

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2006

TOWN OF WINCHESTER,
CONNECTICUT



Office of the
Director of Finance

TOWN OF WINCHESTER, CONNECTICUT

Comprehensive Annual Financial Report

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2006**

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

December 8, 2006

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 accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America 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, 2006.

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, 2006 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, 2006 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

Economic Development. There are a few remaining parcels of land in the Town's second industrial park. Looking into the future, the Commission plans to locate and acquire real estate with the State of Connecticut's Department of Community and Economic Development's financial assistance for a new or expanded industrial park. In addition, the Commission is assessing the feasibility of updating and marketing certain properties along the downtown Main Street area. These development target areas may include developable land adjacent or contiguous to the current industrial park around or near Route 8 north as well as property along (old) Route 8 south towards the City of Torrington.

The Commission has recognized that it needs to aggressively market certain of the Town's most favorable attributes. To accomplish the goals of the Commission, all developmental grants and similar incentives will be aggressively pursued. This would

include but not be limited to new property development, facilities improvement grants and recreational funding.

Comprehensive Economic Development Strategy (CEDS). During the spring of 2003, the Town, 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, completed in June 2004, identifies economic development projects which have positive impacts on the regional and local economy. The CEDS document will afford the Town access to Federal Economic Development Administration grant and loan funds which are currently not available.

Regional Outreach. In unison with the CEDS project, the Town is also a Board member on the recently formed Northwest CT Economic Development Corporation. The Corporation is a public/private development arm for the projects to be identified in the CEDS document.

Brownfields. During 1998, a new economic revitalization project was undertaken called the Brownfields Project. To date, the United States Environmental Protection Agency has awarded the Town \$550,000 in grant money to study and redevelop several potentially contaminated manufacturing sites located in the downtown and Highland Lake areas.

The primary goal of the program is to assist Winchester in overcoming environmental barriers to the redevelopment of Brownfield sites and attract new development to the area. The program funds have been used for Phase I through Phase III environmental testing of Brownfield properties, increasing community involvement and environmental awareness, and identifying cleanup strategies.

In the spring of 2001, the Town received a \$650,000 grant to establish a Brownfields Clean-Up Revolving Loan Fund (BCRLF) to assist developers in Brownfield redevelopment efforts. The BCRLF program became operational in November of 2001.

Main Street Enhancement Project. The Town of Winchester submitted a proposal in the summer of 1998 to improve pedestrian safety as well as to enhance the quality of its Main Street and to strengthen the pedestrian/bicycle connection between Winsted and the neighboring City of Torrington.

The major goal of this project will be to improve the safety of the four-lane Main Street in addition to enhancing and promoting the economic viability of the downtown commercial core of the Town. The total estimated cost of this project is \$4,839,000. Phase I of the project will be closed-out upon final inspection in the winter of 2006.

In the spring of 2003, the Town submitted a TEA-21 grant request in the amount of \$4.5 million to complete the rest of our Main Street Enhancement Project. Phase II will continue the streetscape enhancements east and west of where the current (Phase I) project limits end. In October of 2005, the Town was notified by the Connecticut

Department of Transportation that approximately \$1.8 million will be awarded for Phase II of the project.

National Main Street. In May of 2001, the Connecticut Main Street Program designated the Town a “CT Main Street” Town, in partnership with “Friends of Main Street.” This designation gives the Town four years of free consulting services for downtown revitalization efforts. This designation is a key component to the success of the Town’s revitalization efforts. The 501(c)(3) non-profit group, “Friends of Main Street,” hired a full-time Executive Director during the spring of 2003 to oversee the organization’s Action Plan.

Still River Greenway. 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 handicap accessible and will be designed for walking, jogging, bicycling, in-line skating and cross-country skiing. Funding for this \$1,875,000 project provided by a Federal TEA-21 grant in the amount of \$1.5 million dollars. The grant will cover 80% of the project costs. The remaining 20% will come from the Town of Winchester, the City of Torrington and the Still River Greenway Committee. The State of Connecticut Department of Transportation is currently reviewing final design plans. The construction phase will begin in April of 2007.

Water Improvement Projects. During the summer of 2001, the Town of Winchester embarked on an aggressive, multi-phase project to replace many of the Town’s aging and functionally obsolete water mains.

To date the Town has completed the first three phases of work at a cost of approximately \$4.5 million. These phases included replacement of 37,550 feet of water mains on 31 different streets in the Town. The Town funded this project entirely with grant funds from the Connecticut Department of Environmental Protection and the United States Department of Agriculture.

Phase IV of the project began in the summer of 2005 at a total estimated cost of \$1.9 million. This phase of the project estimates replacement of 12,000 feet of water mains on 10 different streets in the Town. Funding for this phase will come entirely from grant funds.

Capital Improvement Project. In June of 2005, the Town of Winchester authorized five capital improvement projects totaling \$7,590,525. These projects were placed into five categories as part of the referendum authorization process. The categories and their related dollar authorizations are Town Facilities Improvements \$1,970,085, Public Safety Projects \$810,920, Streets and Sidewalks Projects \$2,353,325, Education Projects \$1,093,445, and Sewer Projects \$1,362,750. It is anticipated that grant funds will be secured to offset the final amount the Town will be required to bond. Current estimates have the Town portion of the bonds to be \$6 million and the Sewer portion of the bonds to be \$1.2 million.

Engineers are still reviewing some of the projects and it is anticipated that all projects will have been started by the spring of 2007 and substantially completed by the fall of 2007. Permanent financing will take place in November of 2007.

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.

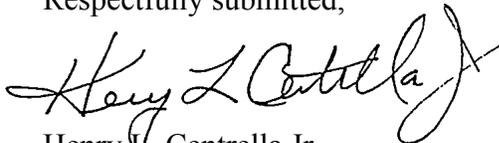
Awards and Acknowledgements

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, 2005. This was the seventeenth 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 accounting principles generally accepted in the United States of America 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 manner.

Respectfully submitted,



Henry E. 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, 2005

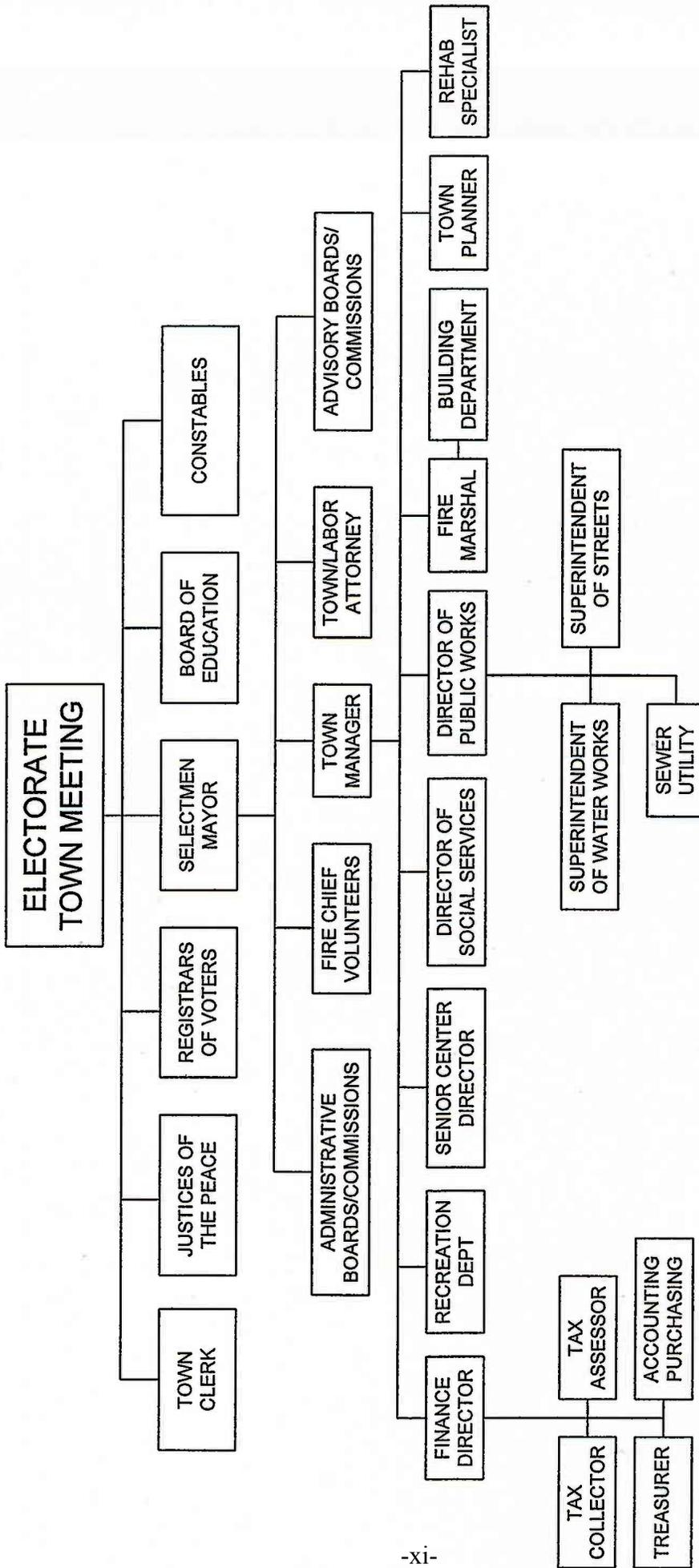
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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, 2006

Mayor:	Maryann D. Welcome
Board of Selectmen:	David A. Cappabianca Barbara Wilkes Althea C. Perez Russell D. Buchner Jay M. Case Arthur W. Melycher
Board of Tax Review:	Walter St. Onge, Jr. John Groppo Joyce Miles Lisa R. Smith Dennis Cappabianca Mark Arcelaschi
Director of Public Works:	Patrick E. Hague
Town Manager:	Owen J. Quinn
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:	Clay S. Krevolin

FINANCIAL SECTION



Report of Independent Accountants

To the Board of Selectmen
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, 2006, 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'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, 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, 2006 and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 16 and the schedule of funding progress - Pension Trust Funds on page 54 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 our report dated December 8, 2006 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 8, 2006

Management's Discussion and Analysis

Introduction

This Annual Financial Report meets the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as managers of the Town of Winchester, focus on our most important, or “major” funds, including the General Fund.

Fund statements 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 we charge 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. Our financial statements 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 Winchester's financial position has improved or deteriorated as a result of the year's operations. The annual report includes government-wide financial statements prepared on the accrual basis for all of your government's 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 government-wide financial statements will help you:

- Assess the finances of Winchester in its entirety, including the year's operating results;
- Determine whether our overall financial position 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)**

Offers 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 are designed to provide readers with a broad overview of the Town of Winchester'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 of Winchester's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The *statement of activities* presents information showing how the government'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 Winchester 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 Board of Education, public works, public safety, general government, welfare, health, parks and recreation, library, waste disposal and recycling, and interest on long-term debt. 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.
- 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*** are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Winchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.
 - *Governmental fund* financial statements include financial data for the general, special revenue, 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 funds* in 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 of Winchester maintains eighteen individual governmental funds. Four of these funds, the General Fund, the Sewer Assessment Fund, the Small Cities Fund and the Capital Improvements Fund, are considered major funds, and fourteen are treated as nonmajor funds consisting of nine special revenue funds and five 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, the Capital Projects Fund and the Sewer Assessment Fund, all of which are considered to be major funds. Data from the 14 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. Winchester adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

- *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 of Winchester 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. 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 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 statement because the resources of those funds are *not* available to support the Town of Winchester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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% of corresponding totals for all governmental or enterprise funds and at least 5% 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 for 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
 - Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.
- Required Supplementary Information (RSI)
 - Consists of MD&A and budgetary comparison schedules;
 - Includes budgetary comparison schedules for the General Fund and each major special revenue fund to demonstrate whether resources were obtained and used in accordance with the legally adopted budget;
 - The Town of Winchester'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.

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, 2006. We encourage readers to consider the information presented here on conjunction with additional information that we have furnished in our letter of transmittal which can be found elsewhere in this report.

Financial Highlights

- The assets of the Town of Winchester for both governmental and business-type activities exceeded liabilities at the close of the most recent year by \$56,390,407 (net assets). Of this amount, \$2,449,606 (*unrestricted net assets*) may be used to meet our ongoing obligations to citizens and creditors.
- The primary government's total net assets decreased by \$219,294.
- As of the close of the current fiscal year, Winchester's governmental funds reported combining ending fund balances of \$864,491, a decline of \$1,144,914 in comparison with the prior year. About 40% of this amount, \$348,048, 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 \$1,255,876, or 4.23% of total General Fund expenditures of \$29,724,844.
- The Town of Winchester's long-term liabilities increased \$5,031,424 for governmental activities and decreased \$968,413 for business-type (water and sewer) activities. Included in this category is the repayment of bonded debt for governmental activities by \$375,000 and a reduction of debt for water and sewer due of \$970,000 (see below and Note 3.F., Long-Term Debt, of the notes to financial statements).

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of our financial position. In the case of the Town of Winchester, assets exceeded liabilities by \$56,390,407 at the close of the most recent fiscal year.

By far the largest portion of our net assets (95.66%) reflects our investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. We use these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1. Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 13,416,220	\$ 10,238,729	\$ 1,499,146	\$ 1,775,465	\$ 14,915,366	\$ 12,014,194
Capital Assets, Net	28,638,236	27,779,106	36,645,881	36,428,084	65,284,117	64,207,190
Total assets	<u>42,054,456</u>	<u>38,017,835</u>	<u>38,145,027</u>	<u>38,203,549</u>	<u>80,199,483</u>	<u>76,221,384</u>
Long-Term Debt Outstanding	9,304,205	4,272,781	9,437,963	10,406,376	18,742,168	14,679,157
Other Liabilities	4,875,314	4,672,777	191,594	259,749	5,066,908	4,932,526
Total liabilities	<u>14,179,519</u>	<u>8,945,558</u>	<u>9,629,557</u>	<u>10,666,125</u>	<u>23,809,076</u>	<u>19,611,683</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	26,309,934	23,506,325	27,630,867	26,117,487	53,940,801	49,623,812
Unrestricted	<u>1,565,003</u>	<u>5,565,952</u>	<u>884,603</u>	<u>1,419,937</u>	<u>2,449,606</u>	<u>6,985,889</u>
Total Net Assets	\$ <u><u>27,874,937</u></u>	\$ <u><u>29,072,277</u></u>	\$ <u><u>28,515,470</u></u>	\$ <u><u>27,537,424</u></u>	\$ <u><u>56,390,407</u></u>	\$ <u><u>56,609,701</u></u>

The balance of *unrestricted net assets* not comprising capital assets, \$2,449,606, may be used to meet our ongoing obligations to citizens and creditors.

At the end of the current fiscal year, we are able to report positive balances in two of the three categories of net assets, both for government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The Town's governmental net assets decreased by \$1,197,340 during the current fiscal year. We realized general revenues and transfers of \$20,199,946. Net operating expenditures of \$21,397,286 exceeded our revenues by the amount of the net assets decline. Gross governmental expenditures of \$32,570,525 were offset by a combination of \$18,945,951 in property taxes, grants in the amount of \$10,658,768, charges for services equaling \$1,287,873, investment earnings of \$333,180, and net miscellaneous income and transfers of \$138,413. Of the total gross expenditures, \$20,428,332 was accounted for by the Board of Education. Public safety expenditures of \$4,009,300, general government outlays of \$3,550,359, and public works operations in the amount of \$3,138,955 accounted for the largest of the expenditures in the governmental activities category.

The Town of Winchester reports a rise in net assets in connection with the business-type activities of the Water and Sewer Commission in the net amount of \$978,046. The water operation increased net assets by \$1,154,351 while the sewer operation decreased net assets by \$402,421, ultimately increasing net assets by \$751,930 before a transfer from the Sewer Assessment Fund of \$226,116. Water and sewer users paid a combined \$2,892,488 in service charges, fines and penalties.

The combination of governmental activities resulted in a decline in net assets of \$1,197,340. When offset by the enterprise funds' increase in net assets of \$978,046, overall government-wide net assets decreased by \$219,294.

Governmental Activities

Governmental activities decreased the Town of Winchester's net assets by \$219,294 as already stated. Key elements of this decrease are as follows:

Table 2. Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
	Revenues:					
Program revenues:						
Charges for services	\$ 1,287,873	\$ 564,181	\$ 2,892,488	\$ 2,915,863	\$ 4,180,361	\$ 3,480,044
Operating grants and contributions	9,507,076	8,563,656	--	--	9,507,076	8,563,656
Capital grants and contributions	378,290	733,878	1,123,379	233,064	1,501,669	966,942
General revenues:						
Property taxes	18,954,951	17,629,149	--	--	18,954,951	17,629,149
Grants and contributions not restricted to specific purpose	773,402	1,030,388	--	--	773,402	1,030,388
Unrestricted investment earnings	333,180	74,540	555	8,504	333,735	83,044
Other general revenues, net	364,529	867,740	--	--	364,529	867,740
Total revenues	<u>31,599,301</u>	<u>29,463,532</u>	<u>4,016,422</u>	<u>3,157,431</u>	<u>35,615,723</u>	<u>32,620,963</u>
Program expenses:						
Board of Education	20,428,332	19,134,392	--	--	20,428,332	19,134,392
Public works	3,138,955	3,023,111	--	--	3,138,955	3,023,111
Public safety	4,009,300	3,475,885	--	--	4,009,300	3,475,885
General government	3,550,359	3,044,126	--	--	3,550,359	3,044,126
Health and welfare	301,844	247,142	--	--	301,844	247,142
Parks and recreation	265,436	270,071	--	--	265,436	270,071
Library	209,543	205,882	--	--	209,543	205,882
Waste disposal and recycling	482,881	407,666	--	--	482,881	407,666
Interest on long-term debt	183,875	227,614	--	--	183,875	227,614
Water	--	--	1,560,548	1,491,865	1,560,548	1,491,865
Sewer	--	--	1,703,944	1,621,403	1,703,944	1,621,403
Total program expenses	<u>32,570,525</u>	<u>30,035,889</u>	<u>3,264,492</u>	<u>3,113,268</u>	<u>35,835,017</u>	<u>33,149,157</u>
Excess (Deficiency) Before Transfers	(971,224)	(572,357)	751,930	44,163	(219,294)	(528,194)
Transfers	<u>(226,116)</u>	<u>(233,825)</u>	<u>226,116</u>	<u>233,825</u>	<u>--</u>	<u>--</u>
Increase (Decrease) in Net Assets	<u>\$ (1,197,340)</u>	<u>\$ (806,182)</u>	<u>\$ 978,046</u>	<u>\$ 277,988</u>	<u>\$ (219,294)</u>	<u>\$ (528,194)</u>

Governmental Activities

Revenues

- Property tax collections increased by \$1,325,802 (7.52%) during the year. The budgeted tax levy increase between FY 2005 and FY 2006 was \$1,234,665.
- Charges for governmental activities services rose \$723,692 with the inclusion of Board of Education student and food services fees and better classification of cash inflows as seen in a reduction of the "other general revenue" category.

- Capital grants for the total primary government increased overall by \$534,727. Water and sewer grants rose \$890,315 due to implementation of water pipe replacement contract #4 while at the same time, capital grants for the general government declined by \$355,588 due to substantial completion of water pipe replacement contract #3. Although the projects are related, the sources of funding (federal vs. state) dictate that contract #4 (Rural Development - federal) be accounted for in water and sewer and contract #3 be detailed in general government (infrastructure - State).
- Unrestricted grants fell \$256,986 from the prior year when the State of Connecticut reduced their Payments in Lieu of Taxes (PILOT) payments to the Town.

Expenses

- The Board of Education incurred \$1,293,940 in additional expenses over FY 2005 resulting from additional \$856,000 of across-the-board costs and a rise in their contribution to the State teachers' retirement fund.
- Public works expenses were \$115,844 over FY 2005's \$3,023,111 to permit us to perform necessary and on-going road repairs.
- Public safety outlays were \$533,415 above the prior year because of reclassification of some miscellaneous costs along with a general budget increase of \$106,000.
- General government expense rose \$506,233 mostly as a result of some miscellaneous costs being reclassified and a budget increase of \$50,000.

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.

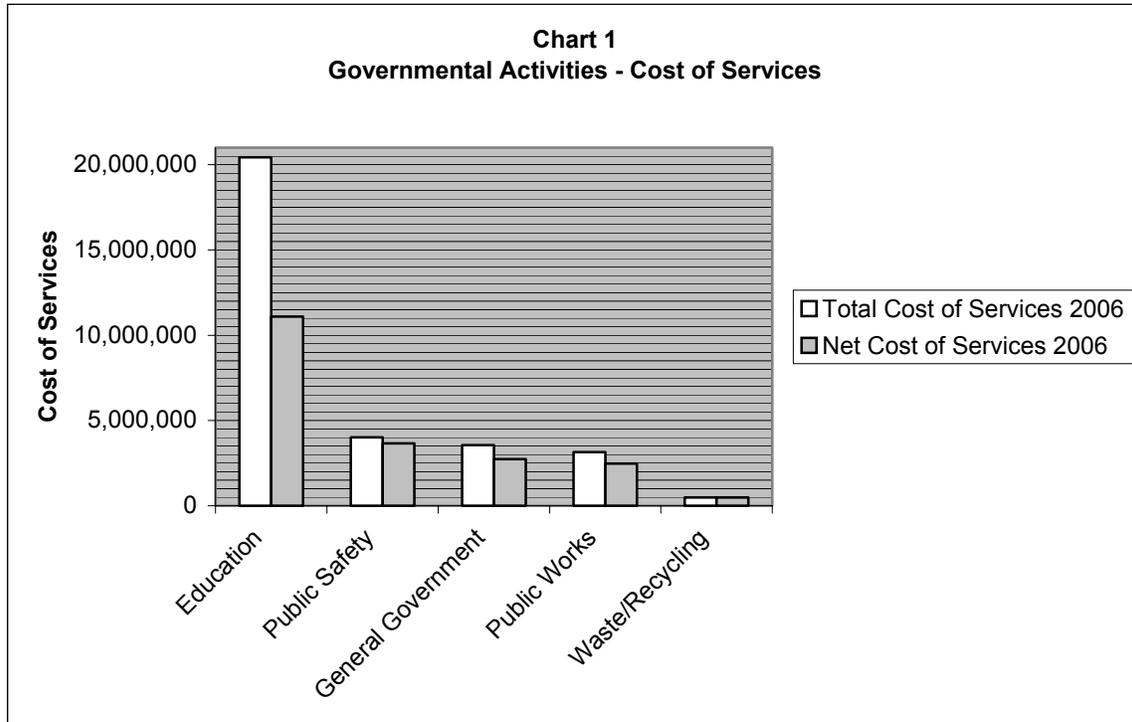
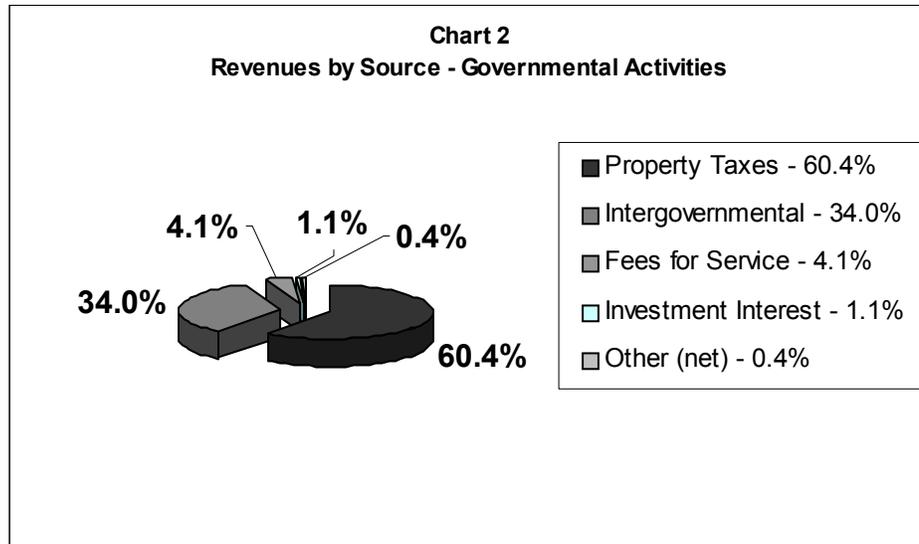


Chart 2 presents the various sources of revenue that fund our operations. The percentages indicate what part of the whole each segment represents.

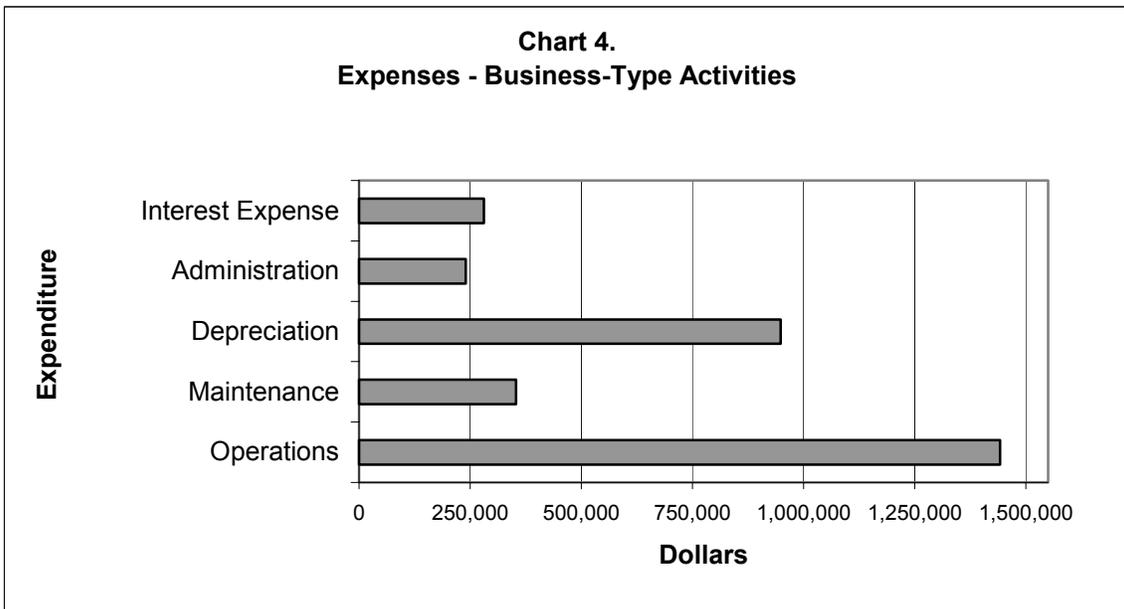
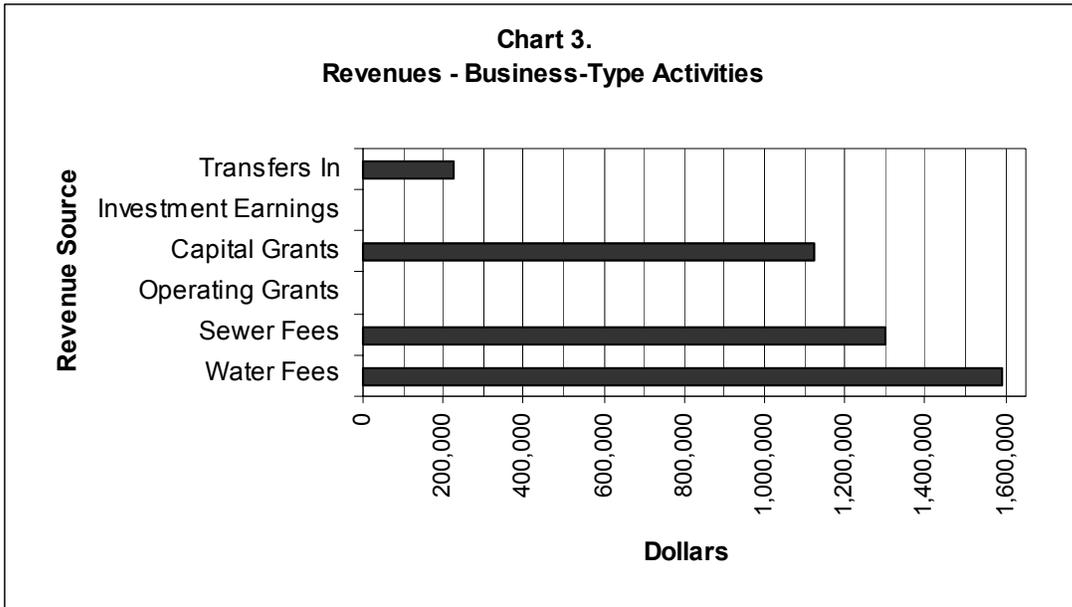


Business-Type Activities

Water and sewer business-type activities added \$751,930 to our net assets before a Sewer Assessment Fund transfer in of \$226,116, but this gain was offset by the \$1,197,340 drop in net assets generated by governmental activities. Key elements of our enterprise fund performance are as follows:

- Water and sewer charges for services, fines and penalties, grants and other revenue sources were consistent with last year's levels;
- Water and sewer operating expenses increased \$151,224 due, in part, for the reasons noted below:
 - Utility costs (a nationwide issue) rose \$67,000 over the prior year;
 - Settlement of collective bargaining agreements resulted in an added \$47,000 of salary and benefit expenses;
 - Chemical costs increased by \$18,000;
 - We upgraded the water treatment plant computer system at a cost of \$10,000.
- Overall water and sewer operations generated a \$978,046 increase in net assets. Broken down, water services generated a \$1,154,347 gain, but sewer activities produced a decline of \$402,972. Coupled with investment earnings of \$555 plus a \$226,116 sewer assessment fund transfer in to assist with debt service, the total net asset increase amounted to \$978,046 as previously indicated.

The following charts reflect our water and sewer utility operations for fiscal year 2006 regarding sources of revenue and classes of expenses.



Financial Analysis of the Government's Funds

As noted earlier, the Town of Winchester uses fund accounting to ensure and demonstrate that we are in compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing Winchester's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of our net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$864,491, a decrease of \$1,144,914 in comparison with the prior fiscal year. About 40% of the total fund balance, \$348,048, constitutes *unreserved fund balance* which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period in the amount of

\$86,833, and 2) to fund certain revenue and permanent funds such as Winchester School Trust (\$65,914), the Winchester Sinking Fund (\$85,792), the Forest View Cemetery Fund (\$138,048), the Winchester Center Cemetery Fund (\$38,333), and other lesser nonmajor governmental funds (\$101,523) for a total of \$429,610.

More detail may be found in the combining statements for the nonmajor governmental funds.

General Fund

The General Fund is the chief operating fund of the Town of Winchester. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1,255,876, while total fund balance reached \$1,342,709. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 4.23% of total General Fund expenditures of \$29,724,844 while total fund balance represents 4.51% of that same amount.

Winchester's General Fund balance increased by \$519,915 during the current fiscal year. Key factors affecting this increase are as follows:

- We enjoyed a favorable revenue budget variance of \$1,233,094 driven by \$978,298 more in intergovernmental grants not budgeted and \$234,740 more of other local revenues, each of which is noted below:
 - \$506,000 more from the State for Educational Cost Sharing (ECS);
 - \$179,000 for re-start of Main Street Enhancement project;
 - The Local Capital Improvement Program (LoCIP) was boosted \$137,000;
 - \$36,000 more investment income was earned due to rising interest rates and a timely passing of the budget;
 - We sold surplus Town-owned land and equipment for \$193,000;
 - The Building Department and the Town Clerk's Office benefited by \$65,000 from a favorable economy as home building continued to grow.
- The expenditure budget experienced a negative variance of \$509,912 due to the significant factors detailed below:
 - Capital outlays over budget occurred because of the start up of the Main Street Enhancement program.
 - Miscellaneous expenditures were greater due to accrual of payroll costs and settlement of prior year labor issues.
 - General government expenditures were greater due to general liability and workers compensation insurance costs increases over budgeted amounts, payouts of compensated leave time, increases for legal expenditures, and costs associated with Town mandated expenditures for engineering reviews of a planned Town development.
 - Public safety expenditures were greater due to a prior period contract settlement which occurred during the current fiscal year as well as payouts of compensated leave time for retired staff.

Small Cities Fund

The Town considers the Small Cities Fund to be a major fund, using it to track homeowner loans to and repayments by Winchester residents. Its fund balance of \$203,892 is entirely cash on deposit. During the year, this fund took in \$136,708 in loan repayments and expended \$241,938 in program and project expenditures. The excess of expenditures over revenues of \$105,230 translated directly to a fund balance decrease of the same amount.

Sewer Assessment Fund

Also considered a major fund, the Sewer Assessment Fund accepts and tracks assessments paid for sewer usage, hook-ups and maintenance. Its primary function is to provide funding for debt service payments on the sewer commission's outstanding sewer bonds. For FY 2006, \$265,621 was taken in as other local revenues and \$99,115 was disbursed in interest payments. An additional \$226,116 was transferred out to further assist with sewer debt service. The net change in fund balance was a drop of \$59,610, taking fund balance from a negative \$14,487 to a negative \$74,097.

Proprietary Funds

The Town of Winchester's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Commission at the end of the year amounted to \$884,603, a decline of \$535,334 from the previous year. However, total net assets increased by \$978,046 reflecting reinvestment in infrastructure and water pipe replacement. Water operations generated net operating revenue of \$1,154,351. The sewer function experienced an operating deficit of \$402,421. A transfer in from the sewer assessment fund of \$226,116 for sewer debt service helped reduce the sewer shortfall. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The original revenue budget remained unchanged at \$27,563,534. The original expenditure budget of \$27,428,030 was increased by \$108,555 through a variety of transfers and appropriations during the year as detailed below:

- ❖ Public safety was increased \$69,566 to cover expected overtime costs;
- ❖ Public works was lowered by \$56,052, eliminating various costs attributable to a milder than expected winter;
- ❖ Miscellaneous was cut \$67,787 due to distribution of funding for employee wage settlements into the specific budget line items;
- ❖ General government received an additional appropriation of \$47,060 for a treatment program at Highland Lake and for additional legal costs (general and labor related);
- ❖ Health was boosted by \$51,132 to deal with underbudgeted costs in the paramedic service;
- ❖ Capital outlays were lifted by \$56,400 to increase the Town's share of a road, bridge and drainage project undertaken in conjunction with the State.

Capital Asset and Debt Administration

Capital assets. The Town of Winchester'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 increase in our investment in capital assets for the current fiscal year was \$406,449 before depreciation.

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

- We purchased \$225,412 of new police communications equipment;
- We expended \$220,578 to improve our roads, sewer system, and water lines.

Table 3. Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 25,536,000	\$ 25,536,000	\$ 85,476	\$ 85,476	\$ 25,621,476	\$ 25,621,476
Buildings	847,838	893,903	29,323,600	30,192,902	30,171,438	31,086,805
Improvements	96,223	129,509	--	--	96,223	129,509
Infrastructure	--	--	344,046	354,122	344,046	354,122
Machinery and equipment	2,158,175	1,219,694	452,664	472,588	2,610,839	1,692,282
Construction in progress	--	--	6,440,095	5,322,996	6,440,095	5,322,996
Totals	\$ <u>28,638,236</u>	\$ <u>27,779,106</u>	\$ <u>36,645,881</u>	\$ <u>36,428,084</u>	\$ <u>65,284,117</u>	\$ <u>64,207,190</u>

Additional information on the Town of Winchester's capital assets can be found in Note 3.C., Capital Assets, of the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the Town of Winchester had \$1,055,000 of general fund bonded debt and \$9,185,000 self-supporting water and sewer bonded debt outstanding. We also had \$4,515,000 of short-term bond anticipation notes (BANs) issued for a variety of capital improvements throughout the Town. All outstanding bonded and long-term obligations comprise general obligation debt backed by the full faith and credit of the government. 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.

Table 4. Long-Term and Short-Term Debt

Bonds					
Date	Purpose	Rate %	Original Issue	Debt Outstanding	Fiscal Year Maturity
11/15/88	School	6.977	\$ 7,430,000	\$ 1,055,000	2009
4/15/90	General Purpose (Water) ¹	6.50-8.50	2,800,000	560,000	2010
11/1/98	General Purpose (Water) ¹	3.50-5.50	1,500,000	800,000	2014
8/15/02	Sewer ¹	3.00-5.00	6,290,000	4,450,000	2022
1/15/04	General Purpose (Water) ¹	2.00-3.85	<u>3,900,000</u>	<u>3,375,000</u>	2014
	Total		\$ <u>21,920,000</u>	\$ <u>10,240,000</u>	

¹ Self-supporting

The Town of Winchester's general fund debt decreased by \$375,000 (26.22%) during the current fiscal year. We also paid down \$970,000 of water and sewer debt (9.64%). The decreases came about through the payment of scheduled principal maturities on our outstanding bonds and loans.

The Town's credit rating from Moody's Investors Service, Inc., on its general obligation debt for the fiscal year ended June 30, 2006 was "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, 2006, the maximum amount of borrowing permitted under the formula is \$137,419,520. By statute, water debt of \$4,735,000

and future school grant reimbursements for principal of \$689,175 are excluded from the debt limit calculation. With net borrowings of \$4,815,825, our outstanding general obligation debt is \$132,603,425 below the maximum debt limitation (see schedule of debt limitation in this report).

Additional information on our long-term debt can be found in Note 3.F. of the notes to the financial statements.

Economic Factors and Next Year's Budget

- The unemployment rate for Winchester was 4.6% at June 30, 2006 which is a drop from a rate of 6.2% one year prior. The current rate is higher than the state's average unemployment rate of 4.1% and even with the national average unemployment rate of 4.6%.
- Inflationary trends in the region compare favorably to the national indices.
- The budget was passed at a Town-wide referendum after three attempts on September 12, 2006.

The FY 2006 - 07 budget of \$28,978,640 contemplates a \$1,300,551, or 4.7%, increase in expenditures and a \$1,409,106 (5.11%) rise in revenues. We anticipate balancing the budget by using \$208,721 of General Fund surplus. Of the 2007 budget, roughly 70% of the net increase, or \$910,667, is attributable to the Board of Education. Areas of significant increase or decrease or discussed below:

Revenues

- ❖ \$640,452 from increased taxes;
- ❖ \$686,104 additional revenue budgeted in State of Connecticut and federal grants;
- ❖ \$82,550 from local revenues and other sources.

Expenditures

- ❖ \$910,667 net rise in Board of Education budget due primarily to mandated increments in collective bargaining agreements;
- ❖ \$96,356 additional on our roads and highways for continued improvements and increased labor costs;
- ❖ \$105,882 additional capital expenditures as we continue our town-wide renovations and improvements;
- ❖ \$73,256 in the Health Department to properly fund the cost of paramedics and to account for increases in other health agencies paid by the Town;
- ❖ \$36,304 reduction in the Building Department from the elimination of a housing inspection position;
- ❖ \$54,219 cut in legal fees to more normal levels after a year of high legal costs related to development issues and union contract settlements.

All of these factors were considered in preparing Winchester's budget for the 2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town of Winchester's finances for all those with an interest in our finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 338 Main Street, Winsted, CT 06098.

BASIC FINANCIAL STATEMENTS

TOWN OF WINCHESTER, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 6,945,054	\$ 904,363	\$ 7,849,417
Receivables, net of allowance:			
Property taxes	2,580,652		2,580,652
Other	288,998	973,116	1,262,114
Due from other governments	2,777,824		2,777,824
Internal balances	633,137	(633,137)	-
Other assets	190,555	254,804	445,359
Noncurrent assets:			
Capital assets, nondepreciable	25,536,000	6,525,571	32,061,571
Capital assets, net of accumulated depreciation	3,102,236	30,120,310	33,222,546
Total assets	<u>42,054,456</u>	<u>38,145,027</u>	<u>80,199,483</u>
Liabilities:			
Accounts payable and accrued items	1,890,141	191,594	2,081,735
Due to other governments	222,552		222,552
Interest payable	9,201		9,201
Unearned revenue	2,753,420		2,753,420
Noncurrent liabilities:			
Due within one year	5,707,718	980,994	6,688,712
Due in more than one year	3,596,487	8,456,969	12,053,456
Total liabilities	<u>14,179,519</u>	<u>9,629,557</u>	<u>23,809,076</u>
Net Assets:			
Invested in capital assets, net of related debt	26,309,934	27,630,867	53,940,801
Unrestricted	<u>1,565,003</u>	<u>884,603</u>	<u>2,449,606</u>
Total Net Assets	<u>\$ 27,874,937</u>	<u>\$ 28,515,470</u>	<u>\$ 56,390,407</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Board of Education	\$ 20,428,332	\$ 473,193	\$ 8,860,204	\$	\$ (11,094,935)	\$	\$ (11,094,935)
Public works	3,138,955	239,353	244,670	187,723	(2,467,209)		(2,467,209)
Public safety	4,009,300	342,192		11,700	(3,655,408)		(3,655,408)
General government	3,550,359	233,135	402,202	178,867	(2,736,155)		(2,736,155)
Welfare	26,443				(26,443)		(26,443)
Health	275,401				(275,401)		(275,401)
Parks and recreation	265,436				(265,436)		(265,436)
Library	209,543				(209,543)		(209,543)
Waste disposal and recycling	482,881				(482,881)		(482,881)
Interest on long-term debt	183,875				(183,875)		(183,875)
Total governmental activities	<u>32,570,525</u>	<u>1,287,873</u>	<u>9,507,076</u>	<u>378,290</u>	<u>(21,397,286)</u>	<u>-</u>	<u>(21,397,286)</u>
Business-type activities:							
Waterworks	1,560,548	1,591,516		1,123,379		1,154,347	1,154,347
Sewer	1,703,944	1,300,972				(402,972)	(402,972)
Total business-type activities	<u>3,264,492</u>	<u>2,892,488</u>	<u>-</u>	<u>1,123,379</u>	<u>-</u>	<u>751,375</u>	<u>751,375</u>
Total	<u>\$ 35,835,017</u>	<u>\$ 4,180,361</u>	<u>\$ 9,507,076</u>	<u>\$ 1,501,669</u>	<u>(21,397,286)</u>	<u>751,375</u>	<u>(20,645,911)</u>
General revenues:							
Property taxes					18,954,951		18,954,951
Grants and contributions not restricted to specific programs					773,402		773,402
Unrestricted investment earnings					333,180	555	333,735
Miscellaneous					364,529		364,529
Transfers					(226,116)	226,116	-
Total general revenues and transfers					<u>20,199,946</u>	<u>226,671</u>	<u>20,426,617</u>
Change in net assets					(1,197,340)	978,046	(219,294)
Net Assets at Beginning of Year					<u>29,072,277</u>	<u>27,537,424</u>	<u>56,609,701</u>
Net Assets at End of Year					<u>\$ 27,874,937</u>	<u>\$ 28,515,470</u>	<u>\$ 56,390,407</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

BALANCE SHEET - GOVERNMENT FUNDS

JUNE 30, 2006

	General	Small Cities	Sewer Assessment	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,498,417	\$ 221,542	\$	\$ 109,168	\$ 1,115,927	\$ 6,945,054
Property taxes receivable, net	689,346		1,615,736			2,305,082
Due from other governments	83,231				205,767	288,998
Other receivables	92,734	1,995,914				2,088,648
Due from other funds	893,449			3,440,797	151,652	4,485,898
Other assets	184,330				6,226	190,556
Total Assets	\$ 7,441,507	\$ 2,217,456	\$ 1,615,736	\$ 3,549,965	\$ 1,479,572	\$ 16,304,236
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued items	\$ 1,410,132	\$ 17,650	\$ 7,482	\$ 419,836	\$ 35,041	\$ 1,890,141
Due to other funds	3,349,530		67,967		435,264	3,852,761
Due to other governments					222,552	222,552
Deferred revenue	1,339,136	1,995,914	1,614,384		9,857	4,959,291
Bonds and notes payable				4,515,000		4,515,000
Total liabilities	6,098,798	2,013,564	1,689,833	4,934,836	702,714	15,439,745
Fund balances:						
Reserved:						
Encumbrances	86,833					86,833
Purpose of trust					429,610	429,610
Unreserved:						
General fund	1,047,155					1,047,155
Special revenue funds		203,892	(74,097)		290,594	420,389
Capital projects fund				(1,384,871)		(1,384,871)
Permanent fund					56,654	56,654
Designated for subsequent year's operating budget	208,721					208,721
Total fund balance	1,342,709	203,892	(74,097)	(1,384,871)	776,858	864,491
Total Liabilities and Fund Balance	\$ 7,441,507	\$ 2,217,456	\$ 1,615,736	\$ 3,549,965	\$ 1,479,572	\$ 16,304,236

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

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

JUNE 30, 2006

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) \$ 864,491

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

Governmental capital assets	\$ 36,803,594	
Less accumulated depreciation	<u>(8,165,358)</u>	
		28,638,236

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	591,486
Sewer assessments receivable	1,614,384
Interest receivable on property taxes	275,571
Receivable from the state for school construction projects	689,175

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	(1,055,000)
Pension obligation	(239,532)
Capital leases payable	(1,273,302)
Claims and judgments payable	(971,603)
Interest payable on bonds	(9,201)
Compensated absences	<u>(1,249,768)</u>

Net Assets of Governmental Activities (page 17) \$ 27,874,937

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, 2006

	<u>General</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes, interest and lien fees	\$ 19,108,386	\$	\$	\$	\$	\$ 19,108,386
Intergovernmental revenues	9,428,093				1,703,039	11,131,132
Other local revenues	962,792	136,708	265,621	97,238	295,826	1,758,185
Total revenues	29,499,271	136,708	265,621	97,238	1,998,865	31,997,703
Expenditures:						
Current:						
Board of Education	18,753,486				1,422,772	20,176,258
Program and project expenditures	141,773	241,938				383,711
Public safety	2,980,556					2,980,556
Public works	1,974,790					1,974,790
Miscellaneous	566,482					566,482
General government	2,322,701				598,704	2,921,405
Health	249,080					249,080
Parks and recreation	240,303					240,303
Library	189,516					189,516
Waste disposal and recycling	436,730					436,730
Debt service:						
Principal retirement	375,000					375,000
Interest	88,030		99,115			187,145
Capital outlay	1,406,397			1,482,109	252,005	3,140,511
Total expenditures	29,724,844	241,938	99,115	1,482,109	2,273,481	33,821,487
Excess (Deficiency) of Revenues over Expenditures	(225,573)	(105,230)	166,506	(1,384,871)	(274,616)	(1,823,784)
Other Financing Sources (Uses):						
Proceeds from capital leases	904,986					904,986
Operating transfers in from other funds	4,040				163,538	167,578
Operating transfers out to other funds	(163,538)		(226,116)		(4,040)	(393,694)
Net Change in Fund Balances	519,915	(105,230)	(59,610)	(1,384,871)	(115,118)	(1,144,914)
Fund Balances at Beginning of Year	822,794	309,122	(14,487)	-	891,976	2,009,405
Fund Balances at End of Year	\$ 1,342,709	\$ 203,892	\$ (74,097)	\$ (1,384,871)	\$ 776,858	\$ 864,491

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the statement of activities (page 18) are different because of the following:

Net change in fund balances - total governmental funds (page 21)	\$ (1,144,914)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	1,341,353
Less current year depreciation	(482,223)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	(78,582)
Sewer assessment revenue	(174,298)
Interest income on property taxes	99,445
Intergovernmental revenue on school bonds	(244,968)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Principal payments	460,304
Capital lease proceeds	(904,986)
Accrued interest	3,271

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Pension obligation	(67,192)
Claims and judgments	20,809
Change in long-term compensated absences	<u>(25,359)</u>

Change in Net Assets of Governmental Activities (page 18)	<u>\$ (1,197,340)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes, interest and lien fees	\$ 19,088,330	\$ 19,088,330	\$ 19,108,386	\$ 20,056
Intergovernmental revenues	7,747,152	7,747,152	8,725,450	978,298
Other local revenues	728,052	728,052	962,792	234,740
Total revenues	27,563,534	27,563,534	28,796,628	1,233,094
Expenditures:				
Current:				
Board of Education	17,965,658	17,965,658	18,033,077	(67,419)
Program and project expenses	141,773	141,773	141,773	-
Public safety	2,820,688	2,890,254	2,970,622	(80,368)
Public works	2,037,182	1,981,130	1,982,759	(1,629)
Miscellaneous	432,572	364,785	491,749	(126,964)
General government	2,208,362	2,255,422	2,347,830	(92,408)
Health	197,950	249,082	249,080	2
Parks and recreation	223,073	231,309	238,920	(7,611)
Library	189,516	189,516	189,516	-
Waste disposal and recycling	436,730	436,730	436,730	-
Debt service	463,030	463,030	463,030	-
Capital outlay	311,496	367,896	501,411	(133,515)
Total expenditures	27,428,030	27,536,585	28,046,497	(509,912)
Excess of Revenues over Expenditures	135,504	26,949	750,131	723,182
Other Financing Sources (Uses):				
Operating transfers in	6,000	6,000	4,040	(1,960)
Operating transfers out	(141,504)	(141,504)	(163,538)	(22,034)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ -	\$ (108,555)	590,633	\$ 699,188
Fund Balance at Beginning of Year			665,242	
Fund Balance at End of Year			\$ 1,255,875	

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2006

	Waterworks	Sewer	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 43,073	\$ 861,290	\$ 904,363
Rents receivable, net	218,543	160,437	378,980
Prepaid items	1,920	-	1,920
Due from other funds	9,087	371,603	380,690
Accrued utility revenue	363,228	230,908	594,136
Total current assets	635,851	1,624,238	2,260,089
Noncurrent assets:			
Nondepreciable capital assets	6,497,651	27,920	6,525,571
Capital assets, net of accumulated depreciation	11,736,662	18,383,648	30,120,310
Unamortized bond costs, net	95,156	157,728	252,884
Total noncurrent assets	18,329,469	18,569,296	36,898,765
Total assets	18,965,320	20,193,534	39,158,854
Liabilities:			
Current liabilities:			
Accounts payable and accrued items	114,518	77,076	191,594
Due to other funds	253,424	760,403	1,013,827
Current portion of long-term debt	541,737	439,257	980,994
Total current liabilities	909,679	1,276,736	2,186,415
Noncurrent liabilities:			
Compensated absences	40,864	35,612	76,476
Bonds payable after one year	4,258,565	4,121,928	8,380,493
Total noncurrent liabilities	4,299,429	4,157,540	8,456,969
Total liabilities	5,209,108	5,434,276	10,643,384
Net Assets:			
Invested in capital assets, net of related debt	13,668,819	13,962,048	27,630,867
Unrestricted	87,393	797,210	884,603
Total Net Assets	\$ 13,756,212	\$ 14,759,258	\$ 28,515,470

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 1,508,621	\$ 1,041,509	\$ 2,550,130
Fines, penalties and interest	42,822	29,980	72,802
Other	40,073	229,483	269,556
Total operating revenues	<u>1,591,516</u>	<u>1,300,972</u>	<u>2,892,488</u>
Operating Expenses:			
Operations	640,216	801,875	1,442,091
Maintenance	206,482	146,500	352,982
Depreciation expense	383,888	564,464	948,352
Administration	156,394	83,552	239,946
Total operating expenses	<u>1,386,980</u>	<u>1,596,391</u>	<u>2,983,371</u>
Operating Income (Loss)	<u>204,536</u>	<u>(295,419)</u>	<u>(90,883)</u>
Nonoperating Revenues (Expenses):			
Income on investments	4	551	555
Interest expense	(173,568)	(107,553)	(281,121)
Federal and state grants	1,123,379		1,123,379
Net nonoperating revenues (expenses)	<u>949,815</u>	<u>(107,002)</u>	<u>842,813</u>
Income (Loss) Before Transfers	1,154,351	(402,421)	751,930
Transfers In		<u>226,116</u>	<u>226,116</u>
Change in Net Assets	1,154,351	(176,305)	978,046
Net Assets at Beginning of Year	<u>12,601,861</u>	<u>14,935,563</u>	<u>27,537,424</u>
Net Assets at End of Year	<u>\$ 13,756,212</u>	<u>\$ 14,759,258</u>	<u>\$ 28,515,470</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, 2006

	Waterworks	Sewer	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 1,591,516	\$ 1,303,902	\$ 2,895,418
Receipts from state	98,509		98,509
Receipts from interfund services provided	13,010	(110,222)	(97,212)
Payments for interfund services used		125,078	125,078
Payments to employees	6,578	5,113	11,691
Payments to suppliers	(1,050,238)	(1,002,537)	(2,052,775)
Net cash provided by operating activities	659,375	321,334	980,709
Cash Flows from Noncapital Financing Activities:			
Transfers in from other funds		226,116	226,116
Net cash provided by noncapital financing activities	-	226,116	226,116
Cash Flows from Capital and Related Financing Activities:			
Grants received from state and federal governments	1,123,379		1,123,379
Principal payments on bonds payable	(530,000)	(440,000)	(970,000)
Interest paid on bonds payable	(177,615)	(93,752)	(271,367)
Additions to capital assets	(1,137,220)	(21,000)	(1,158,220)
Net cash used in capital and related financing activities	(721,456)	(554,752)	(1,276,208)
Cash Flows from Investing Activities:			
Interest on investments	4	551	555
Net cash provided by investing activities	4	551	555
Net Decrease in Cash and Cash Equivalents	(62,077)	(6,751)	(68,828)
Cash and Cash Equivalents at Beginning of Year	105,150	868,041	973,191
Cash and Cash Equivalents at End of Year	\$ 43,073	\$ 861,290	\$ 904,363
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 204,536	\$ (295,419)	\$ (90,883)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	383,888	564,464	948,352
Change in assets and liabilities:			
(Increase) decrease in rents receivable	14,730	52	14,782
(Increase) decrease in due from state	98,509		98,509
(Increase) decrease in accrued utility revenue	28,846	13,591	42,437
(Increase) decrease in prepaid items	(960)		(960)
(Increase) decrease in amounts due from other funds	13,010	(110,222)	(97,212)
Increase (decrease) in accounts payable and accrued expenses	(89,762)	21,607	(68,155)
Increase (decrease) in accrued vacation and sick leave benefits	6,578	5,113	11,691
Increase (decrease) in amounts due to other funds		122,148	122,148
Total adjustments	454,839	616,753	1,071,592
Net Cash Provided by Operating Activities	\$ 659,375	\$ 321,334	\$ 980,709

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2006

		Agency Funds				
	Pension Trust Fund	Town Deposit	Student Activities	Other	Total Agency Funds	Total
Assets:						
Cash and cash equivalents	\$ 524,867	\$ 4,535	\$ 23,955	\$ 25,674	\$ 54,164	\$ 579,031
Investments, at fair value:						
U.S. Government obligations	1,515,689				-	1,515,689
Domestic corporate bonds	1,011,941				-	1,011,941
Short-term investments	3,110,676				-	3,110,676
Accrued income	25,826				-	25,826
Total investments	5,664,132	-	-	-	-	5,664,132
Total assets	6,188,999	4,535	23,955	25,674	54,164	6,243,163
Liabilities:						
Fiduciary deposits		4,535	23,955	25,674	54,164	54,164
Total liabilities	-	4,535	23,955	25,674	54,164	54,164
Net Assets:						
Held in Trust for Pension Benefits and Other Purposes	\$ 6,188,999	\$ -	\$ -	\$ -	\$ -	\$ 6,188,999

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, 2006

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 240,816
Plan members	121,089
Total contributions	<u>361,905</u>
Investment earnings:	
Net increase in fair value of investments	96,011
Interest	269,111
Net investment earnings	<u>365,122</u>
Total additions	<u>727,027</u>
Deductions:	
Benefits	312,823
Administrative expenses	53,718
Total deductions	<u>366,541</u>
Change in net assets	360,486
Net Assets at Beginning of Year	<u>5,828,513</u>
Net Assets at End of Year	<u>\$ 6,188,999</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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 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 activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, with the exception of the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 *Capital Improvements Fund* is used to account for various long-term capital projects.

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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 revenues include 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)

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.

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 recognize infrastructure assets in its financial statements 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 its life 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)

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)

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 every four years. The Town revalued its property as of October 1, 2002. 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.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year-end. Property taxes receivable not expected to be collected during the available period are reflected in deferred revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years’ assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

L. Accounting Estimates

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

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)

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. Appropriations in the amount of \$108,555 were made for the year ended June 30, 2006.

The accompanying 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 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, 2006 is presented below:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses for budgeted funds - budgetary basis	\$ 590,633
Timing difference: Change in reserve for encumbrances	<u>(70,718)</u>
Net Change in Fund Balance - GAAP Basis	<u>\$ 519,915</u>

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2006, expenditures exceeded appropriations in the General Fund at the following departmental levels:

Accounting Department	\$ 1,223
Election expenditures	888
Insurance	84,574
Town Counsel	18,253
Town Manager	126
Assessor	238
Tax Collector	482
Zoning Board of Appeals	257
Vacation and sick pay accrual	55,453
School crossing guards	859
Judgments and losses	12,873
Unemployment compensation	1
Miscellaneous	126,964
Police	112,947
Public Works Department	2,616
Park and Recreation Department	7,611
Board of Education	67,419
Capital outlay	133,515
Operating transfers out	22,034

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

C. Deficit Fund Equity

The Sewer Assessment Fund, Dog Fund, Brownfields Pilot Program and Capital Improvements Fund had deficit fund balances of \$74,097, \$47,706, \$20,070 and \$1,384,871, respectively. These amounts will be funded through contributions and future revenues.

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,448,093 of the Town's bank balance of \$2,632,139 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,193,284
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>254,809</u>
 Total Amount Subject to Custodial Credit Risk	 \$ <u><u>2,448,093</u></u>

Investments

As of June 30, 2006, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
U.S. Treasury bonds	Aaa	\$ 485,706		\$ 485,706	
U.S. Treasury notes	Aaa	879,014	211,959	667,055	
U.S. Agency guaranteed	Aaa	150,969		150,969	
Domestic corporate bonds - Pepsico Inc.	A+	75,144		75,144	
Domestic corporate bonds - Procter & Gamble Co.	AA-	95,108		95,108	
Mutual funds	n/a	3,952,365	3,952,365		
Money market funds	n/a	6,087,305	6,087,305		
Reich & Tang	AAAm	<u>14,301</u>	<u>14,301</u>		
 Total Investments		 \$ <u><u>11,739,912</u></u>	 \$ <u><u>10,265,930</u></u>	 \$ <u><u>1,473,982</u></u>	 \$ <u><u>-</u></u>

Investment Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Reich & Tang investments are 2a-7 like pools.

Credit Risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk - The Town places no limit on the amount invested in any one issuer. More than 5% of the Town's investments were invested in U.S. Treasury Notes for \$879,014.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

B. Receivables

Receivables of taxes at year end for the General Fund were \$689,346, which is reported net of an allowance of \$39,000. Rents receivable in the Waterworks Enterprise Fund were \$218,543, which is reported net of an allowance of \$8,671 for uncollectible accounts.

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	\$ 591,486	\$
Prepaid taxes		534,420
Donations		213,230
Small Cities:		
Grant		1,995,914
Sewer Assessment:		
Delinquent assessment taxes receivable	1,614,384	
Other Governmental Funds		
Education grants		8,331
Other grants		1,526
Total Deferred/Unearned Revenue for Governmental Funds	\$ 2,205,870	\$ 2,753,421

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 25,536,000	\$ _____	\$ _____	\$ 25,536,000
Capital assets being depreciated:				
Buildings	3,613,640			3,613,640
Improvements	1,079,868			1,079,868
Machinery and equipment	5,232,733	1,341,353		6,574,086
Total capital assets being depreciated	9,926,241	1,341,353	-	11,267,594
Less accumulated depreciation for:				
Buildings	2,719,737	46,065		2,765,802
Improvements	950,359	33,286		983,645
Machinery and equipment	4,013,039	402,872		4,415,911
Total accumulated depreciation	7,683,135	482,223	-	8,165,358
Total capital assets being depreciated, net	2,243,106	859,130	-	3,102,236
Governmental Activities Capital Assets, Net	\$ 27,779,106	\$ 859,130	\$ -	\$ 28,638,236
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 85,476	\$ _____	\$ _____	\$ 85,476
Construction in progress	5,322,996	1,117,099		6,440,095
Total capital assets not being depreciated	5,408,472	1,117,099	-	6,525,571
Capital assets being depreciated:				
Buildings and improvements	42,372,184			42,372,184
Machinery and equipment	845,886	49,050		894,936
Infrastructure	487,871			487,871
Total capital assets being depreciated	43,705,941	49,050	-	43,754,991
Less accumulated depreciation for:				
Buildings and improvements	12,179,282	869,302		13,048,584
Machinery and equipment	373,298	68,974		442,272
Infrastructure	133,749	10,076		143,825
Total accumulated depreciation	12,686,329	948,352	-	13,634,681
Total capital assets being depreciated, net	31,019,612	(899,302)	-	30,120,310
Business-Type Activities Capital Assets, Net	\$ 36,428,084	\$ 217,797	\$ -	\$ 36,645,881

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	\$ 121,810
Public safety	66,868
Public works	79,446
Education	194,212
Parks and recreation	<u>19,887</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 482,223</u>
Business-type activities:	
Water	\$ 383,888
Sewer	<u>564,464</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 948,352</u>

Construction Commitments

The Town has active construction projects as of June 30, 2006. The projects include water and drainage projects and the enhancement of Main Street. At year-end, the Town's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water Pipe Replacement - Project 4	\$ 1,692,082	\$ 13,536
Main Street Enhancement	823,197	83,113
Nitrogen Removal Wastewater Treatment	24,818	770,600
Perch Rock Trail Pumping Station	360,062	33,483
Willow Street Retaining Wall		444,000
Irrigation System Walker Field		<u>14,950</u>
Total	<u>\$ 2,900,159</u>	<u>\$ 1,359,682</u>

The commitments are being financed with general obligation bonds, bond anticipation notes, and State and Federal grants.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. The composition of interfund balances as of June 30, 2006 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 760,403
	Nonmajor Governmental Funds	133,046
		<u>893,449</u>
Capital Improvements	General Fund	3,188,791
	Nonmajor Governmental Funds	252,006
		<u>3,440,797</u>
Nonmajor Governmental Funds	General Fund	<u>151,652</u>
Waterworks Fund	General Fund	<u>9,087</u>
Sewer Fund	Waterworks Fund	253,424
	Sewer Assessment Fund	67,967
	Nonmajor Governmental Funds	50,212
		<u>371,603</u>
Total		<u>\$ 4,866,588</u>

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds and bond payments in the Sewer Fund paid from sewer assessments. Interfund transfers that occurred during the year are as follows:

	<u>Transfers In</u>			<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Assessment Fund</u>	
Transfers out:				
General Fund	\$	\$ 4,040	\$	\$ 4,040
Sewer Fund			226,116	226,116
Nonmajor Governmental Funds	<u>163,538</u>			<u>163,538</u>
Total Transfers Out	<u>\$ 163,538</u>	<u>\$ 4,040</u>	<u>\$ 226,116</u>	<u>\$ 393,694</u>

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

E. Long-Term Debt

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 1,430,000	\$	\$ 375,000	\$ 1,055,000	\$ 375,000
Capital leases	453,620	904,986	85,304	1,273,302	364,986
Compensated absences	1,224,409	414,724	389,365	1,249,768	360,433
Claims and judgments	992,412		20,809	971,603	92,299
Pension obligation	<u>172,340</u>	<u>67,192</u>		<u>239,532</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 4,272,781</u>	<u>\$ 1,386,902</u>	<u>\$ 870,478</u>	<u>\$ 4,789,205</u>	<u>\$ 1,192,718</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 10,155,000	\$	\$ 970,000	\$ 9,185,000	\$ 950,000
Plus deferred amounts:					
Issuance premiums on refunding	<u>155,597</u>		<u>10,104</u>	<u>145,493</u>	
Total bonds payable	<u>10,310,597</u>		<u>980,104</u>	<u>9,330,493</u>	<u>950,000</u>
Compensated absences	<u>95,779</u>	<u>52,899</u>	<u>41,208</u>	<u>107,470</u>	<u>30,994</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 10,406,376</u>	<u>\$ 52,899</u>	<u>\$ 1,021,312</u>	<u>\$ 9,437,963</u>	<u>\$ 980,994</u>

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

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have also been issued for business-type activities. During the year, no general obligation bonds 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 \$689,175 will be used to repay respective debt; however, 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, 2006</u>
<u>General Purposes:</u>						
Public improve-						
ments:						
School					\$ 375,000 -	
renovations	11/15/88	\$ 7,430,000	6.9-7.1%	11/15/08	330,000	\$ <u>1,055,000</u>
<u>Water and Sewer:</u>						
General					490,000 -	
Refunding	8/15/02	6,290,000	2%-5%	6/1/22	150,000	4,450,000
Water revenue	4/15/90	2,800,000	6.6-7%	4/16/10	140,000	560,000
General					290,000 -	
Refunding	1/15/04	3,900,000	2%-4%	8/1/18	235,000	3,375,000
Water mains	11/1/98	1,500,000	3.5-5.5%	11/1/13	100,000	<u>800,000</u>
						<u>9,185,000</u>
						<u>\$ 10,240,000</u>

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

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 375,000	\$ 61,593	\$ 950,000	\$ 346,281
2008	350,000	35,855	955,000	306,155
2009	330,000	11,715	935,000	272,106
2010			935,000	231,994
2011			785,000	198,428
2012-2016			2,940,000	622,444
2017-2021			1,535,000	186,094
2022-2026			150,000	7,129
Total	<u>\$ 1,055,000</u>	<u>\$ 109,163</u>	<u>\$ 9,185,000</u>	<u>\$ 2,170,631</u>

Authorized But Unissued Bonds

The Town has the following authorized but unissued bonds at June 30, 2006, which were authorized on June 30, 2006:

Project	Total Authorized	Amount Issued
Town Facilities Improvements	\$ 1,970,085	\$ 1,884,000
Public Safety	810,920	793,238
Road Work, Drainage and Sidewalks	2,353,325	2,228,117
Education	1,093,445	1,085,791
Sewer	1,362,750	407,854
Total	<u>\$ 7,590,525</u>	<u>\$ 6,399,000</u>

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

F. Leases

Capital Leases

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 1,805,992
Less accumulated depreciation	<u>254,070</u>
Total	<u>\$ 1,551,922</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

	Governmental Activities
Year ending June 30:	
2007	\$ 407,814
2008	338,350
2009	226,543
2010	183,361
2011	183,361
2012-2013	<u>50,187</u>
	1,389,616
Less amount representing interest	<u>116,314</u>
Present Value of Minimum Lease Payments	<u>\$ 1,273,302</u>

G. Short-Term Obligations - Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Bond anticipation note transactions for the year ended June 30, 2006 were as follows:

Outstanding, June 30, 2005	\$	-
New borrowings		4,515,000
Repayments		<u>-</u>
Outstanding, June 30, 2006	\$	<u>4,515,000</u>

It is the Town's intent that these notes be refinanced as long-term debt upon maturity.

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, employees covered by the State of Connecticut Teachers Retirement Plan and alternate funding source employees are not eligible to participate in this plan.

Employees are 100% vested after five years of continuous service if their contributions remain in the fund upon termination. Employees who retire at normal retirement (the later of age 65 or 5 years of service for the Board of Education, 75 for others) receive a retirement benefit for life of 2% times years of credited service (maximum of 25 for the Board of Education, 35 for others) of the highest average three consecutive years of compensation out of the last ten prior to retirement. No cost of living adjustments are included. Members' 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.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Plan membership consisted of the following at January 1, 2006, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries	
currently receiving benefits	29
Terminated employees entitled to benefits	
but not yet receiving them	4
Inactive members	3
Current plan members	<u>62</u>
Total	<u>98</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 5% (2.5% for the Board of Education) 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, 2006, the Town's required contribution was \$310,560, which represents 11.4% of covered payroll.

Administrative costs of the Plan are financed through investment earnings.

Concentrations

Those investments in any organization that represent 5% or more of net assets available for benefits at June 30, 2006 are as follows:

Bank of America:	
Fidelity Institutional Fund #59	\$ 524,867
Columbia Disciplined Value Fund Class Z	1,247,147
Columbia Interim Government Income Fund Class Z	481,337
Columbia Short Term Bond Fund Class Z	530,604
Columbia Large Capital Growth Fund Class Z	1,153,075

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2006 were as follows:

Annual required contribution (ARC)	\$	310,650
Interest on net pension obligation		13,787
Adjustment to annual required contribution		<u>(14,173)</u>
Annual pension cost		310,264
Contributions made**		<u>243,072</u>
Increase in net pension obligation		67,192
Net pension obligation, beginning of year		<u>172,340</u>
Net Pension Obligation, End of Year	\$	<u><u>239,532</u></u>

** Contribution will be made prior to June 30, 2007.

The annual required contribution for the current year was determined as part of the January 1, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8% investment rate of return and (b) 4% projected salary increases. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include cost of living increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The 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, 2006 is 30 years, open method, on a level-dollar basis.

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>
6/30/04	\$ 230,078	\$ 209,044	90.9	\$ 136,808
6/30/05	276,348	240,816	87.1	173,340
6/30/06	310,264	243,072**	78.3	239,532

** Contribution will be made prior to June 30, 2007.

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2006 was \$702,643 and is recognized in the governmental funds GAAP-basis income statement. For the year ended June 30, 2006, teachers of the Town contributed \$401,748 to the plan, and covered payroll for the year was \$5,541,352.

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.

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 retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions. 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 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.

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.

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

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/04	\$ 130,612	100%
6/30/05	156,626	100%
6/30/06	194,518	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 claims for these risks did not exceed commercial insurance coverage during the years ended June 30, 2005, 2006 and 2007.

Interlocal Risk Pool

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CIRMA currently has 220 members in the Workers' Compensation Pool. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period 2005-06 will be evaluated at 18, 30 and 42 months after the effective date of

TOWN OF WINCHESTER, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

coverage. The deposit contribution (premium) paid in 2005-06 by the Town was \$189,542. 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.

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>
1/1/2001	\$ 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)%
1/1/2003	5,685,997	5,899,577	213,580	96.4%	2,688,828	7.90%
1/1/2004	6,024,005	6,632,855	608,850	90.8%	2,726,705	22.30%
1/1/2005	6,358,434	7,283,534	925,100	87.3%	2,712,690	34.10%
1/1/2006	6,699,942	7,967,164	1,267,222	84.1%	2,723,649	44.00%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2001	\$ 188,481	100%
6/30/2002	204,443	100%
6/30/2003	217,710	47%
6/30/2004	230,078	92%
6/30/2005	276,655	87%
6/30/2006	310,560	78%

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

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

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

FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes, interest and lien fees	\$ 19,088,330	\$ 19,088,330	\$ 19,108,386	\$ 20,056
Intergovernmental revenues:				
State of Connecticut - General Government	837,069	837,069	1,315,230	478,161
State of Connecticut - Board of Education	6,910,083	6,910,083	7,410,220	500,137
	7,747,152	7,747,152	8,725,450	978,298
Other local revenues:				
Licenses, fees and permits:				
Cemeteries	37,000	37,000	32,380	(4,620)
Town Clerk	180,000	180,000	233,135	53,135
Charges for services:				
In lieu of taxes - Housing Authority	37,500	37,500	25,349	(12,151)
Building Department	223,500	223,500	287,704	64,204
Planning and Zoning	5,000	5,000	7,320	2,320
Inland Wetlands Commission	6,000	6,000	7,537	1,537
Zoning Board of Appeals	2,500	2,500	4,980	2,480
Police Department	28,000	28,000	24,277	(3,723)
Fire Department	250	250	740	490
Sale of land and equipment	15,000	15,000	155,446	140,446
Senior citizens	6,450	6,450		(6,450)
Park and Recreation Department	21,300	21,300		(21,300)
Tree Harvest	50,000	50,000	33,121	(16,879)
Probate Court	550	550		(550)
Interest and dividends	60,000	60,000	125,589	65,589
Other	55,002	55,002	25,214	(29,788)
	728,052	728,052	962,792	234,740
 Total revenues	 27,563,534	 27,563,534	 28,796,628	 1,233,094

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General government:				
Board of Selectmen	\$ 34,196	\$ 32,938	\$ 30,482	\$ 2,456
Town Clerk	152,945	155,945	152,873	3,072
Treasurer	5,921	5,921	5,692	229
Accounting Department	144,265	149,083	150,306	(1,223)
Election expenditures	46,019	40,019	40,907	(888)
Insurance	230,220	230,220	314,794	(84,574)
Town Counsel	71,000	130,014	148,267	(18,253)
Town Manager	175,800	161,628	161,754	(126)
Building Department	301,683	293,883	270,187	23,696
Assessor	136,361	134,619	134,857	(238)
Board of Tax Review	3,627	3,627	1,550	2,077
Tax Collector	70,519	70,519	71,001	(482)
Planning and Zoning	4,557	4,557	3,091	1,466
Building	153,543	153,349	150,736	2,613
Inland Wetland Commission	4,192	4,192	3,087	1,105
Zoning Board of Appeals	1,422	1,422	1,679	(257)
Laurel City Commission	5,000	5,000	5,000	-
Advisory Comm for the Disabled	1,036	1,036		1,036
Litchfield Conservation District	1,582	1,582	1,582	-
Purchasing/Data Processing	146,296	146,296	145,018	1,278
Probate Court	4,140	4,140	3,183	957
Senior Citizens	148,892	152,208	150,027	2,181
Rural Transit District	1,770	1,770	1,770	-
Vacation and sick pay accrual	10,000	10,000	65,453	(55,453)
Highland Lake	12,500	27,500	27,393	107
Tree Advisory Board	1,000	1,000		1,000
Economic Development Commission	9,754	9,754	1,250	8,504
School crossing guards	49,333	49,333	50,192	(859)
Judgments and losses	1,000	1,000	13,873	(12,873)
Conservation Commission	10,293	10,293	6,328	3,965
Unemployment compensation	1,000	1,000	1,001	(1)
Cemeteries	58,015	51,093	41,069	10,024
Soldiers Monument Commission	5,869	5,869	5,350	519
Planning and Community Development	176,390	176,390	166,132	10,258
Redevelopment Agency	7,931	6,931	3,318	3,613
Civil Service Commission	10,293	11,293	8,630	2,663
Friends of Main Street	9,998	9,998	9,998	-
	<u>2,208,362</u>	<u>2,255,422</u>	<u>2,347,830</u>	<u>(92,408)</u>

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
Library	\$ 189,516	\$ 189,516	\$ 189,516	\$ -
Miscellaneous	432,572	364,785	491,749	(126,964)
Waste disposal and recycling	436,730	436,730	436,730	-
Public safety:				
Police Department	2,337,880	2,407,446	2,520,393	(112,947)
Fire Department	338,826	338,826	322,692	16,134
Civil Preparedness	8,529	8,529	7,995	534
Winchester Fire Department	37,998	37,998	34,998	3,000
Ambulance	97,455	97,455	84,544	12,911
	<u>2,820,688</u>	<u>2,890,254</u>	<u>2,970,622</u>	<u>(80,368)</u>
Public works:				
Public Works Department	1,893,674	1,842,622	1,845,238	(2,616)
Streetlighting	143,508	138,508	137,521	987
	<u>2,037,182</u>	<u>1,981,130</u>	<u>1,982,759</u>	<u>(1,629)</u>
Health:				
Department of Health	95,016	95,016	95,016	-
Youth and Family Services	32,934	32,934	32,934	-
Paramedic	70,000	121,132	121,130	2
	<u>197,950</u>	<u>249,082</u>	<u>249,080</u>	<u>2</u>
Parks and recreation:				
Park and Recreation Department	223,073	231,309	238,920	(7,611)
Education:				
Board of Education	17,965,658	17,965,658	18,033,077	(67,419)
Program and project expenses	141,773	141,773	141,773	-

(Continued on following page)

TOWN OF WINCHESTER, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
Debt service:				
Principal retirement	\$ 375,000	\$ 375,000	\$ 375,000	\$ -
Interest	88,030	88,030	88,030	-
	463,030	463,030	463,030	-
Capital Outlay	311,496	367,896	501,411	(133,515)
Total expenditures	27,428,030	27,536,585	28,046,497	(509,912)
Excess of Revenues over				
Expenditures	135,504	26,949	750,131	723,182
Other Financing Sources (Uses):				
Operating transfers in	6,000	6,000	4,040	(1,960)
Operating transfers out	(141,504)	(141,504)	(163,538)	(22,034)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ -	\$ (108,555)	590,633	\$ 699,188
Fund Balance at Beginning of Year			665,242	
Fund Balance at End of Year			\$ 1,255,875	

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.

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, 2006

Special Revenue Funds

	<u>Industrial Park #2 Fund</u>	<u>Cafeteria Fund</u>	<u>Federal and State Education Grants Fund</u>	<u>Town Aid Roads Fund</u>	<u>Winchester Emergency Shelter Fund</u>	<u>Dog Fund</u>	<u>Brownfields Pilot Program</u>	<u>Infrastructure Assets</u>	<u>Other</u>
ASSETS									
Cash and cash equivalents	\$ 330,339	\$ 27,197	\$	\$	\$ 1,193	\$ 3,001	\$ 486	\$ 12,775	\$ 251,531
Due from other governments		37,776						68,973	99,018
Due from other funds			72,246	79,406					
Other assets		1,703				4,523			
Total Assets	<u>\$ 330,339</u>	<u>\$ 66,676</u>	<u>\$ 72,246</u>	<u>\$ 79,406</u>	<u>\$ 1,193</u>	<u>\$ 7,524</u>	<u>\$ 486</u>	<u>\$ 81,748</u>	<u>\$ 350,549</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued items	\$	\$	\$	\$	\$	\$ 130	\$ 466	\$ 18,761	\$ 15,684
Deferred revenue			8,331						1,526
Due to other governments	153,130		63,915			5,507			
Due to other funds	3,200				1,193	49,593	20,090	50,212	307,835
Total liabilities	<u>156,330</u>	<u>-</u>	<u>72,246</u>	<u>-</u>	<u>1,193</u>	<u>55,230</u>	<u>20,556</u>	<u>68,973</u>	<u>325,045</u>
Fund Balances:									
Reserved for purpose of trust									
Unreserved and undesignated	174,009	66,676		79,406		(47,706)	(20,070)	12,775	25,504
Total fund balances	<u>174,009</u>	<u>66,676</u>	<u>-</u>	<u>79,406</u>	<u>-</u>	<u>(47,706)</u>	<u>(20,070)</u>	<u>12,775</u>	<u>25,504</u>
Total Liabilities and Fund Balances	<u>\$ 330,339</u>	<u>\$ 66,676</u>	<u>\$ 72,246</u>	<u>\$ 79,406</u>	<u>\$ 1,193</u>	<u>\$ 7,524</u>	<u>\$ 486</u>	<u>\$ 81,748</u>	<u>\$ 350,549</u>

(Continued on following page)

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

JUNE 30, 2006

Permanent Funds

	<u>Winchester School Trust Fund</u>	<u>Winchester Sinking Fund</u>	<u>Forest View Cemetery Fund</u>	<u>Winchester Center Cemetery Fund</u>	<u>Other</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 65,914	\$ 85,792	\$ 138,048	\$ 38,333	\$ 161,318	\$ 1,115,927
Due from other governments						205,767
Due from other funds						151,652
Other assets						6,226
Total Assets	<u>\$ 65,914</u>	<u>\$ 85,792</u>	<u>\$ 138,048</u>	<u>\$ 38,333</u>	<u>\$ 161,318</u>	<u>\$ 1,479,572</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued items	\$	\$	\$	\$	\$	\$ 35,041
Deferred revenue						9,857
Due to other governments						222,552
Due to other funds					3,141	435,264
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,141</u>	<u>702,714</u>
Fund Balances:						
Reserved for purpose of trust	65,914	85,792	138,048	38,333	101,523	429,610
Unreserved and undesignated					56,654	347,248
Total fund balances	<u>65,914</u>	<u>85,792</u>	<u>138,048</u>	<u>38,333</u>	<u>158,177</u>	<u>776,858</u>
Total Liabilities and Fund Balances	<u>\$ 65,914</u>	<u>\$ 85,792</u>	<u>\$ 138,048</u>	<u>\$ 38,333</u>	<u>\$ 161,318</u>	<u>\$ 1,479,572</u>

TOWN OF WINCHESTER, CONNECTICUT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Special Revenue Funds

	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Town Aid Roads Fund	Winchester Emergency Shelter Fund	Dog Fund	Brownfields Pilot Program	Infrastructure Assets	Other
Revenues:									
Intergovernmental revenues	\$	\$ 227,396	\$ 962,309	\$	\$	\$	\$ 53,220	\$ 12,114	\$ 448,000
Licenses, fees and permits						9,633			
Charges for services		245,797							
Interest and dividends									5,316
Other revenue		10,980				3,217			7,615
Total revenues	<u>-</u>	<u>484,173</u>	<u>962,309</u>	<u>-</u>	<u>-</u>	<u>12,850</u>	<u>53,220</u>	<u>12,114</u>	<u>460,931</u>
Expenditures:									
General government				54,132	11,893	58,126	59,885		414,668
Education		458,363	962,309						
Capital outlay									252,005
Total expenditures	<u>-</u>	<u>458,363</u>	<u>962,309</u>	<u>54,132</u>	<u>11,893</u>	<u>58,126</u>	<u>59,885</u>	<u>-</u>	<u>666,673</u>
Excess (Deficiency) of Revenues over Expenditures	-	25,810	-	(54,132)	(11,893)	(45,276)	(6,665)	12,114	(205,742)
Other Financing Sources (Uses):									
Transfers in				133,538		30,000			
Transfers out									(123)
Net Change in Fund Balances	-	25,810	-	79,406	(11,893)	(15,276)	(6,665)	12,114	(205,865)
Fund Balances at Beginning of Year	<u>174,009</u>	<u>40,866</u>	<u>-</u>	<u>-</u>	<u>11,893</u>	<u>(32,430)</u>	<u>(13,405)</u>	<u>661</u>	<u>231,369</u>
Fund Balances at End of Year	<u>\$ 174,009</u>	<u>\$ 66,676</u>	<u>\$ -</u>	<u>\$ 79,406</u>	<u>\$ -</u>	<u>\$ (47,706)</u>	<u>\$ (20,070)</u>	<u>\$ 12,775</u>	<u>\$ 25,504</u>

(Continued on next page)

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

FOR THE YEAR ENDED JUNE 30, 2006

Permanent Funds

	Winchester School Trust Fund	Winchester Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund	Other	Total
Revenues:						
Intergovernmental revenues	\$	\$	\$	\$	\$	\$ 1,703,039
Licenses, fees and permits						9,633
Charges for services						245,797
Interest and dividends	3,221	1,933	2,682	676	4,756	18,584
Other revenue						21,812
Total revenues	<u>3,221</u>	<u>1,933</u>	<u>2,682</u>	<u>676</u>	<u>4,756</u>	<u>1,998,865</u>
Expenditures:						
General government						598,704
Education	2,100					1,422,772
Capital outlay						252,005
Total expenditures	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,273,481</u>
Excess (Deficiency) of Revenues over Expenditures	1,121	1,933	2,682	676	4,756	(274,616)
Other Financing Sources (Uses):						
Transfers in						163,538
Transfers out			(2,678)	(665)	(574)	(4,040)
Net Change in Fund Balances	1,121	1,933	4	11	4,182	(115,118)
Fund Balances at Beginning of Year	<u>64,793</u>	<u>83,859</u>	<u>138,044</u>	<u>38,322</u>	<u>153,995</u>	<u>891,976</u>
Fund Balances at End of Year	<u>\$ 65,914</u>	<u>\$ 85,792</u>	<u>\$ 138,048</u>	<u>\$ 38,333</u>	<u>\$ 158,177</u>	<u>\$ 776,858</u>

TOWN OF WINCHESTER, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

JUNE 30, 2006

	Town Aid Roads Fund			Dog Fund			Total		
	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
License fees	\$	\$	\$ -	\$ 9,750	\$ 9,633	\$ (117)	\$ 9,750	\$ 9,633	\$ (117)
Miscellaneous revenues			-	1,439	3,217	1,778	1,439	3,217	1,778
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,189</u>	<u>12,850</u>	<u>1,661</u>	<u>11,189</u>	<u>12,850</u>	<u>1,661</u>
Expenditures:									
Supplies and expenditures	<u>97,063</u>	<u>54,132</u>	<u>42,931</u>	<u>55,630</u>	<u>58,126</u>	<u>(2,496)</u>	<u>152,693</u>	<u>112,258</u>	<u>40,435</u>
Deficiency of Revenues over Expenditures	(97,063)	(54,132)	42,931	(44,441)	(45,276)	(835)	(141,504)	(99,408)	42,096
Other Financing Sources:									
Operating transfers in	<u>97,063</u>	<u>133,538</u>	<u>36,475</u>	<u>44,441</u>	<u>30,000</u>	<u>(14,441)</u>	<u>141,504</u>	<u>163,538</u>	<u>22,034</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	<u>\$ -</u>	<u>79,406</u>	<u>\$ 79,406</u>	<u>\$ -</u>	<u>(15,276)</u>	<u>\$ (15,276)</u>	<u>\$ -</u>	<u>64,130</u>	<u>\$ 64,130</u>
Fund Balances at Beginning of Year		<u>-</u>			<u>(32,430)</u>			<u>(32,430)</u>	
Fund Balances at End of Year		<u>\$ 79,406</u>			<u>\$ (47,706)</u>			<u>\$ 31,700</u>	

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, 2006

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Town Deposit:				
Assets:				
Cash and cash equivalents	\$ 4,535	\$ 105	105	\$ 4,535
Liabilities:				
Fiduciary deposits	\$ 4,535	\$ 105	\$ 105	\$ 4,535
Student Activities:				
Assets:				
Cash and cash equivalents	\$ 29,728	\$ 129,681	\$ 135,454	\$ 23,955
Liabilities:				
Fiduciary deposits	\$ 29,728	\$ 129,681	\$ 135,454	\$ 23,955
Other:				
Assets:				
Cash and cash equivalents	\$ 25,312	\$ 362	\$ -	\$ 25,674
Liabilities:				
Fiduciary deposits	\$ 25,312	\$ 362	\$ -	\$ 25,674
Total - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 59,575	\$ 130,148	\$ 135,559	\$ 54,164
Liabilities:				
Fiduciary deposits	\$ 59,575	\$ 130,148	\$ 135,559	\$ 54,164

SUPPLEMENTAL SCHEDULES

TOWN OF WINCHESTER, CONNECTICUT

GENERAL FUND

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

FOR YEAR ENDED JUNE 30, 2006

<u>Grand List of October 1,</u>	<u>Due Date of Tax</u>	<u>New Levy and Uncollected Balance July 1, 2005</u>	<u>Lawful Corrections</u>		<u>Transfers to Suspense</u>	<u>Adjusted Tax Levies</u>	<u>Collections</u>			<u>Taxes Receivable June 30, 2006</u>
			<u>Additions</u>	<u>Deductions</u>			<u>Taxes</u>	<u>Interest and Liens</u>	<u>Total</u>	
2004	7/1 and 1/1	\$ 19,076,176	\$ 19,333	\$ (152,414)	\$ (1,994)	\$ 18,941,101	\$ 18,498,146	\$ 45,784	\$ 18,543,930	\$ 442,955
2003	7/1 and 1/1	472,781	820	(24,886)	(71,163)	377,552	271,326	47,984	319,310	106,226
2002	7/1 and 1/1	257,477		(19,451)		238,026	55,004	30,811	85,815	183,022
2001*	7/1 and 1/1	87,217	59	(56,325)		30,951	34,808	90,090	124,898	(3,857)
Total Grand List		\$ <u>19,893,651</u>	\$ <u>20,212</u>	\$ <u>(253,076)</u>	\$ <u>(73,157)</u>	\$ <u>19,587,630</u>	\$ <u>18,859,284</u>	\$ <u>214,669</u>	\$ <u>19,073,953</u>	\$ <u>728,346</u>

*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, 2006

Water Rents:

<u>Levy as of July 1,</u>	<u>New Levy and Uncollected Balance, July 1, 2005</u>	<u>Collections</u>			<u>Water Rents Receivable, June 30, 2006</u>
		<u>Rents</u>	<u>Interest and Liens</u>	<u>Total</u>	
2005	\$ 1,537,467	\$ 1,447,647	\$ 5,044	\$ 1,452,691	\$ 89,820
2004	106,672	82,660	6,469	89,129	24,012
2003*	<u>135,272</u>	<u>21,890</u>	<u>31,309</u>	<u>53,199</u>	<u>113,382</u>
	<u>\$ 1,779,411</u>	<u>\$ 1,552,197</u>	<u>\$ 42,822</u>	<u>\$ 1,595,019</u>	<u>\$ 227,214</u>

Sewer Rents:

<u>Levy as of July 1,</u>	<u>New Levy and Uncollected Balance, July 1, 2005</u>	<u>Collections</u>			<u>Sewer Rents Receivable, June 30, 2006</u>
		<u>Rents</u>	<u>Interest and Liens</u>	<u>Total</u>	
2005	\$ 1,062,221	\$ 996,700	\$ 2,869	\$ 999,569	\$ 65,521
2004	71,612	53,491	4,047	57,538	18,121
2003*	<u>60,452</u>	<u>11,220</u>	<u>23,064</u>	<u>34,284</u>	<u>49,232</u>
	<u>\$ 1,194,285</u>	<u>\$ 1,061,411</u>	<u>\$ 29,980</u>	<u>\$ 1,091,391</u>	<u>\$ 132,874</u>

* Includes levies of 2003 and prior

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

TOWN OF WINCHESTER, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2006

Total Tax Collections, Including Interest and Lien Fees, for Current Fiscal Year	\$ 19,073,953
Reimbursement for Revenue Loss on:	
Tax relief for elderly and disabled	66,040
Private property tax exemptions	244,108
Manufacturers PILOT grant	232,430
Motor boats	<u>14,829</u>
Base	<u><u>\$ 19,631,360</u></u>

	General Long-Term Debt			
	General		Urban	
	Purposes	Schools	Renewal	Enterprise
	(2.25 x base)	(4.50 x base)	(3.25 x base)	(3.75 x base)
Debt Limitation:				
Statutory debt limits by function	\$ 44,170,560	\$ 88,341,120	\$ 63,801,920	\$ 73,617,600
Debt:				
Bonds payable	1,055,000			9,185,000
Notes payable	<u>4,515,000</u>			
Debt Limitation in Excess of Debt*	<u><u>\$ 38,600,560</u></u>	<u><u>\$ 88,341,120</u></u>	<u><u>\$ 63,801,920</u></u>	<u><u>\$ 64,432,600</u></u>

*In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted under this formula would be approximately \$137,419,520.

STATISTICAL SECTION

This part of the Town of Winchester's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the government's financial health.

Contents	Page
Financial Trends	68-71
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	72-74
These schedules contain information to help the reader assess the Town's most significant local revenue source, property taxes.	
Debt Capacity	75-76
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	77-78
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	79-81
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

TOWN OF WINCHESTER, CONNECTICUT

NET ASSETS BY COMPONENT

**SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)**

	FISCAL YEAR			
	2003	2004	2005	2006
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 25,729,473	\$ 25,863,702	\$ 23,506,325	\$ 26,309,934
Unrestricted	<u>3,554,632</u>	<u>4,018,182</u>	<u>5,565,952</u>	<u>1,565,003</u>
Total Governmental Activities Net Assets	<u>\$ 29,284,105</u>	<u>\$ 29,881,884</u>	<u>\$ 29,072,277</u>	<u>\$ 27,874,937</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 25,970,626	\$ 25,895,701	\$ 26,117,487	\$ 27,630,867
Unrestricted	<u>1,553,796</u>	<u>1,363,735</u>	<u>1,419,937</u>	<u>884,603</u>
Total Business-Type Activities Net Assets	<u>\$ 27,524,422</u>	<u>\$ 27,259,436</u>	<u>\$ 27,537,424</u>	<u>\$ 28,515,470</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 51,700,099	\$ 51,759,403	\$ 49,623,812	\$ 53,940,801
Unrestricted	<u>5,108,428</u>	<u>5,381,917</u>	<u>6,985,889</u>	<u>2,449,606</u>
Total Primary Government Net Assets	<u>\$ 56,808,527</u>	<u>\$ 57,141,320</u>	<u>\$ 56,609,701</u>	<u>\$ 56,390,407</u>

NOTE: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year June 30, 2003.

TOWN OF WINCHESTER, CONNECTICUT

CHANGES IN NET ASSETS

**SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)**

	FISCAL YEAR			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
Board of Education	\$ 18,541,355	\$ 18,848,278	\$ 19,134,392	\$ 20,428,332
Public works	2,779,172	1,788,829	3,021,111	3,138,955
Public safety	3,124,233	3,166,696	3,475,885	4,009,300
General government	3,721,405	2,466,584	3,044,126	3,550,359
Welfare	58,331	47,109	28,224	26,443
Health	248,171	187,641	218,918	275,401
Parks and recreation	273,268	300,769	270,071	265,436
Library	213,597	197,054	205,882	209,543
Waste disposal and recycling	596,924	477,669	407,666	482,881
Debit service interest	288,536	244,728	227,614	183,875
Total governmental activities expenses	<u>29,844,992</u>	<u>27,725,357</u>	<u>30,033,889</u>	<u>32,570,525</u>
Business-type activities:				
Water	2,049,799	1,853,696	1,491,865	1,560,548
Sewer	1,789,526	1,724,658	1,621,403	1,703,944
Total business-type activities expenses	<u>3,839,325</u>	<u>3,578,354</u>	<u>3,113,268</u>	<u>3,264,492</u>
Total Primary Government Expenses	<u>\$ 33,684,317</u>	<u>\$ 31,303,711</u>	<u>\$ 33,147,157</u>	<u>\$ 35,835,017</u>
Program Revenues:				
Governmental activities:				
Charges for services	\$ 939,600	\$ 391,083	\$ 564,181	\$ 1,287,873
Operating grants and contributions	8,507,762	8,407,231	8,563,656	9,507,076
Capital grants and contributions	1,069,819	640,055	733,878	378,290
Total governmental activities program revenues	<u>10,517,181</u>	<u>9,438,369</u>	<u>9,861,715</u>	<u>11,173,239</u>
Business-type activities:				
Water:				
Charges for services	3,329,450	1,771,612	1,865,882	1,591,516
Capital grants and contributions				1,123,379
Sewer:				
Charges for services	1,288,645	1,300,159	1,283,045	1,300,972
Total business-type activities program revenues	<u>4,618,095</u>	<u>3,071,771</u>	<u>3,148,927</u>	<u>4,015,867</u>
Total Primary Government Program Revenues	<u>\$ 15,135,276</u>	<u>\$ 12,510,140</u>	<u>\$ 13,010,642</u>	<u>\$ 15,189,106</u>
Net revenues (expenses):				
Governmental activities	\$ (19,327,811)	\$ (18,286,988)	\$ (20,172,174)	\$ (21,397,286)
Business-type activities	<u>778,770</u>	<u>(506,583)</u>	<u>35,659</u>	<u>751,375</u>
Total Primary Government Net Expense	<u>\$ (18,549,041)</u>	<u>\$ (18,793,571)</u>	<u>\$ (20,136,515)</u>	<u>\$ (20,645,911)</u>
General Revenues and Other				
Changes in Net Assets:				
Governmental activities:				
Property taxes	\$ 15,847,789	\$ 16,914,799	\$ 17,629,149	\$ 18,954,951
Grants and contributions not restricted to specific programs	1,202,028	814,095	1,030,388	773,402
Unrestricted investment earnings	77,553	65,183	74,540	333,180
Miscellaneous	463,967	1,324,515	867,740	364,529
Transfers	(212,780)	(233,825)	(233,825)	(226,116)
Total governmental activities	<u>17,378,557</u>	<u>18,884,767</u>	<u>19,367,992</u>	<u>20,199,946</u>
Business-type activities:				
Unrestricted investment earnings	15,212	7,772	8,504	555
Transfers	212,780	233,825	233,825	226,116
Total business-type activities	<u>227,992</u>	<u>241,597</u>	<u>242,329</u>	<u>226,671</u>
Total Primary Government	<u>\$ 17,606,549</u>	<u>\$ 19,126,364</u>	<u>\$ 19,610,321</u>	<u>\$ 20,426,617</u>
Change in Net Assets:				
Governmental activities	\$ (1,949,254)	\$ 597,779	\$ (804,182)	\$ (1,197,340)
Business-type activities	<u>1,006,762</u>	<u>(264,986)</u>	<u>277,988</u>	<u>978,046</u>
Total Primary Government	<u>\$ (942,492)</u>	<u>\$ 332,793</u>	<u>\$ (526,194)</u>	<u>\$ (219,294)</u>

NOTE: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year June 30, 2003.

TOWN OF WINCHESTER, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

**LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund:										
Reserved	\$ 679,897	\$ 277,551	\$ 453,670	\$ 300,603	\$ 794,806	\$ 482,665	\$ 299,846	\$ 79,770	\$ 278,101	\$ 86,833
Unreserved	739,917	1,203,376	1,209,800	1,218,931	966,453	1,760,016	506,795	623,576	544,693	1,255,876
Total General Fund	\$ 1,419,814	\$ 1,480,927	\$ 1,663,470	\$ 1,519,534	\$ 1,761,259	\$ 2,242,681	\$ 806,641	\$ 703,346	\$ 822,794	\$ 1,342,709
All other governmental funds:										
Reserved	\$ 441,499	\$ 448,463	\$ 457,218	\$ 466,067	\$ 478,808	\$ 486,543	\$ 415,260	\$ 418,871	\$ 423,589	\$ 429,610
Unreserved, reported in:										
Special revenue funds	511,580	547,712	625,448	519,124	655,975	736,120	715,890	861,087	707,598	420,389
Capital projects funds	(897,500)	(438,500)	(112,500)							(1,384,871)
Permanent funds							55,424	55,424	55,424	56,654
Total All Other Governmental Funds	\$ 55,579	\$ 557,675	\$ 970,166	\$ 985,191	\$ 1,134,783	\$ 1,222,663	\$ 1,186,574	\$ 1,335,382	\$ 1,186,611	\$ (478,218)

TOWN OF WINCHESTER, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Property taxes, interest and lien fees	\$ 11,712,850	\$ 13,158,847	\$ 13,300,525	\$ 14,732,226	\$ 14,730,409	\$ 16,105,541	\$ 16,113,787	\$ 17,132,182	\$ 17,927,617	\$ 19,108,386
Intergovernmental revenues	9,891,827	9,997,125	10,531,731	10,677,304	11,250,241	10,400,837	11,220,411	10,106,349	10,558,291	11,131,132
Other local revenues	1,325,384	1,291,895	1,318,947	1,405,661	1,321,730	2,206,382	1,324,316	1,780,781	1,521,060	1,758,185
Total revenues	<u>22,930,061</u>	<u>24,447,867</u>	<u>25,151,203</u>	<u>26,815,191</u>	<u>27,302,380</u>	<u>28,712,760</u>	<u>28,658,514</u>	<u>29,019,312</u>	<u>30,006,968</u>	<u>31,997,703</u>
Expenditures:										
Current:										
Board of Education	12,989,210	13,756,318	13,911,424	15,444,644	15,086,605	16,499,732	18,425,151	18,575,281	18,843,705	20,176,258
Program and project expenses	1,583,196	1,470,323	1,904,729	1,694,591	2,686,456	1,777,416	328,219	166,940	271,113	383,711
Public safety	1,429,223	1,501,118	1,709,615	1,808,608	1,753,790	1,753,297	1,629,396	2,773,315	2,907,800	2,980,556
Public works	2,116,245	2,315,245	2,503,391	2,616,981	2,496,971	2,606,798	2,568,696	1,608,201	1,718,970	1,974,790
Miscellaneous	705,768	919,554	703,224	986,712	859,513	991,644	406,150	296,146	525,500	566,482
General government	1,392,269	1,523,004	1,142,889	1,323,374	1,330,117	1,459,465	2,555,415	2,408,979	2,661,931	2,921,405
Welfare	144,995	121,676	51,035	43,646	49,875	44,654	51,388	43,030	25,792	
Health	124,793	114,779	129,032	125,491	210,311	182,310	225,374	176,959	201,516	249,080
Parks and recreation	124,032	139,414	160,397	183,975	173,821	168,163	199,518	194,856	204,951	240,303
Library	125,000	128,000	175,000	199,333	174,533	196,980	193,976	185,836	189,516	189,516
Waste disposal and recycling	408,781	765,455	492,602	514,065	532,517	571,156	542,091	450,476	375,260	436,730
Debt service:										
Principal	450,000	450,000	450,000	450,000	450,000	375,000	414,031	375,000	375,000	375,000
Interest	394,246	343,425	299,076	259,105	222,054	192,843	289,627	245,818	220,390	187,145
Capital outlay	410,081	764,155	774,379	1,244,671	842,844	1,290,000	2,521,836	1,461,133	1,281,022	3,140,511
Total expenditures	<u>21,987,758</u>	<u>23,548,311</u>	<u>24,406,793</u>	<u>26,895,196</u>	<u>26,869,407</u>	<u>28,109,458</u>	<u>30,350,868</u>	<u>28,961,970</u>	<u>29,802,466</u>	<u>33,821,487</u>
Excess (Deficiency) of Revenues over Expenditures	942,303	899,556	744,410	(80,005)	432,973	603,302	(1,692,354)	57,342	204,502	(1,823,784)
Other Financing Sources (Uses):										
Proceeds from capital lease	38,634		184,000	277,353	277,353	111,000	433,004	221,996		904,986
Operating transfers in	374,437	611,046	510,677	328,413	205,951	205,922	110,084	97,606	149,746	167,578
Operating transfers out	(703,467)	(947,693)	(844,053)	(654,672)	(524,960)	(350,922)	(322,864)	(331,431)	(383,571)	(393,694)
Total other financing sources (uses)	<u>(290,396)</u>	<u>(336,647)</u>	<u>(149,376)</u>	<u>(48,906)</u>	<u>(41,656)</u>	<u>(34,000)</u>	<u>220,224</u>	<u>(11,829)</u>	<u>(233,825)</u>	<u>678,870</u>
Net Change in Fund Balances	651,907	562,909	595,034	(128,911)	391,317	569,302	(1,472,130)	45,513	(29,323)	(1,144,914)
Fund Balance at Beginning of Year	823,786	1,475,693	2,038,602	2,633,636	2,504,725	2,896,042	3,465,345	1,993,215	2,038,728	2,009,405
Fund Balance at End of Year	\$ <u>1,475,693</u>	\$ <u>2,038,602</u>	\$ <u>2,633,636</u>	\$ <u>2,504,725</u>	\$ <u>2,896,042</u>	\$ <u>3,465,344</u>	\$ <u>1,993,215</u>	\$ <u>2,038,728</u>	\$ <u>2,009,405</u>	\$ <u>864,491</u>
Debit Service as a Percentage to Noncapital Expenditures	3.91%	3.48%	3.17%	2.76%	2.58%	2.12%	2.53%	2.26%	2.09%	1.83%

TOWN OF WINCHESTER, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Real Property		Personal Property		Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other					
1997	\$ 297,325	\$ 51,502	\$ 42,413	\$ 41,548	\$ 12,408	\$ 420,379	27.56 %	\$ 600,542	70.0 %
1998	299,434	51,867	44,022	40,535	9,354	426,503	29.87	609,290	70.0
1999	299,137	53,433	43,798	41,607	10,159	427,815	30.16	611,164	70.0
2000	302,073	44,034	45,795	48,437	12,056	428,284	33.62	611,834	70.0
2001	281,785	26,025	50,255	90,638	14,225	434,477	33.17	620,681	70.0
2002	280,337	50,970	52,791	70,945	15,525	439,567	35.84	627,953	70.0
2003	282,652	50,015	54,144	72,039	16,613	442,237	35.58	631,767	70.0
2004	377,110	62,470	56,165	77,371	13,118	559,998	30.12	799,997	70.0
2005	380,056	61,152	54,294	76,011	10,856	560,657	31.20	800,939	70.0
2006	383,948	61,571	58,667	76,673	8,773	572,086	32.98	817,266	70.0

Source: Town Assessor's office

Note: By state law property is assessed at 70% of actual value with periodic revaluation of real property.

The estimated actual amount is the equalized grand list which is estimated by the State of Connecticut, Office of Policy and Management.

TOWN OF WINCHESTER, CONNECTICUT

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

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	<u>2006</u>				<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Gross Taxable Assessed Grand List</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Gross Taxable Assessed Grand List</u>
Howmet Turbine	\$ 8,091,930	1	1.41 %	Howmet Turbine	\$ 6,525,205	1	1.51 %
Conn Light and Power Co.	6,102,830	2	1.07	Ledgebrook LLC Trustee	4,894,780	2	1.13
Ledgebrook LLC Trustee	5,796,140	3	1.01	Conn Light and Power Co.	3,962,490	3	0.92
Yankee Gas	3,939,770	4	0.69	SKF USA Inc	2,680,599	4	0.62
Barden Corporation *	3,163,830	5	0.55	Yankee Gas	2,396,002	5	0.55
Litchfield Garden Apartments LLC	2,611,770	6	0.46	Litchfield Gardens Association	2,197,530	6	0.51
Homer D Bronson Co.	2,439,580	7	0.43	Winsted Precision Ball	1,472,254	7	0.34
Electric Motion Company	1,971,070	8	0.34	Homer D Bronson Co.	1,369,070	8	0.32
Litchfield Heights Apartments LLC	1,922,410	9	0.34	Litchfield Heights Apartments	1,343,240	9	0.31
Nationwide Health Properties	<u>1,730,750</u>	10	<u>0.30</u>	Bridge Realty Company	<u>1,339,840</u>	10	<u>0.31</u>
	<u>\$ 37,770,080</u>		<u>6.60 %</u>		<u>\$ 28,181,010</u>		<u>6.52 %</u>

Source: Town Assessor's office

* Formerly Winsted Precision Ball

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 11,631,000	\$ 10,968,033	94.30 %	\$ 659,908	\$ 11,627,941	99.97 %
1998	12,764,827	12,203,175	95.60	561,652	12,764,827	100.00
1999	12,978,000	12,406,968	95.60	561,652	12,968,620	99.93
2000	14,522,678	13,912,726	95.80	536,123	14,448,848	99.49
2001	14,580,000	14,040,540	96.30	472,299	14,512,839	99.54
2002	15,965,395	15,374,675	96.30	472,299	15,846,974	99.26
2003	15,977,098	15,353,991	96.10	497,828	15,851,819	99.22
2004	17,015,152	16,368,576	96.20	485,063	16,853,640	99.05
2005	17,648,739	17,172,223	97.30	344,650	17,516,873	99.25
2006	18,941,101	18,498,146	97.66		18,498,146	97.66

Source: Town Assessor's office and Finance office

TOWN OF WINCHESTER, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Percentage of Actual Taxable Value of Property(1)	Per Capita	Other Governmental Activities Debt		Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds	Notes			Capital Leases	Other	General Obligation Bonds	Notes			
1997	\$ 4,730,000	\$ 897,500	1.34 %	\$ 490	\$ 279,684	\$	\$ 9,921,200	\$ 1,952,500	\$ 17,780,884	0.09 %	\$ 1,548
1998	4,280,000	438,500	1.11	417	549,600		13,536,100	9,111,500	27,915,700	0.06	2,467
1999	3,830,000	112,500	0.92	357	560,895		15,307,485		19,810,880	0.08	1,796
2000	3,380,000		0.79	317	642,552		14,433,700		18,456,252	0.12	1,731
2001	2,930,000		0.67	263	478,029		13,559,915		16,967,944	0.13	1,523
2002	2,555,000		0.58	238	390,686		12,686,130		15,631,816	0.14	1,453
2003	2,180,000		0.49	202	653,147		11,775,545		14,608,692	0.15	1,355
2004	1,805,000		0.32	166	672,949		11,085,000		13,562,949	0.17	1,246
2005	1,430,000		0.26	132	453,620		10,155,000		12,038,620	0.19	1,109
2006	1,055,000		0.18	97	1,273,302		9,185,000		11,513,302	0.20	1,060

(1) See page 72 for taxable property value data

(2) See page 77 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF WINCHESTER, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 86,301,978	\$ 95,392,962	\$ 97,199,207	\$ 107,796,633	\$ 108,337,873	\$ 113,450,302	\$ 117,121,347	\$ 123,193,056	\$ 130,083,548	\$ 137,419,520
Total net debt applicable to limit	<u>17,501,200</u>	<u>27,366,100</u>	<u>19,249,985</u>	<u>17,813,700</u>	<u>16,489,915</u>	<u>15,241,130</u>	<u>13,955,545</u>	<u>12,890,000</u>	<u>11,585,000</u>	<u>14,755,000</u>
Legal Debt Margin	<u>\$ 68,800,778</u>	<u>\$ 68,026,862</u>	<u>\$ 77,949,222</u>	<u>\$ 89,982,933</u>	<u>\$ 91,847,958</u>	<u>\$ 98,209,172</u>	<u>\$ 103,165,802</u>	<u>\$ 110,303,056</u>	<u>\$ 118,498,548</u>	<u>\$ 122,664,520</u>
Total net debt applicable to the limit as a percentage of debt limit	20.28%	28.69%	19.80%	16.53%	15.22%	13.43%	11.92%	10.46%	8.91%	10.74%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2006 debt limit can be found on page 67 of this report.

TOWN OF WINCHESTER, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment (1)	Unemployment Rate (2)
1997	11,488	\$ 16,741	\$ 1,457	40	12+	1,163	6.8 %
1998	11,317	16,741	1,479	40	12+	1,220	4.4
1999	11,033	16,741	1,517	40	12+	1,188	3.8
2000	10,664	22,589	2,118	40	12+	1,153	2.5
2001	11,140	22,589	2,028	40	12+	1,119	3.7
2002	10,755	22,589	2,100	40	12+	1,165	5.8
2003	10,781	22,589	2,095	40	12+	1,129	8.1
2004	10,889	22,589	2,074	40	12+	1,106	6.4
2005	10,857	22,589	2,081	40	12+	1,088	5.9
2006	10,857	22,589	2,081	40	12+	1,094	4.9

Sources: Population, personal income, median age and education level provided by U.S. Department of Commerce, Bureau of Census and Department of Health Services, State of Connecticut

- (1) Town of Winchester, Board of Education.
- (2) State of Connecticut, Department of Labor.

TOWN OF WINCHESTER, CONNECTICUT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND PRIOR YEAR*

	<u>2006</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Town of Winchester	\$ 270	1	0.05 %	\$ 270	1	0.05 %
Howmet Corporation	185	2	0.03	185	2	0.03
Electric Motion	140	3	0.02	140	3	0.02
NW CT Community College	100	4	0.02	100	4	0.02
Northwest Community Bank	85	5	0.01	85	5	0.01
Foothills Visiting Nurse/Home Care	65	6	0.01	65	6	0.01
Homer D Bronson Co.	70	7	0.01	70	7	0.01
ICS	55	8	0.01	55	8	0.01
Sterling Sintered Technologies	55	9	0.01	55	9	0.01
SCASCO	40	10	0.01	40	10	0.01
SKF/MRC Plain Bearings	<u>31</u>	11	<u>0.01</u>	<u>31</u>	11	<u>0.01</u>
	\$ <u>1,096</u>		<u>0.19 %</u>	\$ <u>1,096</u>		<u>0.19 %</u>

Source: Town of Winchester Planning Department

* Data previous to 2005 is not available

TOWN OF WINCHESTER, CONNECTICUT

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>General Government</u>										
Management services	2.0	2.0	2.0	4.0	8.0	8.0	8.0	8.0	8.0	8.0
Finance	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Planning	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<u>Public Safety</u>										
Officers	23.0	23.0	23.0	23.0	24.0	24.0	24.0	24.0	24.0	24.0
Civilians	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<u>Public Works</u>										
	17.0	17.0	17.0	18.0	19.0	19.0	19.0	19.0	19.0	19.0
<u>Parks and Recreation</u>										
	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Water and Sewer Authority</u>										
	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<u>Human Services</u>										
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<u>Town Properties</u>										
	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Board of Education</u>										
Certified	99.0	101.0	102.0	102.0	104.0	102.0	108.0	102.0	101.0	n/a
Noncertified	93.0	89.0	87.0	91.0	94.0	94.0	91.0	88.0	87.0	n/a
Total	<u>270.0</u>	<u>268.0</u>	<u>267.0</u>	<u>274.0</u>	<u>285.0</u>	<u>283.0</u>	<u>286.0</u>	<u>277.0</u>	<u>275.0</u>	<u>87.0</u>

Sources: Various Town departments

Notes: A full-time employee is scheduled to work 1,976 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 1,976.

n/a - information not available

TOWN OF WINCHESTER, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
Workers compensation claims processed	47	41	24	36	55	n/a	n/a	n/a	n/a	n/a
General liability claims processed	40	35	40	29	33	n/a	n/a	n/a	n/a	n/a
Marriage licenses recorded	60	58	75	55	67	70	62	53	47	80
Birth certificates recorded	79	100	113	128	130	148	141	129	137	138
Death certificates recorded	65	62	64	59	68	52	69	53	53	43
Boards and Agencies										
Registered voters	6,826	6,893	6,849	6,584	6,909	6,839	6,608	6,528	6,548	6,599
Elections and referendums	4	4	7	4	5	2	3	2	1	2
Planning and Development										
Building permits issued	916	977	900	736	923	652	830	711	677	711
Rental certificate of occupancy issued	163	128	100	127	104	126	118	n/a	n/a	n/a
Value of building permits	20,702,306	17,396,002	15,022,193	10,312,219	10,967,432	7,635,521	8,425,243	5,271,939	11,306,698	5,346,343
Public Safety										
Arrests	595	461	555	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Parking violations	1,602	1,704	1,653	1,687	1,794	n/a	n/a	n/a	n/a	n/a
Traffic accidents	424	469	438	460	n/a	n/a	n/a	n/a	n/a	n/a
Traffic stops	2,457	2,419	2,115	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Police calls	11,533	10,192	9,612	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Animal control calls	275	313	222	285	n/a	n/a	n/a	n/a	n/a	n/a
Fire dispatched	283	271	249	199	n/a	n/a	n/a	n/a	n/a	n/a
Ambulance requests	559	940	1,052	1,007	n/a	n/a	n/a	n/a	n/a	n/a
Public Works										
Miles of roads maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community event participants	3,750	3,380	1,350	1,400	1,453	1,650	1,730	1,800	2,021	1,553
Recreation program participants	2,100	2,263	2,143	750	700	1,100	1,550	3,000	3,130	2,030
Annual participants	5,850	5,643	3,493	2,150	2,153	2,750	3,280	4,800	5,151	3,583
Public Libraries										
Volumes in collection	77,612	86,766	77,818	80,336	77,274	75,912	68,870	65,768	62,951	53,829
Collection size	59,804	59,078	57,389	56,207	53,580	51,884	51,082	49,371	45,521	44,535
Senior Citizens										
Meals on wheels provided - annually	36,000	35,875	35,700	35,690	35,000	34,500	34,200	33,975	33,680	32,995
Meals at Senior Center provided - annually	10,000	9,800	9,825	9,675	9,658	9,468	9,502	9,375	9,200	9,266
Van rides provided to seniors - annually	11,000	10,600	10,500	10,400	10,375	10,200	9,975	9,826	9,568	9,400
Senior mini-bus trips - number of seniors annually	1,000	990	975	960	950	956	947	920	889	869
Education										
Workers compensation claims processed	14	25	14	13	17	n/a	n/a	n/a	n/a	n/a
Elementary schools	2	2	2	2	2	2	2	2	2	2
Middle schools	1	1	1	1	1	1	1	1	1	1
High schools	2	2	2	2	2	2	2	2	2	2
Water										
New connections	10	11	8	9	10	5	7	11	6	8
Water main breaks	5	6	7	8	6	10	9	8	6	7
Average daily consumption (millions of gallons)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Peak daily consumption (millions of gallons)	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Sewer										
Average daily sewage treatment (millions of gallons)	3	3	3	3	3	3	3	3	3	3

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Source(s): Various Town Departments

n/a - information not available

TOWN OF WINCHESTER, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	4	4	4	4	4	4	4	4	4	4
Zone offices	1	1	1	1	1	1	1	1	1	1
Police vehicles	11	10	9	8	7	7	7	7	7	6
Fire vehicles	7	7	7	7	7	7	7	7	7	7
<u>Public Works</u>										
Miles of town roads	81	81	81	81	81	81	81	81	81	81
Traffic signals	13	13	13	13	13	13	13	13	13	13
Public works vehicles and equipment	54	52	52	53	50	51	52	52	51	50
<u>Parks and Recreation</u>										
Acreage	30	30	30	30	30	30	30	30	30	30
Parks and greens	4	4	4	4	4	4	4	4	4	4
Athletic fields	2	2	2	2	2	2	2	2	2	2
Playgrounds	3	3	3	3	3	3	3	3	3	3
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Senior Citizens</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	2	2	2	2	2	2	2	2	2	2
<u>Education</u>										
Schools	5	5	5	5	5	5	5	5	5	5
<u>Water</u>										
Water mains (miles)	40	40	40	40	40	40	40	40	40	40
Fire hydrants	350	346	347	342	343	345	345	344	343	344
Storage capacity (millions of gallons)	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
<u>Sewer</u>										
Sanitary sewers (miles)	40	40	40	40	40	40	40	40	40	40
Treatment capacity (millions of gallons)	3	3	3	3	3	3	3	3	3	3

Source(s): Various Town Departments