188,353	(21,573)
	541,780	541,780	563,353	(21,573)
Capital outlay:				
Capital outlay	2,430,754	2,435,504	1,627,625	807,879
Total expenditures	2,467,790	27,467,790	26,692,436	775,354
Deficiency of Revenues over Expenditures	(522,479)	(522,479)	(1,138,244)	(615,765)
Other Financing Sources (Uses):				
Operating transfers in	6,000	6,000	3,188	(2,812)
Operating transfers out	(208,521)	(208,521)	(106,718)	101,803
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (725,000)	\$ (725,000)	(1,241,774)	\$ (516,774)
Fund Balance at Beginning of Year			1,847,988	
Fund Balance at End of Year			\$ 606,214	

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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.

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

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

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

### Permanent Funds

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

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

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

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

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



TOWN OF WINCHESTER, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2003

	Special Revenue Funds							
	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Fire Truck Fund	Winchester Emergency Shelter Fund	Dog Fund	Infrastructure Assets	Other
Cash and cash equivalents	\$ 330,839	\$ 1,364	\$	\$ 3,522	\$ 15,269	\$ 2,338	\$ 76,787	\$ 216,816
Due from other governments		47,987						
Due from other funds			132,197					
Other assets		8,179				5,128		
<b>Total Assets</b>	<b>\$ 330,839</b>	<b>\$ 57,530</b>	<b>\$ 132,197</b>	<b>\$ 3,522</b>	<b>\$ 15,269</b>	<b>\$ 7,466</b>	<b>\$ 76,787</b>	<b>\$ 216,816</b>

**LIABILITIES AND FUND  
BALANCES**

Liabilities:								
Accounts payable and accrued items	\$	\$ 3,380	\$	\$	\$ 4,669	\$	\$ 50,090	\$ 4,391
Deferred revenue			98,576					
Due to other governments	153,130		33,621			5,570		
Due to other funds	3,200					26,045		36,784
Total liabilities	156,330	3,380	132,197	-	4,669	31,615	50,090	41,175
Fund Balances:								
Reserved for purpose of trust								
Unreserved and undesignated	174,509	54,150		3,522	10,600	(24,149)	26,697	175,641
Total fund balances	174,509	54,150	-	3,522	10,600	(24,149)	26,697	175,641
Total Liabilities and Fund Balances	\$ 330,839	\$ 57,530	\$ 132,197	\$ 3,522	\$ 15,269	\$ 7,466	\$ 76,787	\$ 216,816

(Continued on following page)

**TOWN OF WINCHESTER, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2003

	Permanent Funds					Total
	Winchester School Trust Fund	Winchester Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund	Other	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 62,524	\$ 81,424	\$ 138,035	\$ 38,296	\$ 153,546	\$ 1,120,760
Due from other governments						47,987
Due from other funds						132,197
Other assets						13,307
<b>Total Assets</b>	<u>\$ 62,524</u>	<u>\$ 81,424</u>	<u>\$ 138,035</u>	<u>\$ 38,296</u>	<u>\$ 153,546</u>	<u>\$ 1,314,251</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued items	\$	\$	\$	\$	\$	\$ 62,530
Deferred revenue						98,576
Due to other governments						192,321
Due to other funds					3,141	69,170
Total liabilities					<u>3,141</u>	<u>422,597</u>
<b>Fund Balances:</b>						
Reserved for purpose of trust	62,524	81,424	138,035	38,296	94,981	415,260
Unreserved and undesignated					55,424	476,394
Total fund balances	<u>62,524</u>	<u>81,424</u>	<u>138,035</u>	<u>38,296</u>	<u>150,405</u>	<u>891,654</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 62,524</u>	<u>\$ 81,424</u>	<u>\$ 138,035</u>	<u>\$ 38,296</u>	<u>\$ 153,546</u>	<u>\$ 1,314,251</u>

TOWN OF WINCHESTER, CONNECTICUT

COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds							
	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Fire Truck Fund	Town Aid Roads Fund	Winchester Emergency Shelter Fund	Dog Fund	Brownfields Pilot Program
Revenues:								
Intergovernmental revenues	\$ -	\$ 199,770	\$ 916,686	\$ -	\$ -	\$ 61,593	\$ 8,862	\$ 60,527
Licenses, fees and permits		239,992		36				
Interest and dividends		439,762	916,686	36		61,593	1,651	60,527
Other revenue								
Total revenues		639,762	916,686	36		61,593	1,651	60,527
Expenditures:								
General government		454,304	916,686		122,625	68,029	47,796	54,762
Education								
Capital outlay								
Total expenditures		454,304	916,686		122,625	68,029	47,796	54,762
Excess (Deficiency) of Revenues over Expenditures		(14,542)	-	36	(122,625)	(6,436)	(41,467)	5,765
Other Financing Sources (Uses):								
Transfers in								
Transfers out					76,337		30,559	
Net Change in Fund Balances		(14,542)	-	36	(46,288)	(6,436)	(10,908)	5,765
Fund Balances at Beginning of Year	174,509	68,692	-	3,486	46,288	17,036	(13,241)	(5,765)
Fund Balances at End of Year	\$ 174,509	\$ 54,150	\$ -	\$ 3,522	\$ -	\$ 10,600	\$ (24,149)	\$ -

TOWN OF WINCHESTER, CONNECTICUT  
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (CONTINUED)  
 NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds				Permanent Funds				Total
	Infrastructure Assets	Other	Winchester School Trust Fund	Winchester Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund	Other		
Revenues:									
Intergovernmental revenues	\$ 391,267	\$ 134,949	\$ 842	\$ 1,383	\$ 2,213	\$ 596	\$ 2,062	\$ 1,764,792	
Licenses, fees and permits		1,489						8,862	
Interest and dividends		10,960	2,901					8,621	
Other revenue		147,398	3,743	1,383	2,213	596	2,062	255,504	
Total revenues	<u>391,267</u>	<u>147,398</u>	<u>3,743</u>	<u>1,383</u>	<u>2,213</u>	<u>596</u>	<u>2,062</u>	<u>2,037,779</u>	
Expenditures:									
General government		185,439						478,651	
Education			2,100					1,373,090	
Capital outlay	478,800							482,984	
Total expenditures	<u>478,800</u>	<u>185,439</u>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,334,725</u>	
Excess (Deficiency) of Revenues over Expenditures	(87,533)	(38,041)	1,643	1,383	2,213	596	2,062	(296,946)	
Other Financing Sources (Uses):									
Transfers in								106,896	
Transfers out					(2,198)	(560)	(430)	(3,188)	
Net Change in Fund Balances	(87,533)	(38,041)	1,643	1,383	15	36	1,632	(193,238)	
Fund Balances at Beginning of Year	114,230	213,682	60,881	80,041	138,020	38,260	148,773	1,084,892	
Fund Balances at End of Year	\$ 26,697	\$ 175,641	\$ 62,524	\$ 81,424	\$ 138,035	\$ 38,296	\$ 150,405	\$ 891,654	



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FIDUCIARY FUNDS

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.

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



**TOWN OF WINCHESTER, CONNECTICUT**

**AGENCY FUNDS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>
<b>Town Deposit:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,536	\$ 78	\$ 79	\$ 4,535
<b>Liabilities:</b>				
Fiduciary deposits	\$ 4,536	\$ 78	\$ 79	\$ 4,535
<b>Student Activities:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 15,673	\$ 11,182	\$ 15,673	\$ 11,182
<b>Liabilities:</b>				
Fiduciary deposits	\$ 15,673	\$ 11,182	\$ 15,673	\$ 11,182
<b>Other:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 113,163	\$ 10,084	\$ 87,314	\$ 35,933
<b>Liabilities:</b>				
Fiduciary deposits	\$ 113,163	\$ 10,084	\$ 87,314	\$ 35,933
<b>Total - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 133,372	\$ 21,344	\$ 103,066	\$ 51,650
<b>Liabilities:</b>				
Fiduciary deposits	\$ 133,372	\$ 21,344	\$ 103,066	\$ 51,650

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**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

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



**TOWN OF WINCHESTER, CONNECTICUT**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -**

**SCHEDULE BY SOURCE**

**JUNE 30, 2003**

**Governmental Funds Capital Assets:**

Land and improvements	\$	25,536,000
Buildings and improvements		4,132,023
Vehicles and equipment:		
Schools		1,164,257
Town		3,590,091
		<hr/>
Total	\$	<u>34,422,371</u>

**Investments in Governmental Funds Capital Assets by Source:**

General Fund	\$	32,045,476
Special Revenue Fund		916,336
Capital Projects Funds		1,460,559
		<hr/>
Total	\$	<u>34,422,371</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**SCHEDULE BY FUNCTION AND ACTIVITY**

**JUNE 30, 2003**

	<u>Land and Improvements</u>	<u>Buildings and Improvements</u>	<u>Vehicles and Equipment</u>	<u>Total</u>
General government	\$ 25,536,000	\$ 391,400	\$ 3,016,088	\$ 28,943,488
Public safety		969,923	363,733	1,333,656
Public works		342,900	36,390	379,290
Parks and recreation		265,400	5,000	270,400
Education		<u>2,162,400</u>	<u>1,333,137</u>	<u>3,495,537</u>
Total	\$ <u>25,536,000</u>	\$ <u>4,132,023</u>	\$ <u>4,754,348</u>	\$ <u>34,422,371</u>

**TOWN OF WINCHESTER, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**

**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>As Restated July 1, 2002</u>	<u>Additions</u>	<u>Deductions/ Adjustments</u>	<u>June 30, 2003</u>
General government	\$ 29,230,541	\$	\$ 287,053	\$ 28,943,488
Public safety	1,270,037	79,164	15,545	1,333,656
Public works	393,320	226,785	240,815	379,290
Parks and recreation	281,320	67,158	78,078	270,400
Education	<u>3,387,137</u>	<u>168,880</u>	<u>60,480</u>	<u>3,495,537</u>
Total	<u>\$ 34,562,355</u>	<u>\$ 541,987</u>	<u>\$ 681,971</u>	<u>\$ 34,422,371</u>

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**SUPPLEMENTAL SCHEDULES**



TOWN OF WINCHESTER, CONNECTICUT  
GENERAL FUND

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2003

Grand List of October 1,	Due Date of Tax	New Levy and Uncollected Balance July 1, 2002	Lawful Corrections		Transfers to Suspense	Adjusted Tax Levies	Collections		Taxes Receivable June 30, 2003
			Additions	Deductions			Taxes	Interest and Liens	
2001	7/1 and 1/1	\$ 15,981,938	\$	\$ 1,489	\$ 3,351	\$ 15,349,877	\$ 52,337	\$ 15,402,214	\$ 627,220
2000	7/1 and 1/1	592,178		1,799	15,854	282,708	54,852	337,560	291,817
1999	7/1 and 1/1	201,774		1,665	63,106	97,678	35,222	132,900	39,324
1998	7/1 and 1/1	127,300		37,847	89,454	76,053	102,985	179,038	13,400
<b>Total Grand List</b>		<b>\$ 16,903,190</b>	<b>\$ -</b>	<b>\$ 42,800</b>	<b>\$ 82,311</b>	<b>\$ 15,806,317</b>	<b>\$ 245,396</b>	<b>\$ 16,051,712</b>	<b>\$ 971,762</b>

\*Includes collection of this list and all prior

**TOWN OF WINCHESTER, CONNECTICUT**

**SCHEDULES OF WATER AND SEWER RENTS LEVIED, COLLECTED AND OUTSTANDING**

**FOR THE YEAR ENDED JUNE 30, 2003**

**Water Rents:**

<u>Levy as of July 1,</u>	<u>New Levy and Uncollected Balance, July 1, 2002</u>	<u>Collections</u>			<u>Water Rents Receivable, June 30, 2003</u>
		<u>Rents</u>	<u>Interest and Liens</u>	<u>Total</u>	
2002	\$ 1,566,145	\$ 1,394,490	\$ 7,483	\$ 1,401,973	\$ 171,655
2001	135,150	83,087	9,598	92,685	52,063
2000*	<u>129,570</u>	<u>68,294</u>	<u>46,452</u>	<u>114,746</u>	<u>61,276</u>
	<u>\$ 1,830,865</u>	<u>\$ 1,545,871</u>	<u>\$ 63,533</u>	<u>\$ 1,609,404</u>	<u>\$ 284,994</u>

**Sewer Rents:**

<u>Levy as of July 1,</u>	<u>New Levy and Uncollected Balance, July 1, 2002</u>	<u>Collections</u>			<u>Sewer Rents Receivable, June 30, 2003</u>
		<u>Rents</u>	<u>Interest and Liens</u>	<u>Total</u>	
2002	\$ 1,076,710	\$ 956,701	\$ 4,392	\$ 961,093	\$ 120,009
2001	90,189	62,424	6,193	68,617	27,765
2000*	<u>61,529</u>	<u>36,821</u>	<u>35,298</u>	<u>72,119</u>	<u>24,708</u>
	<u>\$ 1,228,428</u>	<u>\$ 1,055,946</u>	<u>\$ 45,883</u>	<u>\$ 1,101,829</u>	<u>\$ 172,482</u>

\* Includes levies of 1999 and prior

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

**TOWN OF WINCHESTER, CONNECTICUT**

**SCHEDULE OF SURETY BONDS COVERING OFFICIALS AND EMPLOYEES**

**JUNE 30, 2003**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Raymond A. Carpentino	Interim 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
Sheila Sedlack	Town Clerk	5,000
Cheryl L. Carriere	Assistant Town Clerk	5,000
Public Employees Blanket Bond	Public Employees Blanket Bond	5,000
Public Works Department	Public Works Department	5,000

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**STATISTICAL SECTION**



**TOWN OF WINCHESTER, CONNECTICUT**  
**GENERAL FUND EXPENDITURES BY FUNCTION**  
**NON-GAAP BUDGETARY BASIS**

**LAST TEN FISCAL YEARS**

(In Thousands)

<u>Fiscal Year</u>	<u>Board of Education</u>	<u>Public Works</u>	<u>Public Safety</u>	<u>Miscellaneous</u>	<u>General Government</u>	<u>Welfare</u>	<u>Health</u>	<u>Parks and Recreation</u>	<u>Library</u>	<u>Waste Disposal and Recycling</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
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
2000	14,727	1,680	2,605	931	1,309	44	125	166	199	514	709	995	24,005
2001	14,811	1,776	2,499	861	1,340	50	210	174	175	533	672	850	23,950
2002	16,101	1,733	2,594	976	1,443	45	182	175	197	571	568	871	25,456
2003	16,503	1,629	2,590	541	2,035	51	225	191	194	542	563	1,628	26,692

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

**TOWN OF WINCHESTER, CONNECTICUT**

**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>
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
2000	14,732	8,831	774	24,337
2001	14,730	8,548	635	23,913
2002	16,106	8,927	1,440	26,473
2003	16,114	8,861	579	25,553

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

**TOWN OF WINCHESTER, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

(In Thousands)

<u>Fiscal Year</u>	<u>Grand List</u>	<u>Mill Rate (1)</u>	<u>Total Tax Levy</u>	<u>Current Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Taxes</u>	<u>Percent of Outstanding Taxes to Tax Levy</u>
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
2000	1998	33.62	14,523	13,910	95.78	673	14,583	100.41	993	6.84
2001	1999	33.17	14,580	14,001	96.03	459	14,460	99.18	954	6.54
2002	2000	35.84	15,965	15,373	96.29	524	15,897	99.57	921	5.77
2003	2001	35.58	15,977	15,350	96.08	456	15,806	98.93	972	6.08

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

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

**TOWN OF WINCHESTER, CONNECTICUT**  
**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	
1994		\$ 227,392	\$ 324,845	\$ 32,860	\$ 46,942	\$ 28,363	\$ 40,518	\$ 288,615	\$ 412,305	70
1995		230,129	328,756	33,348	47,597	34,332	49,047	297,809	425,400	70
1996		353,722	505,317	32,885	46,979	37,975	54,250	424,582	606,546	70
1997		356,755	509,650	33,563	47,947	42,469	60,670	432,787	618,267	70
1998		357,822	511,174	33,855	48,364	44,180	63,114	435,857	622,652	70
1999		359,016	512,880	35,050	50,071	43,909	62,727	437,975	625,678	70
2000		360,182	514,546	34,822	49,746	45,583	65,119	440,587	629,411	70
2001		361,325	516,179	38,788	55,411	50,232	71,760	450,345	643,350	70
2002		363,444	519,206	39,138	55,911	52,570	75,100	455,152	650,217	70
2003		364,258	520,369	40,394	57,706	54,129	77,327	458,781	655,401	70

There is no overlapping taxable property.

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

**TOWN OF WINCHESTER, CONNECTICUT**  
**RATIO OF NET GENERAL BONDED DEBT TO**  
**ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Net General Bonded Debt (3)(4)(5)</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt per Capita</u>
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
2000	11,524	440,587,000	3,380,000	0.77	293
2001	11,590	450,345,000	2,930,000	0.65	253
2002	10,664	455,152,000	2,555,000	0.56	240
2003	11,140	458,781,000	2,180,000	0.48	196

(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**

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

**LAST TEN FISCAL YEARS**

(In Thousands)

<u>Fiscal Year</u>	<u>Principal (1)</u>	<u>Interest (1)</u>	<u>Total Debt Service (1)</u>	<u>Total General Expenditures (2)</u>	<u>Ratio of Debt to Total General Expenditures</u>
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
2000	450	255	705	20,103	3.51
2001	450	222	672	23,950	2.81
2002	375	193	568	25,456	2.23
2003	375	167	542	26,692	2.03

(1) Includes only general bonded debt.

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

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

**TOWN OF WINCHESTER, CONNECTICUT**

**DEMOGRAPHIC STATISTICS (1)**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>School Enrollment (3)</u>	<u>Per Capita Income (4)</u>	<u>Unemployment Rate (5)</u>
1994	11,370	1,220	\$	7.5 %
1995	11,342	1,226		7
1996	11,342	1,229		6.6
1997	11,300	1,254		6.8
1998	11,422	1,220		4.4
1999	11,422	1,182		3.8
2000	11,524	1,079	22,589	2.5
2001	11,590	1,165		4.2
2002	10,664	1,165		5.5
2003	11,140	1,106		5.6

(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) Data not available.

(5) Per State of Connecticut Department of Labor.

**TOWN OF WINCHESTER, CONNECTICUT**  
**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					
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		
2000	3	1,156	14	1,529	49,516	306,650	49,160		
2001	1	1,158	12	1,578	50,274	308,125	50,150		
2002	7	1,905	24	3,499	51,050	309,650	51,150		
2003	6	2,001	22	3,674	53,603	325,132	53,707		

(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**

**SUPPLEMENTAL DATA**

**JUNE 30, 2003**

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	21
Neighborhood parks	2	Private senior high schools	1
Public greens	2	Students	485
Acres of park land	30	Special education	36
Playgrounds	3	Instruction	49
Tennis courts	2	Administrative and other	
Asphalt	2	nonteaching personnel	26
Lighted	2	Middle schools	1
Ball diamonds	7	Students	386
Lighted	2	Elementary schools	2
Basketball courts	2	Students	730
Lighted	1	Special education	28
Beaches	2	Instructional	104
Ponds	1	Administrative and other	
		nonteaching personnel	73
		<u>Police Protection</u>	
<u>Elections</u>		Police cars	10
Registered voters	6,869	Police officers	25
Votes cast in last:		Civilian employees	9
National election	4,690	<u>Fire Protection</u>	
State election	3,368	Stations	4
Municipal election	2,588	Volunteer firemen	111
Percentage of registered		Full-time paid firemen	1
voters voting in last:		<u>Town Employees</u> (Full-Time)	
National election	68 %	Town	83
State election	49 %	School	178
Municipal election	38 %		
<u>Library</u>			
Main building	1		
Employees	10		
Full-time	3		
Part-time	5		