

**TOWN OF WINCHESTER
CONNECTICUT**

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2013

Prepared By
Finance Department
Winchester
Winchester, Connecticut 06098

TOWN OF WINCHESTER, CONNECTICUT

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TOWN OF WINCHESTER, CONNECTICUT

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Introductory Section

TOWN OF WINCHESTER, CONNECTICUT

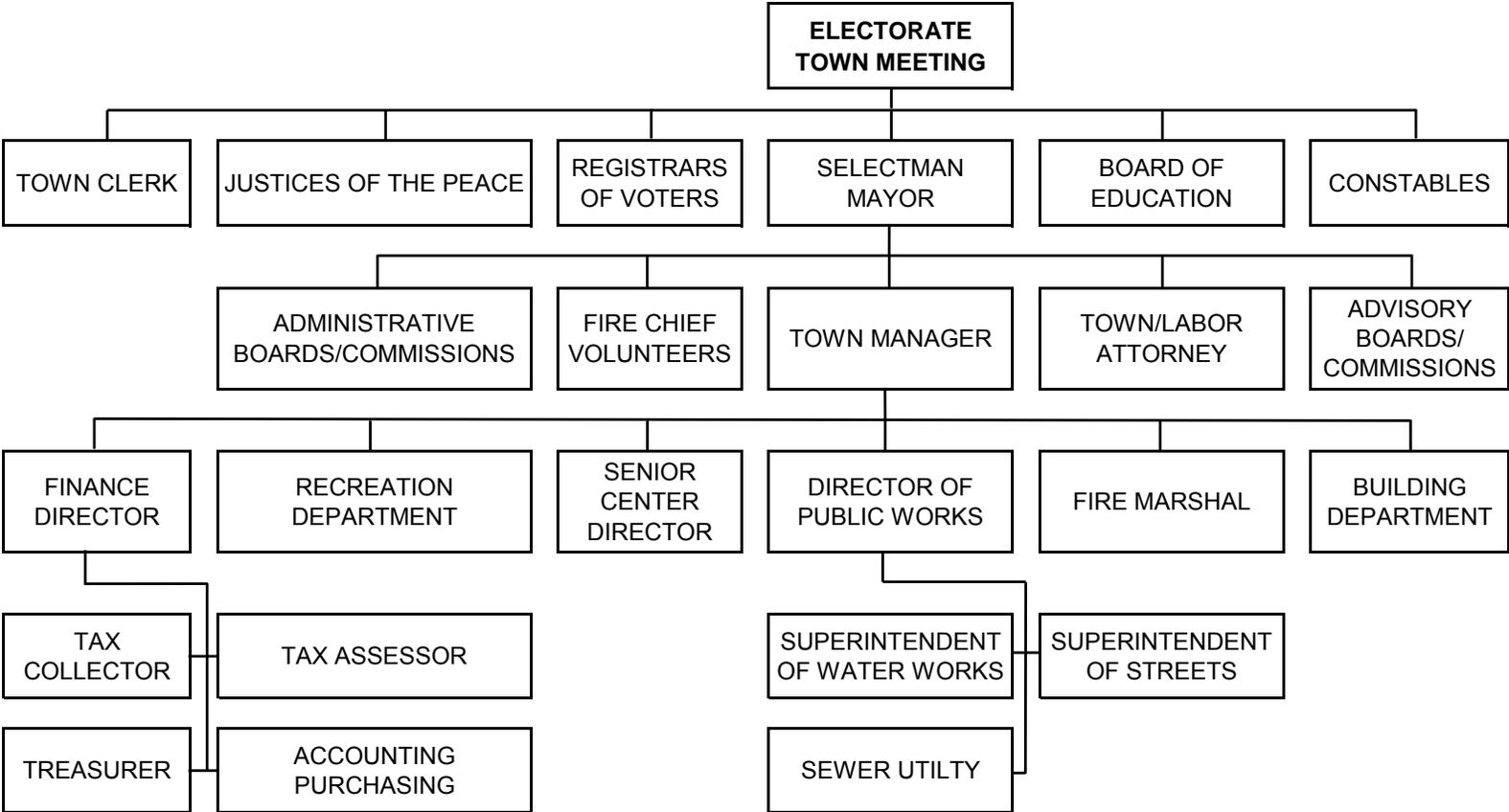
List of Elected and Appointed Officials

As of June 30, 2013

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>
Mayor:	Maryann Welcome	Elected
Board of Selectman:	Glenn Albanesius	Elected
	James DiVita	Elected
	George Closson	Elected
	Kenneth Fracasso	Elected
	Michael Renzullo	Elected
	Althea Perez	Elected
Board of Tax Review:	Mark Arcelaschi, Chairman	Appointed
	Jackie Mulvey	Appointed
	Walter St. Onge, Jr.	Appointed
	Samuel Demonstranti	Appointed
	Joseph Beadle	Appointed
Director of Public Works:	Neil Amwake	Appointed
Town Manager:	Dale L. Martin	Appointed
Director of Finance:	Robin Manuel	Appointed
Treasurer:	Spencer C. Monroe	Appointed
Tax Collector:	Arlene M. Boutin	Appointed
Town Clerk:	Sheila S. Sedlack	Elected
Purchasing Agent:	Mark Douglass	Appointed
Town Assessor:	Janice L. McKie	Appointed
Superintendent of Schools:	Thomas Danehy	Appointed

TOWN OF WINCHESTER, CONNECTICUT

Organizational Chart of the Town Government





TOWN OF WINCHESTER – CITY OF WINSTED

Town Hall – 338 Main Street

WINSTED, CONNECTICUT 06098

October 1, 2014

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Although late, I am pleased to issue the Comprehensive Annual Financial Report (CAFR) of the Town of Winchester for the fiscal year ended June 30, 2013.

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, I assert that, to the best of my 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 King, King, & Associates. 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, 2013, 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 auditors rendered a qualified opinion that the Town of Winchester's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' 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 independent auditors' report.

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 located approximately 30 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 or other political distinction. 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. The Town has approximately 81 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 2010 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 for the Board of Selectmen are held 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, or officially titled "Mayor," 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 decrease, 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; economic development support; and education.

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 employed in the manufacturing, education, health and social services categories. Recent data from the Connecticut Economic Resource Center indicates that Winchester's 2011 median household income is \$57,050, as compared to the State of Connecticut's \$69,243. The Town's population has been relatively stable since 2000 (and 0.5% growth is predicted between 2011 and 2020).

In accordance with State of Connecticut statutes, the Town conducted a property revaluation in 2012 (including a physical inspection of all properties, which was not part of the 2007 revaluation). The tax base is primarily zoned residential (73%) with an important industrial and commercial presence (11%).

The Town of Winchester's bond rating was reduced in June, 2013, from A1 to A2. The primary reasons cited for this downgrade were unexplained shortfalls of cash (forensic audit ongoing) and the lack of current financial reports. The rating was subsequently withdrawn.

Major Initiatives

Economic Development

The Economic Development Commission remains committed to expanding the Town's commercial and industrial base and is looking for opportunities to create readily marketable properties in the Town's industrially zoned areas and the adaptive reuse of former mill sites.

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)

The Northwest Connecticut Economic Development Commission (NWCTEDC), in which the Town is a participant, has prepared a new Comprehensive Economic Development Strategy document. The plan, completed in 2012, 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.

In addition, the Town recently completed an update to its Plan of Conservation and Development to reflect current and future needs.

Regional Out-Reach

In conjunction with the CEDS project, the Town is also a member of the Litchfield Hills Council of Elected Officials (LHCEO), a regional planning organization. A popular and effective program among the eleven member towns is the Public Works Equipment Cooperative, which enables member towns to share pieces of heavy-duty equipment related to public works activities.

Brownfields

The Town is actively working to assist with the remediation of “brownfield” sites. 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 Brownfield Revolving Loan Fund has funded two projects in downtown Winsted. These two projects are certified as contaminant-free, enabling the respective property owners to pursue more favorable financing in the future. One project facilitated the construction of senior citizen affordable housing units; the second, the continuing rehabilitation and rejuvenation of a historic mill factory into a regional artists’ enclave.

Main Street Enhancement Project

With the completion of the \$4.8± million Phase I of the Main Street Improvement Program, the Town took a major step forward in its goal of revitalizing its central business district. The Town began construction on Phase II of the project in 2013.

The Town also used CT Small Town Economic Assistance Program funds to construct permanent restrooms at downtown ballfields.

Capital Improvement Project

Given the uncertain economic conditions, the Town is extensively reviewing its capital needs. A capital needs budget is included as part of the Town’s annual budget.

Budgetary Controls

Under the direction of a new Finance Director, the Town has reviewed and revised its budgetary controls, and implemented other changes, policies, and procedures recommended by the independent auditor. The objective of 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 Town Manager and the Finance Director. The budget is legally enacted at the department expenditure level, which serves as a management tool; budgetary control is maintained at the department level. 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.

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 that are associated with the operations of the pension plan.

Awards and Acknowledgements

Due to the criminal activities of the former Finance Director and the tardiness of these financial statements, the Town will not seek the coveted Government Finance Officers Association of the United States and Canada (GFOA) certificate of Achievement for Excellence in Financial Reporting to the Town for its Comprehensive Annual Financial Report for this fiscal year. The award recognizes that the Town published an easily readable and efficiently organized Comprehensive Annual Financial report. The Town will again seek such recognition in the near future. It is with great regret that this award cannot be pursued for this report.

The preparation of this report would have not been accomplished without the services of the members of the Department of Finance, especially Interim Finance Director Ms. Cynthia Rines, Finance Director Ms. Brenda Fox-Howard, and other Town staff. I would also like to thank the Board of Selectmen for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dale L. Martin". The signature is written in a cursive style with a large initial "D" and "M".

Dale L. Martin
Town Manager

Financial Section

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King, King & Associates, CPAs

*Certified Public Accountants
Serving Businesses, Individuals, Nonprofits and Governments*

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Certified Public Accountants

Connecticut Society of
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Selectman
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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on the General, Waterworks, and Sewer Funds

Management has identified a financial fraud involving revenues affecting the General, Waterworks, and Sewer funds. Accounting principles generally accepted in the United States of America require that revenues be recorded completely and accurately. The amount by which this departure would affect the assets, fund balances, and revenues of the affect funds has been estimated to be \$84,322 for the fiscal year ended June 30, 2013.

Qualified Opinion

In our opinion, except for the effects of the embezzlement of the Town's revenues for the General, Waterworks, and Sewer funds, as described in the preceding paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental and enterprise funds of the Town of Winchester, CT as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 19 and 56 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

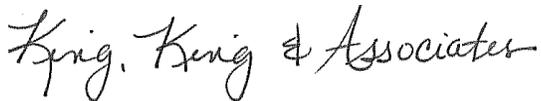
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Winchester, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014, on our consideration of the Town of Winchester, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Winchester, Connecticut's internal control over financial reporting and compliance.



King, King & Associates, CPAs
Winsted, CT
September 25, 2014

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2013

As management of the Town of Winchester, we offer readers of the Town of Winchester's financial statements this narrative overview and analysis of the financial activities of the Town of Winchester for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the Town of Winchester exceeded its liabilities at the close of the most recent fiscal year by \$65,809,641 (*net position*). Governmental activities reflect a negative unrestricted net position in the amount of (\$6,605,797) indicating that currently none of the net position may be used to meet ongoing obligations to citizens and creditors. Business-type activities have a negative unrestricted net position of (\$924,692).
- The government's total net position decreased by \$423,425.
- As of the close of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$1,333,636, an increase of \$258,310 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was (\$1,205,348).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Winchester's basic financial statements. The Town of Winchester's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements: The *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 a private-sector business.

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

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position 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 future cash inflows (revenues) and outflows (expenditures).

Both of the government-wide financial statements distinguish functions of the Town of Winchester that are principally supported by grants 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 of Winchester include education, public safety, general government and public works.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2013

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town 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 of Winchester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: *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 funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, 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 thirty-two (32) individual governmental 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 Town of 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.

The basic governmental fund financial statements can be found on pages 22-25 of this report.

Proprietary Funds: The Town maintains two proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Pollution Control Authority.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Winchester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-55 of this report.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2013

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Winchester, assets exceeded liabilities by \$65,809,641 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 7,020,410	\$ 7,261,167	\$ (333,916)	\$ (731,420)	\$ 6,686,494	\$ 6,529,747
Capital Assets	43,165,540	43,413,602	35,816,632	36,941,521	78,982,172	80,355,123
Total Assets	<u>50,185,950</u>	<u>50,674,769</u>	<u>35,482,716</u>	<u>36,210,101</u>	<u>85,668,666</u>	<u>86,884,870</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Long-term Liabilities	11,453,469	11,326,228	3,767,254	4,591,857	15,220,723	15,918,085
Other Liabilities	4,122,723	2,961,377	457,220	401,710	4,579,943	3,363,087
Total Liabilities	<u>15,576,192</u>	<u>14,287,605</u>	<u>4,224,474</u>	<u>4,993,567</u>	<u>19,800,666</u>	<u>19,281,172</u>
Deferred Inflows of Resources	58,359	1,370,632	-	-	58,359	1,370,632
Net Position:						
Net Investment in Capital Assets	38,299,684	37,955,510	32,182,934	32,508,601	70,482,618	70,464,111
Restricted	2,857,512	2,745,642	-	-	2,857,512	2,745,642
Unrestricted	(6,605,797)	(5,684,620)	(924,692)	(1,292,067)	(7,530,489)	(6,976,687)
Total Net Position	<u>\$ 34,551,399</u>	<u>\$ 35,016,532</u>	<u>\$ 31,258,242</u>	<u>\$ 31,216,534</u>	<u>\$ 65,809,641</u>	<u>\$ 66,233,066</u>

\$2,252,228 of the restricted portion of the Town of Winchester's net position represents net position restricted for Community Investments, \$106,001 is restricted for Soldiers Monument Restoration, \$31,085 is restricted for Elderly Enrichment, and \$26,307 is restricted for other purposes. The remaining restricted portion, \$441,891, represents net position restricted for purposes of trust. Negative unrestricted net position in the amount of (\$7,530,489) indicates that currently none of the net position may be used to meet ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Winchester's Governmental Activities are able to report positive balances in all categories of net position except Unrestricted Net Position, for the government as a whole.

Net position of governmental activities decreased by \$465,133 during this fiscal year.

Net position of business-type activities increased by \$41,708 during this fiscal year.

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2013

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 20,720,481	\$ 20,828,728	\$ -	\$ -	\$ 20,720,481	\$ 20,828,728
Unrestricted Investment Income	268	3,451	-	-	268	3,451
Other general revenues, net	105,287	84,106	-	-	105,287	84,106
<i>Program Revenues:</i>						
Charges for Services	492,900	618,419	3,134,338	2,947,390	3,627,238	3,565,809
Operating Grants and Contributions	11,966,809	12,213,309	-	-	11,966,809	12,213,309
Capital Grants and Contributions	483,407	364,085	-	2,714	483,407	366,799
Total Revenues	33,769,152	34,112,098	3,134,338	2,950,104	36,903,490	37,062,202
EXPENSES						
<i>Governmental Activities:</i>						
General Government	3,881,057	3,617,443	-	-	3,881,057	3,617,443
Public Safety	3,607,845	3,576,949	-	-	3,607,845	3,576,949
Public Works	2,226,107	2,382,942	-	-	2,226,107	2,382,942
Health	332,349	365,698	-	-	332,349	365,698
Library	176,474	194,141	-	-	176,474	194,141
Parks and Recreation	199,271	512,726	-	-	199,271	512,726
Waste disposal and recycling	204,965	405,320	-	-	204,965	405,320
Interest on long-term debt	202,821	270,484	-	-	202,821	270,484
Education	23,083,862	22,869,216	-	-	23,083,862	22,869,216
<i>Business-Type Activities:</i>						
Waterworks	-	-	1,632,254	1,798,146	1,632,254	1,798,146
Sewer	-	-	1,698,684	1,776,674	1,698,684	1,776,674
Total Expenses	33,914,751	34,194,919	3,330,938	3,574,820	37,245,689	37,769,739
Change in Net Position Before Transfers, Loss on Assets, and Contributions to Permanent Funds						
	(145,599)	(82,821)	(196,600)	(624,716)	(342,199)	(707,537)
Transfers	(251,923)	(213,269)	251,923	213,269	-	-
Loss on Assets	(70,707)	(401,978)	(13,615)	(47,825)	(84,322)	(449,803)
Contributions to Permanent Funds	3,096	-	-	-	3,096	-
Change in Net Position	(465,133)	(698,068)	41,708	(459,272)	(423,425)	(1,157,340)
Beginning Net Position, as Restated	35,016,532	35,714,600	31,216,534	31,675,806	66,233,066	67,390,406
Ending Net Position	\$ 34,551,399	\$ 35,016,532	\$ 31,258,242	\$ 31,216,534	\$ 65,809,641	\$ 66,233,066

Governmental Activities

Governmental activities decreased the Town of Winchester's net position by \$465,133. Sixty-one percent (61%) of the revenues of the Town were derived from property taxes, followed by thirty-seven percent (37%) from grants and contributions, then one percent (1%) from charges for services, and less than one percent (1%) from other general revenues and investment earnings

TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2013

Major revenue factors include:

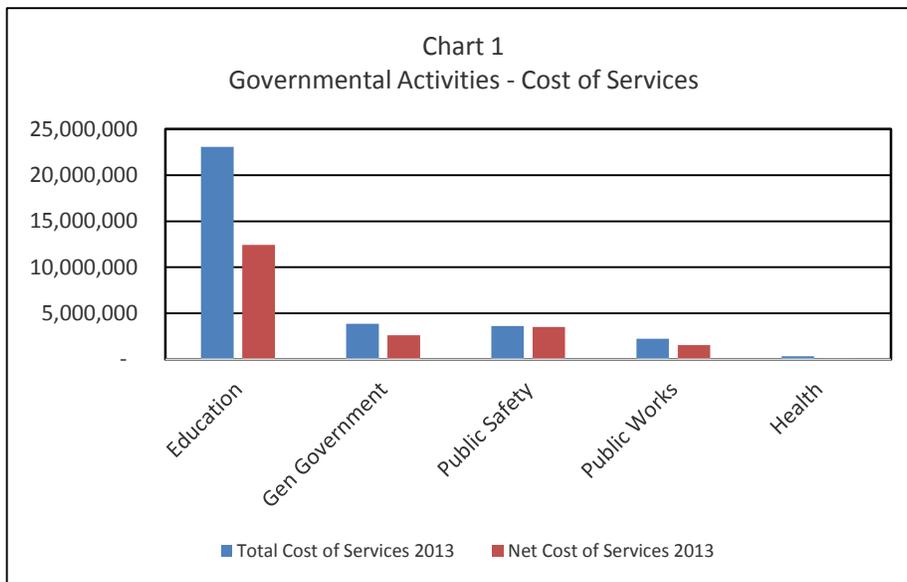
- Lower than anticipated tax collections
- Budgeted capital grant revenues not realized due to incompleting projects.

For Governmental Activities, 68% of the Town's expenses relate to education, 12% relate to public safety and health, 7% relate to public works/capital outlay, and the remaining 13% relates to government and community services, administration, and other areas.

Major expense factors include:

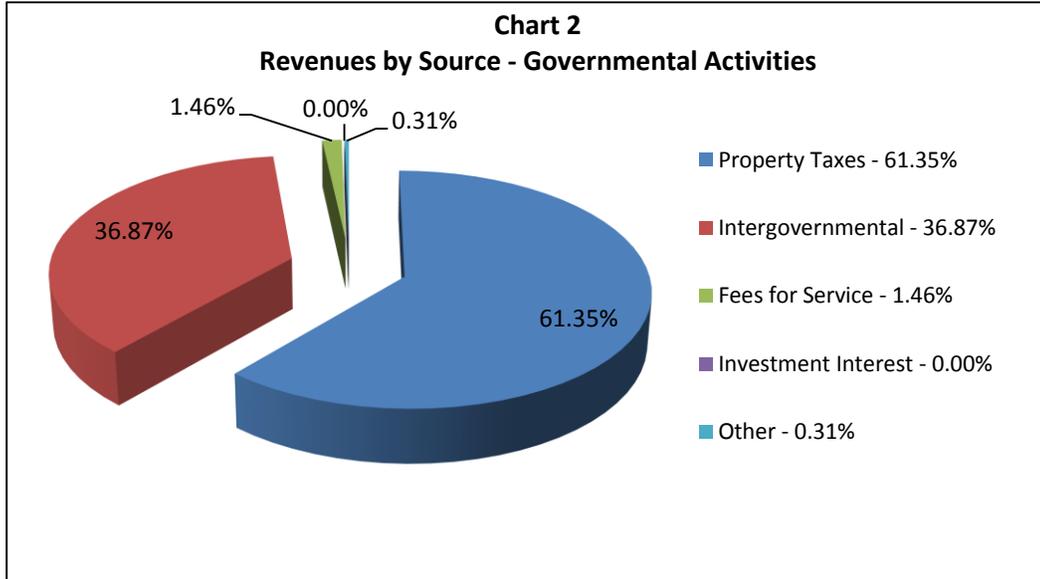
- Recorded loss of assets of \$70,707 due to criminal activities of former Finance Director.
- Reduction of expenditures from previous year of approximately \$300,000.

Chart 1 presents the costs of each of the 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.



TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2013

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

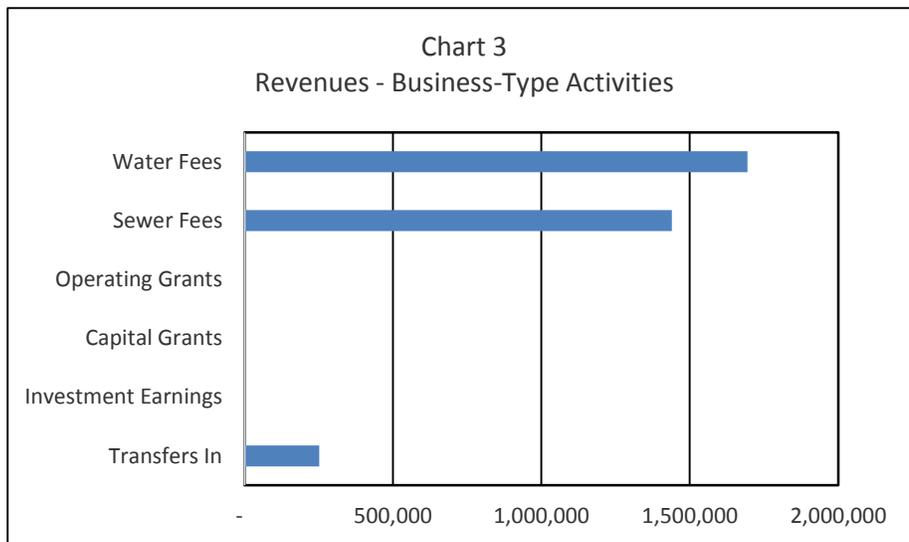


Business-Type activities

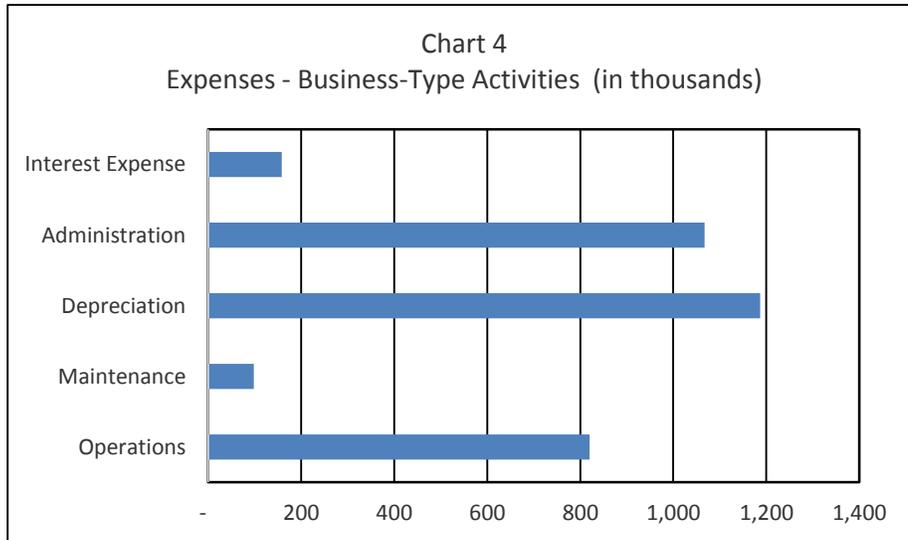
Business-type activities increased the Town of Winchester's net position by \$41,708. One hundred percent (100%) of the revenues of the business-type activities were derived from charges for services. Key elements of enterprise fund performance are as follows:

- Operating revenues increased by \$184,234 over the previous year's revenues.
- The change in net position was an increase of \$41,708 (compared to an increase of \$11,831 in the previous year).
- \$13,615 was recorded as a Loss on Assets due to the criminal activities of the former Finance Director.

Charts 3 and 4 reflect the water sewer utility operations for fiscal year 2013 regarding sources of revenue and classes of expenses.



TOWN OF WINCHESTER, CONNECTICUT
Management's Discussion and Analysis
June 30, 2013



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Town of Winchester's governmental funds reported combined ending fund balances of \$1,333,636, an increase of \$258,310 in comparison with the prior year.

The General Fund is the chief operating fund of the Town of Winchester. At the end of the current fiscal year, unassigned fund balance of the General Fund was (\$1,205,348). As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The fund balance of the Town of Winchester's General Fund increased by \$218,584 during the current fiscal year.

The Sewer Assessment Fund continues to collect and send to the Sewer Fund less than the amounts originally anticipated, increasing its fund balance deficit.

The Town disbursed funds received from US EPA for two Brownfield remediation projects.

General Fund Budgetary Highlights

- Recorded loss of assets of \$70,707 (due to criminal activities of former Finance Director).
- Concerns about cash flow resulted in the postponement of several budgeted capital projects.

TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2013

Capital Asset and Debt Administration

Capital Assets: The Town of Winchester's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$78,982,172 (net of accumulated depreciation). This investment in capital assets includes land and buildings, vehicles, machinery and equipment. Major capital asset events during the current fiscal year included the following:

- Vehicle leases (Police and Public Works Departments)
- Breathing apparatus for the Fire Department
- Computer upgrades for Town Hall
- Main Street Enhancement Phase II

	<u>2013</u>	<u>2012</u>
<i>Governmental Activities:</i>		
Land	\$ 25,700,445	\$ 25,700,445
Construction in Progress	530,154	-
Buildings	707,853	727,349
Improvements	2,006,244	2,015,233
Machinery and Equipment	3,693,796	3,868,089
Infrastructure	10,527,048	11,102,486
	<u>\$ 43,165,540</u>	<u>\$ 43,413,602</u>

	<u>2013</u>	<u>2012</u>
<i>Business-type Activities:</i>		
Land	\$ 92,847	\$ 92,847
Buildings	20,745,723	21,456,539
Improvements	1,690,562	1,756,549
Machinery and Equipment	222,299	246,933
Infrastructure	13,065,201	13,388,653
	<u>\$ 35,816,632</u>	<u>\$ 36,941,521</u>

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

TOWN OF WINCHESTER, CONNECTICUT
 Management's Discussion and Analysis
 June 30, 2013

Long-Term Debt: The Town of Winchester has the following obligations:

<u>Date</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue</u>	<u>Outstanding</u>	<u>Maturity</u>
<u>Bonds</u>					
8/14/2008	Public Improvements	4.02	\$ 6,316,000	\$ 4,616,000	2024
11/1/1998	General Purpose (Water)	3.50-5.50	1,500,000	100,000	2014
8/15/2002	Sewer	3.00-5.00	6,290,000	1,500,000	2022
1/15/2004	General Purpose (Water)	2.00-4.00	3,900,000	1,500,000	2019
<u>Other</u>					
11/1/2010	General Obligation Serial Note	3.00	415,000	249,000	2016
1/31/2008	Clean Water Fund Loans	2.00	642,019	458,940	2027
	Total		<u>\$ 19,063,019</u>	<u>\$ 8,423,940</u>	

The Town of Winchester's total debt decreased by \$697,362 during the current fiscal year, primarily due to the repayment of debt. Additional information on the Town of Winchester's long-term debt can be found in Note 3 on pages 43-46 of this report.

Economic Factors and Next Year's Budgets and Rates

- Proper funding of the State's Minimum Budget Requirement.
- Real impact of October, 2012, decennial revaluation.
- Ongoing investigation and impact of former Finance Director criminal activities.
- Growing need for capital investment and restoration of adequate reserve funds.
- Expired collective bargaining agreements.
- 2013/14 will be first year Waterworks and Sewer Fund debt service budgeted in the General Fund.

Request 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 the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Winchester, 338 Main Street, Winsted, CT 06098.

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Basic Financial Statements

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TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Position

June 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 659,526	\$ 64,952	\$ 724,478
Receivables, net of allowance	4,716,046	286,210	5,002,256
Other assets	1,688	958,072	959,760
Internal balances	1,643,150	(1,643,150)	-
Capital assets:			
Assets not being depreciated	26,230,599	92,847	26,323,446
Assets being depreciated, net	16,934,941	35,723,785	52,658,726
Total assets	<u>\$ 50,185,950</u>	<u>\$ 35,482,716</u>	<u>\$ 85,668,666</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:			
Accounts payable and accrued items	\$ 3,880,922	\$ 457,220	\$ 4,338,142
Due to other governments	161,701	-	161,701
Unearned grant revenue	80,100	-	80,100
Noncurrent liabilities:			
Due within one year	1,025,094	674,344	1,699,438
Due in more than one year	10,428,375	3,092,910	13,521,285
Total liabilities	<u>15,576,192</u>	<u>4,224,474</u>	<u>19,800,666</u>
Deferred Inflows of Resources			
Unavailable revenue - advanced property tax collections	<u>58,359</u>	<u>-</u>	<u>58,359</u>
Net Position:			
Net investment in capital assets	38,299,684	32,182,934	70,482,618
Restricted for community development	2,252,228	-	2,252,228
Restricted for soldiers monument restoration	106,001	-	106,001
Restricted for elderly enrichment	31,085	-	31,085
Restricted for other purposes	26,307	-	26,307
Restricted for purposes of trust:			
Nonexpendable	425,106	-	425,106
Expendable	16,785	-	16,785
Unrestricted	<u>(6,605,797)</u>	<u>(924,692)</u>	<u>(7,530,489)</u>
Total Net Position	<u>\$ 34,551,399</u>	<u>\$ 31,258,242</u>	<u>\$ 65,809,641</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Activities

For the Year Ended June 30, 2013

Functions/program Activities	Program revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary government		
					Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,881,057	\$ 256,293	\$ 994,434	\$ 20,000	\$ (2,610,330)	\$ -	\$ (2,610,330)
Library	176,474	-	-	-	(176,474)	-	(176,474)
Waste disposal and recycling	204,965	-	-	-	(204,965)	-	(204,965)
Public safety	3,607,845	68,454	35,295	-	(3,504,096)	-	(3,504,096)
Public works	2,226,107	-	209,531	463,407	(1,553,169)	-	(1,553,169)
Health	332,349	40,105	228,883	-	(63,361)	-	(63,361)
Parks and recreation	199,271	10,500	-	-	(188,771)	-	(188,771)
Education	23,083,862	117,548	10,498,666	-	(12,467,648)	-	(12,467,648)
Interest on long-term debt	202,821	-	-	-	(202,821)	-	(202,821)
Total governmental activities	<u>33,914,751</u>	<u>492,900</u>	<u>11,966,809</u>	<u>483,407</u>	<u>(20,971,635)</u>	<u>-</u>	<u>(20,971,635)</u>
Business-type activities							
Waterworks	1,632,254	1,694,717	-	-	-	62,463	62,463
Sewer	<u>1,698,684</u>	<u>1,439,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,063)</u>	<u>(259,063)</u>
Total business-type activities	<u>3,330,938</u>	<u>3,134,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,600)</u>	<u>(196,600)</u>
Total primary government	<u>\$ 37,245,689</u>	<u>\$ 3,627,238</u>	<u>\$ 11,966,809</u>	<u>\$ 483,407</u>	<u>(20,971,635)</u>	<u>(196,600)</u>	<u>(21,168,235)</u>
General revenues:							
Property taxes					20,720,481	-	20,720,481
Unrestricted investment earnings					268	-	268
Contributions to permanent fund principal					3,096	-	3,096
Miscellaneous					105,287	-	105,287
Transfers					(251,923)	251,923	-
Total general revenues and transfers					<u>20,577,209</u>	<u>251,923</u>	<u>20,829,132</u>
Loss on assets					(70,707)	(13,615)	(84,322)
Change in net position					(465,133)	41,708	(423,425)
Net position at beginning of year					<u>35,016,532</u>	<u>31,216,534</u>	<u>66,233,066</u>
Net position at end of year					<u>\$ 34,551,399</u>	<u>\$ 31,258,242</u>	<u>\$ 65,809,641</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2013

	<u>General</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 389,185	\$ 13,531	\$ -	\$ 256,810	\$ 659,526
Receivables, net of allowance	912,032	2,136,969	742,340	743,384	4,534,725
Due from other funds	3,072,424	-	-	1,313,158	4,385,582
Other assets	-	-	-	1,688	1,688
Total Assets	<u>\$ 4,373,641</u>	<u>\$ 2,150,500</u>	<u>\$ 742,340</u>	<u>\$ 2,315,040</u>	<u>\$ 9,581,521</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued items	\$ 3,620,595	\$ -	\$ -	\$ 260,327	\$ 3,880,922
Due to other funds	1,313,158	-	713,328	715,946	2,742,432
Due to other governments	-	-	-	161,701	161,701
Unearned grant revenue	-	-	-	80,100	80,100
Total Liabilities	<u>4,933,753</u>	<u>-</u>	<u>713,328</u>	<u>1,218,074</u>	<u>6,865,155</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	586,877	-	-	-	586,877
Unavailable revenue - advanced property tax collections	58,359	-	-	-	58,359
Unavailable revenue - sewer assessment and use charges	-	-	737,494	-	737,494
	<u>645,236</u>	<u>-</u>	<u>737,494</u>	<u>-</u>	<u>1,382,730</u>
Fund balances:					
Nonspendable	-	2,136,969	-	542,053	2,679,022
Restricted	-	13,531	-	166,647	180,178
Committed	-	-	-	391,493	391,493
Assigned	-	-	-	-	-
Unassigned	(1,205,348)	-	(708,482)	(3,227)	(1,917,057)
Total Fund Balances	<u>(1,205,348)</u>	<u>2,150,500</u>	<u>(708,482)</u>	<u>1,096,966</u>	<u>1,333,636</u>
Total Liabilities and Fund Balances	<u>\$ 4,373,641</u>	<u>\$ 2,150,500</u>	<u>\$ 742,340</u>	<u>\$ 2,315,040</u>	<u>\$ 9,581,521</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2013

Fund balances reported in governmental funds Balance Sheet. \$ 1,333,636

**Amounts reported for governmental activities in the government- wide
Statement of Net Position are different because:**

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

<i>Capital Assets</i>	68,505,219
<i>Depreciation</i>	(25,339,679)

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

<i>Property taxes receivable greater than 60 days</i>	586,877
<i>Sewer assessments receivable greater than 60 days</i>	737,494
<i>Interest receivable on property taxes</i>	144,002
<i>Interest receivable on sewer assessments</i>	37,319

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Bonds payable</i>	(4,865,000)
<i>Pension obligation</i>	(2,097,830)
<i>OPEB obligation</i>	(1,441,465)
<i>Pollution remediation</i>	(318,971)
<i>Capital leases payable</i>	(856)
<i>Claims and judgements</i>	(1,488,701)
<i>Early retirement incentives</i>	(302,500)
<i>Compensated Absences</i>	<u>(938,146)</u>

Net position of governmental activities. \$ 34,551,399

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Property taxes, interest and lien fees	\$ 20,900,669	\$ -	\$ -	\$ -	\$ 20,900,669
Intergovernmental revenues	9,857,387	-	-	2,554,050	12,411,437
Interest and dividends	-	-	-	268	268
Charges for services	209,827	-	167,897	105,548	483,272
Licenses, fees and permits	162,323	-	-	15,257	177,580
Other revenue	<u>105,287</u>	<u>-</u>	<u>-</u>	<u>41,875</u>	<u>147,162</u>
Total Revenues	<u>31,235,493</u>	<u>-</u>	<u>167,897</u>	<u>2,716,998</u>	<u>34,120,388</u>
Expenditures					
Current					
General government	2,622,918	-	-	603,741	3,226,659
Library	176,474	-	-	-	176,474
Miscellaneous	514,425	-	-	-	514,425
Waste disposal and recycling	204,965	-	-	-	204,965
Public safety	3,055,824	-	-	52,665	3,108,489
Public works	1,548,594	-	-	-	1,548,594
Health	295,203	-	-	-	295,203
Parks and recreation	176,353	-	-	-	176,353
Education	20,997,178	-	-	1,663,510	22,660,688
Program and project expenditures	152,401	2,708	-	-	155,109
Debt Service:					
Principal retirement	508,000	-	-	-	508,000
Interest	202,821	-	-	-	202,821
Capital outlay	<u>180,450</u>	<u>-</u>	<u>-</u>	<u>581,218</u>	<u>761,668</u>
Total Expenditures	<u>30,635,606</u>	<u>2,708</u>	<u>-</u>	<u>2,901,134</u>	<u>33,539,448</u>
Excess/(deficiency) of revenues over expenditures	599,887	(2,708)	167,897	(184,136)	580,940
Other Financing Sources/(Uses)					
Transfers in	3	-	-	310,599	310,602
Transfers out	<u>(310,599)</u>	<u>-</u>	<u>(251,923)</u>	<u>(3)</u>	<u>(562,525)</u>
Total Other Financing Sources/(Uses)	<u>(310,596)</u>	<u>-</u>	<u>(251,923)</u>	<u>310,596</u>	<u>(251,923)</u>
Loss on Assets	<u>(70,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,707)</u>
Net Change in Fund Balances	218,584	(2,708)	(84,026)	126,460	258,310
Fund Balances at Beginning of Year	<u>(1,423,932)</u>	<u>2,153,208</u>	<u>(624,456)</u>	<u>970,506</u>	<u>1,075,326</u>
Fund Balances at End of Year	<u>\$ (1,205,348)</u>	<u>\$ 2,150,500</u>	<u>\$ (708,482)</u>	<u>\$ 1,096,966</u>	<u>\$ 1,333,636</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds. \$ 258,310

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

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 as depreciation expense.

<i>Capital expenditures</i>	708,760
<i>Depreciation expense</i>	(956,822)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenue in the funds

<i>Property taxes collected accrual basis change</i>	(105,157)
<i>Sewer assessment revenue accrual basis change</i>	(118,436)
<i>Interest income on property taxes</i>	(75,031)
<i>Interest income on sewer assessments</i>	(49,516)

Repayment of debt principal is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities in the Statement of Net Position.

<i>General obligation bond principal payments</i>	508,000
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Certain benefits are expended in the funds when resources are used, but
are expensed in the Statement of Activities when the liability is incurred.

<i>Capital leases</i>	84,236
<i>Pension obligation</i>	(250,281)
<i>OPEB obligation</i>	(221,056)
<i>Claims and judgements</i>	154,841
<i>Early retirement incentives</i>	(232,500)
<i>Compensated Absences</i>	<u>(170,481)</u>

Change in net position of governmental activities. \$ (465,133)

TOWN OF WINCHESTER, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2013

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 34,880	\$ 30,072	\$ 64,952
Rents and assessments receivable, net	100,737	100,241	200,978
Interest Receivable	49,656	35,576	85,232
Due from other funds	-	954,751	954,751
Accrued utility revenue	459,110	370,596	829,706
Total current assets	<u>644,383</u>	<u>1,491,236</u>	<u>2,135,619</u>
Noncurrent assets:			
Nondepreciable capital assets	63,212	29,635	92,847
Capital assets, net of accumulated depreciation	16,233,171	19,490,614	35,723,785
Unamortized bond costs, net	39,644	88,722	128,366
Total noncurrent assets	<u>16,336,027</u>	<u>19,608,971</u>	<u>35,944,998</u>
 Total assets	 <u>\$ 16,980,410</u>	 <u>\$ 21,100,207</u>	 <u>\$ 38,080,617</u>
 Deferred Outflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued items	\$ 273,523	\$ 183,697	\$ 457,220
Due to other funds	950,684	1,647,217	2,597,901
Current portion of long-term debt	373,914	300,430	674,344
Total current liabilities	<u>1,598,121</u>	<u>2,131,344</u>	<u>3,729,465</u>
Noncurrent liabilities:			
Compensated absences	20,200	58,820	79,020
Clean water fund loans	-	429,236	429,236
Bonds payable	1,266,189	1,318,465	2,584,654
Total noncurrent liabilities	<u>1,286,389</u>	<u>1,806,521</u>	<u>3,092,910</u>
Total Liabilities	<u>2,884,510</u>	<u>3,937,865</u>	<u>6,822,375</u>
 Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>	 <u>-</u>
Net Position			
Net investment in capital assets	14,676,147	17,506,787	32,182,934
Unrestricted	(580,247)	(344,445)	(924,692)
Total Net Position	<u>\$ 14,095,900</u>	<u>\$ 17,162,342</u>	<u>\$ 31,258,242</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,628,557	\$ 1,391,836	\$ 3,020,393
Fines, penalties and interest	<u>66,160</u>	<u>47,785</u>	<u>113,945</u>
Total operating revenues	<u>1,694,717</u>	<u>1,439,621</u>	<u>3,134,338</u>
OPERATING EXPENSES			
Operations	411,108	409,117	820,225
Maintenance	49,289	48,679	97,968
Depreciation expense	544,439	642,433	1,186,872
Administration	<u>562,476</u>	<u>504,941</u>	<u>1,067,417</u>
Total operating expenses	<u>1,567,312</u>	<u>1,605,170</u>	<u>3,172,482</u>
Operating income/(loss)	127,405	(165,549)	(38,144)
NONOPERATING EXPENSES			
Interest expense	<u>(64,942)</u>	<u>(93,514)</u>	<u>(158,456)</u>
Income/(Loss) before Transfers, Capital			
Grants and Loss on Assets	<u>62,463</u>	<u>(259,063)</u>	<u>(196,600)</u>
Transfers and Capital Grants:			
Capital grants	-	-	-
Transfers in	<u>-</u>	<u>251,923</u>	<u>251,923</u>
Total transfers and capital grants	<u>-</u>	<u>251,923</u>	<u>251,923</u>
Loss on Assets	<u>-</u>	<u>(13,615)</u>	<u>(13,615)</u>
Change in Net Position	62,463	(20,755)	41,708
Net Position - Beginning of Year	<u>14,033,437</u>	<u>17,183,097</u>	<u>31,216,534</u>
Net Position - End of Year	<u>\$ 14,095,900</u>	<u>\$ 17,162,342</u>	<u>\$ 31,258,242</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2013

	<u>Waterworks</u>	<u>Sewer</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,611,404	\$ 1,314,520	\$ 2,925,924
Receipts from interfund services	9,006	9,006	18,012
Payments for interfund services	-	-	-
Payments to employees	(584,990)	(507,809)	(1,092,799)
Payments to suppliers	(428,635)	(434,048)	(862,683)
Loss on cash	-	(13,615)	(13,615)
Net cash provided by operating activities	<u>606,785</u>	<u>368,054</u>	<u>974,839</u>
Cash flows from noncapital financing activities:			
Advance/(Repayment) from General Fund	<u>(135,838)</u>	<u>(18,879)</u>	<u>(154,717)</u>
Net cash used by noncapital financing activities	<u>(135,838)</u>	<u>(18,879)</u>	<u>(154,717)</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(50,825)	(11,158)	(61,983)
Principal payments on bonds payable	(350,000)	(410,000)	(760,000)
Principal payments on clean water fund loans	-	(29,117)	(29,117)
Interest paid on bonds payable and clean water fund loans	(61,059)	(89,713)	(150,772)
Highland Lake Assessments	-	166,538	166,538
Net cash used by capital and related financing activities	<u>(461,884)</u>	<u>(373,450)</u>	<u>(835,334)</u>
Cash flows from investing activities:			
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	9,063	(24,275)	(15,212)
Cash and Cash Equivalents at Beginning of Year	<u>25,817</u>	<u>54,347</u>	<u>80,164</u>
Cash and Cash Equivalents at End of Year	<u>\$ 34,880</u>	<u>\$ 30,072</u>	<u>\$ 64,952</u>
Reconciliation of operating income/(loss) to net cash provided by operating activities:			
Operating income/(loss)	<u>\$ 127,405</u>	<u>\$ (165,549)</u>	<u>\$ (38,144)</u>
Adjustments to reconcile income to net cash provided by operating activities:			
Depreciation	544,439	642,433	1,186,872
Loss on cash	-	(13,615)	(13,615)
Change in assets and liabilities:			
(Increase) decrease in rents receivable	19,546	157	19,703
(Increase) decrease in interest receivable	(16,816)	(12,130)	(28,946)
(Increase) decrease in accrued utility revenue	(77,037)	(104,122)	(181,159)
Increase (decrease) in accounts payable and accrued expenses	31,762	23,748	55,510
Increase (decrease) in accrued vacation and sick leave benefits	(22,514)	(2,868)	(25,382)
Total adjustments	<u>479,380</u>	<u>533,603</u>	<u>1,012,983</u>
Net cash provided by operating activities	<u>\$ 606,785</u>	<u>\$ 368,054</u>	<u>\$ 974,839</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WINCHESTER, CONNECTICUT

Statement of Fiduciary Net Position

June 30, 2013

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets		
Cash and Cash Equivalents	\$ -	\$ 60,461
Investments, at fair value:		
Short-term investments	327,460	-
Mutual Funds	<u>6,395,163</u>	<u>-</u>
Accrued income	<u>3,292</u>	<u>-</u>
Employers Contribution Receivable	<u>1,219,767</u>	<u>-</u>
Total Assets	<u>\$ 7,945,682</u>	<u>\$ 60,461</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Fiduciary Deposits	<u>\$ -</u>	<u>\$ 60,461</u>
Total Liabilities	<u>-</u>	<u>\$ 60,461</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	<u>\$ 7,945,682</u>	

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (GASB).

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 (the 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.

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 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 position 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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 Town has elected to keep the *Small Cities Fund* as a major fund for 2013.

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

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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. The Water and Sewer Commission, as empowered by the Town Charter, 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. Authority over the operations of the Sewer Fund is with the Water and Sewer Commission.

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.

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.

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.

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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Assets, Liabilities, and Net Position or Equity

Cash Equivalents - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. This definition also applies to the proprietary statement of cash flows.

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

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.

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."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Capital Assets - Capital assets, which include property, plant and equipment and infrastructure, 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 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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Property, plant and equipment and infrastructure of the Town are 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
Infrastructure	7-100

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 position. 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 replied 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.

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.

Fund Equity and Net Position – Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The equity of the fund financial statements is defined as “fund balance” and is classified in the following five separate categories:

Nonspendable Fund Balance - Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

Restricted Fund Balance - Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Selectman and Town Meeting in accordance with provisions of the Connecticut General Statutes.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Winchester Board of Selectmen or department head as specified in the Town Charter.

Unassigned Fund Balance - Represents the remaining fund balance after amounts are set aside for all other classifications. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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. Unrestricted resources are used in the following order: committed, assigned then unassigned.

The Town has not formally enacted legislation or Board policies establishing stabilization funds or requiring it to maintain a minimum fund balance.

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 physical revaluation of all real property is required to be completed every ten years, and a statistical revaluation is required to be completed every five years. The Town had a revaluation of its property as of October 1, 2012. 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. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. 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.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

Review for Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through September 25, 2014, which represents the date that these statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are authorized annually by the Board of Selectmen.

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

- 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.
- Public hearings are conducted at locations throughout the Town to obtain taxpayer comments.
- The budget is legally enacted at the annual Town budget meeting by vote of the general public.
- Upon request of the Town Manager, but only within the last three months of the fiscal year, only the Board of Selectmen may, by resolution, transfer any unencumbered appropriation, balance or portion thereof from one department, commission, board or office to another. Management cannot amend the budget.
- The 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.

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.

Budgeted amounts are as originally adopted, or as amended by the Board of Selectmen. There were no additional appropriations for the year ended June 30, 2013.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Excess of Expenditures over Appropriations

For the year ended June 30, 2013 expenditures exceeded appropriations in the General Fund at the following department levels:

Assessor	Loss on Assets
Waste Disposal and Recycling	

These over-expenditures were funded by greater than anticipated revenues and available fund balance.

The Loss on Assets is solely attributable to criminal activities (theft) by the previous Finance Director.

The excess in Waste Disposal and Recycling is primarily due to a \$193,039 credit issued to the Town by the Regional Refuse District No. 1 that was not accounted for during the line item transfers.

Deficit Fund Equity

The following nonmajor funds had deficit fund balances as of June 30, 2013:

Brownfields Pilot Program	\$	3,048
Redevelopment Fund		179

NOTE 3 – DETAILED NOTES ON ALL FUNDS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.” The following is a summary of cash and cash equivalents at June 30, 2013.

Detailed Cash Notes on all Funds

	Governmental <u>Funds</u>	Fiduciary <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Demand Accounts	\$ 659,526	\$ 60,461	\$ 64,952	\$ 784,939
Total	659,526	60,461	64,952	\$ 784,939

Deposits

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. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

At year-end, the Town's carrying amount of deposits was \$784,939 and the bank balance was \$1,238,314. Of the bank balance, the Federal Depository Insurance Corporation insured \$385,766.

As of June 30, 2013, \$852,548 of the Town's bank balance of \$1,238,314 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	742,293
Uninsured and collateral held by pledging bank's Trust department not in the Town's name		110,255
Total	\$	852,548

Investments

As of June 30, 2013 the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Not Applicable	Investment Maturities		
				Less Than 1	1-10	More Than 10
Short-term Investments	N/A	\$ 327,460	\$ -	\$ 327,460	\$ -	\$ -
Mutual Funds	N/A	6,395,163	6,395,163	-	-	-
Total Investments		\$ 6,722,623	\$ 6,395,163	\$ 327,460	\$ -	\$ -

N/A - Not Applicable

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.

Credit Risk-Investments- 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 has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk- Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Receivables

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Small Cities</u>	<u>Sewer Assessment</u>	<u>Waterworks</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Property taxes	\$ 703,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 703,815
Sewer assessment	-	-	742,340	-	-	-	742,340
Intergovernmental	230,352	-	-	-	-	628,125	858,477
Loans *	-	2,136,969	-	-	-	115,259	2,252,228
Interest, Liens, and Fees	-	-	-	49,656	35,576	-	85,232
Rents and assessments	-	-	-	116,643	108,446	-	225,089
Accounts	23,280	-	-	-	-	-	23,280
Gross receivables	<u>957,447</u>	<u>2,136,969</u>	<u>742,340</u>	<u>166,299</u>	<u>144,022</u>	<u>743,384</u>	<u>4,890,461</u>
Less allowance for uncollectibles:							
Property taxes	(45,415)	-	-	-	-	-	(45,415)
Rents and assessments	-	-	-	(15,906)	(8,205)	-	(24,111)
Total allowance	<u>(45,415)</u>	<u>-</u>	<u>-</u>	<u>(15,906)</u>	<u>(8,205)</u>	<u>-</u>	<u>(69,526)</u>
Net Total Receivables	<u>\$ 912,032</u>	<u>\$ 2,136,969</u>	<u>\$ 742,340</u>	<u>\$ 150,393</u>	<u>\$ 135,817</u>	<u>\$ 743,384</u>	<u>\$ 4,820,935</u>

* Not expected to be collected within one year.

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:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 586,877	\$ -
Prepaid taxes	-	58,359
Sewer Assessment:		
Assessments receivable not yet due	737,494	-
Nonmajor Governmental Funds:		
Education grants	-	80,100
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 1,324,371</u>	<u>\$ 138,459</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 25,700,445	\$ -	\$ -	\$ 25,700,445
Construction in Progress	-	530,154	-	530,154
Total capital assets, not being depreciated	<u>25,700,445</u>	<u>530,154</u>	<u>-</u>	<u>26,230,599</u>
Capital assets, being depreciated				
Buildings	3,785,906	-	-	3,785,906
Improvements	3,241,802	47,563	-	3,289,365
Machinery & Equipment	9,043,190	131,043	(820,267)	8,353,966
Infrastructure	26,845,383	-	-	26,845,383
Total capital assets, being depreciated	<u>42,916,281</u>	<u>178,606</u>	<u>(820,267)</u>	<u>42,274,620</u>
Less accumulated depreciation for:				
Buildings	3,058,557	19,496	-	3,078,053
Improvements	1,226,569	56,552	-	1,283,121
Machinery & Equipment	5,175,101	305,336	(820,267)	4,660,170
Infrastructure	15,742,897	575,438	-	16,318,335
Total accumulated depreciation	<u>25,203,124</u>	<u>956,822</u>	<u>(820,267)</u>	<u>25,339,679</u>
Total capital assets, being depreciated	<u>17,713,157</u>	<u>(778,216)</u>	<u>-</u>	<u>16,934,941</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 43,413,602</u>	<u>\$ (248,062)</u>	<u>\$ -</u>	<u>\$ 43,165,540</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 92,847	\$ -	\$ -	\$ 92,847
Total capital assets, not being depreciated	<u>92,847</u>	<u>-</u>	<u>-</u>	<u>92,847</u>
Capital assets, being depreciated				
Buildings	35,540,811	-	-	35,540,811
Improvements	3,031,252	-	-	3,031,252
Machinery & Equipment	5,320,521	61,983	-	5,382,504
Infrastructure	15,646,258	-	-	15,646,258
Total capital assets, being depreciated	<u>59,538,842</u>	<u>61,983</u>	<u>-</u>	<u>59,600,825</u>
Less accumulated depreciation for:				
Buildings	14,084,272	710,816	-	14,795,088
Improvements	1,274,703	65,987	-	1,340,690
Machinery & Equipment	5,073,588	86,617	-	5,160,205
Infrastructure	2,257,605	323,452	-	2,581,057
Total accumulated depreciation	<u>22,690,168</u>	<u>1,186,872</u>	<u>-</u>	<u>23,877,040</u>
Total capital assets, being depreciated, net	<u>36,848,674</u>	<u>(1,124,889)</u>	<u>-</u>	<u>35,723,785</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 36,941,521</u>	<u>\$ (1,124,889)</u>	<u>\$ -</u>	<u>\$ 35,816,632</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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

Governmental activities:	
General Government	\$ 85,544
Public Safety	122,757
Public Works	663,812
Education	61,791
Parks and Recreation	<u>22,918</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 956,822</u>
Business-type activities	
Waterworks	\$ 544,439
Sewer	<u>642,433</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 1,186,872</u>

Construction Commitments

The Town has active construction projects as of June 30, 2013. The projects include bridge repairs and the beautification of Main Street. At year-end, the Town's commitments are as follows:

	Spent to Date	Remaining Commitment
Holabird Avenue Bridge	\$ 13,640	\$ 3,691,240
Main Street Phase II	<u>516,514</u>	<u>940,986</u>
	<u>\$ 530,154</u>	<u>\$ 4,632,226</u>

Interfund Transfers, Receivables, and Payables

Transfer to:	Transfer from:			Total
	General Fund	Sewer Assessments	PEEP Grant Fund	
General Fund	\$ -	\$ -	\$ 3	\$ 3
Dog Fund	39,362	-	-	39,362
Police Retirees Benefit Fund	131,237	-	-	131,237
Capital Improvements Fund	140,000	-	-	140,000
Sewer Fund	-	251,923	-	251,923
	<u>\$ 310,599</u>	<u>\$ 251,923</u>	<u>\$ 3</u>	<u>\$ 562,525</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. The PEEP Grant Fund was closed to the General Fund in the current year.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. The amounts due to the General Fund from the Waterworks and Sewer Funds, the amount due from Sewer Assessments to the Sewer Fund, and the amounts due from the General Fund to Nonmajor Funds are not expected to be repaid within one year. The composition of interfund balances as of June 30, 2013 is as follows:

Due From:	Due To:			Total
	General Fund	Nonmajor Funds	Sewer Fund	
General Fund	\$ -	\$ 1,313,158	\$ -	\$ 1,313,158
Nonmajor Funds	715,946	-	-	715,946
Sewer Assessments	-	-	713,328	713,328
Sewer Fund	1,647,217	-	-	1,647,217
Waterworks Fund	709,261	-	241,423	950,684
	<u>\$ 3,072,424</u>	<u>\$ 1,313,158</u>	<u>\$ 954,751</u>	<u>\$ 5,340,333</u>

Long-Term Debt

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds and notes	\$ 5,373,000	\$ -	\$ 508,000	\$ 4,865,000	\$ 503,000
Capital leases	85,092	-	84,236	856	856
Compensated absences	767,665	170,481	-	938,146	201,066
Heart and hypertension	1,643,542	42,084	196,925	1,488,701	181,672
Pollution remediation	318,971	-	-	318,971	-
Early retirement incentives	70,000	337,500	105,000	302,500	138,500
Pension obligation	1,847,549	250,281	-	2,097,830	-
OPEB obligation	1,220,409	221,056	-	1,441,465	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 11,326,228</u>	<u>\$ 1,021,402</u>	<u>\$ 894,161</u>	<u>\$ 11,453,469</u>	<u>\$ 1,025,094</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 3,860,000	\$ -	\$ 760,000	\$ 3,100,000	\$ 580,000
Plus deferred amounts:					
Issuance premiums on refunding	84,862	-	10,104	74,758	10,104
Total bonds payable	3,944,862	-	770,104	3,174,758	590,104
Clean water fund loans	488,057	-	29,117	458,940	29,704
Compensated absences	158,938	-	25,382	133,556	54,536
Total Business-Type Activities Long-Term Liabilities	<u>\$ 4,591,857</u>	<u>\$ -</u>	<u>\$ 824,603</u>	<u>\$ 3,767,254</u>	<u>\$ 674,344</u>

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

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

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.

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. General obligation bonds currently outstanding are as follows:

Description	Date of Issue	Original Issue	Interest Rate	Date of Maturity	Annual Principal	Principal Outstanding June 30, 2013
General Purposes:						
Public Improvements	8/14/2008	6,316,000	4.02%	8/15/2023	\$ 416,000 - 425,000	\$ 4,616,000
Fire Truck	11/1/2010	415,000	3%	11/1/2015	83,000	249,000
Water and Sewer:						
General refunding	8/15/2002	6,290,000	2-5%	6/1/2022	150,000 - 490,000	1,500,000
General refunding	1/15/2004	3,900,000	2-4%	8/1/2018	250,000	1,500,000
Water mains	11/1/1998	1,500,000	3.5-5.5%	11/1/2013	100,000	100,000
						\$ 7,965,000

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

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

Year Ending	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 503,000	\$ 183,346	\$ 580,000	\$ 121,925
2015	503,000	163,972	425,000	102,381
2016	503,000	144,598	410,000	86,163
2017	420,000	126,469	410,000	69,563
2018	420,000	109,585	410,000	52,763
2019-2023	2,100,000	294,665	865,000	83,488
2024	416,000	8,362	-	-
Total	\$ 4,865,000	\$1,030,997	\$ 3,100,000	\$ 516,283

Clean Water Fund Notes

The Town is currently participating in a capital project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for "eligible water quality project costs." The notes were converted to permanent financing on January 31, 2008, and the balance as of June 30, 2013 was \$458,940. The notes carry an interest rate of 2%.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Project loan obligations payable to the State of Connecticut mature as follows:

Year <u>Ending</u>	Business-Type Activities	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 29,704	\$ 8,907
2015	30,304	8,308
2016	30,916	7,696
2017	31,540	7,072
2018	32,176	6,436
2019-2023	170,889	22,170
2024-2027	133,411	4,949
Total	<u>\$ 458,940</u>	<u>\$ 65,538</u>

Clean Water Fund notes will be repaid by sewer user fees.

Pollution Remediation

Pursuant to local laws, the Town has recorded a liability of \$318,971 for remediation of 32 Lake Street. Management has estimated this liability taking into account data based on estimates from their consulting firm. The estimated liability has the potential to change due to factors such as price increases or decreases, changes in technology, or changes in applicable laws or regulations. The Town has received a \$100,000 grant for brownfield assessments at two sites and a \$500,000 grant to remediate Lake Street. The smaller grant was awarded around April, 2014; the larger; July 2014.

Early Retirement Incentives

During 2011, 2012 and 2013, the Board of Education offered the following options for each employee who was eligible and who opted to participate: 1) cash payment (less state and federal taxes and FICA contribution), payable in three equal installments, with the first payment paid to the employee on September 30th of the following fiscal year, with annual payments in each ensuing year being due on September 30th ; 2) cash payment and a contribution to each employee for three years as a subsidy towards that employee's health insurance costs, payable in three equal installments, with the first payment paid to the employee on September 30th of the following fiscal year, with annual payments in each ensuing year being due on September 30th. In 2011, three teachers chose early retirement, in 2012, eight teachers chose early retirement and in 2013, nine teachers chose early retirement; therefore, a liability of \$332,500 has been recorded in the government-wide financial statements.

Leases

Capital Leases

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

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 284,330
Less accumulated depreciation	<u>(155,935)</u>
Total	<u>\$ 128,395</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

	Governmental Activities
Year ending June 30:	
2014	\$ 897

Operating Leases

During the fiscal year 2011, the Board of Education signed a copier lease agreement for six copiers. The lease requires 60 monthly payments of \$4,791. Total lease payments in the current fiscal year were \$60,897.

The Town has entered into several lease agreements for equipment. These leases require monthly or quarterly payments from \$84 to \$1,851. These leases expire ranging from July 2013 to June 2018. Total lease expense for 2013 was \$33,674.

Future minimum lease payments under current agreements are as follows:

	Governmental Activities
Year ending June 30:	
2014	\$ 87,377
2015	88,038
2016	85,719
2017	64,277
2018	10,724

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 4 - FUND BALANCE ASSIGNMENTS

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	General Fund	Major Special Revenue Funds	Non-Major Governmental Funds	Total
Fund balances:				
Nonspendable:				
Small Cities	\$ -	\$ 2,136,969	\$ -	\$ 2,136,969
Cafeteria Fund	-	-	1,688	1,688
Brownfields Pilot Program	-	-	115,259	115,259
Winchester School Trust Fund	-	-	78,378	78,378
Winchester Sinking Fund	-	-	18	18
Forest View Cemetery Fund	-	-	138,292	138,292
Winchester Center Cemetery Fund	-	-	38,419	38,419
Winchester Memorial Park Fund	-	-	14,061	14,061
Local Town Improvements	-	-	156,014	156,014
Total Nonspendable	<u>\$ -</u>	<u>\$ 2,136,969</u>	<u>\$ 542,129</u>	<u>\$ 2,679,098</u>
Restricted for:				
Small Cities	\$ -	\$ 13,531	\$ -	\$ 13,531
Homeless Shelter Fund	-	-	188	188
Dog Fund	-	-	1,954	1,954
Elderly Enrichment Part I Fund	-	-	31,085	31,085
Soldiers Monument Fund	-	-	1,483	1,483
Cemetery Association Trust Fund	-	-	672	672
Soldiers Monument Restoration Fund	-	-	106,001	106,001
Bullet Proof Vests Fund	-	-	1,923	1,923
JAG Grant Fund	-	-	6,307	6,307
EDC Donation Fund	-	-	249	249
Forest View Cemetery Chapel Trust	-	-	629	629
Crippled Children Trust Fund	-	-	445	445
Jane A Nisbet Fund	-	-	7,784	7,784
Beverly Passbook Fund	-	-	7,851	7,851
Total Restricted	<u>\$ -</u>	<u>\$ 13,531</u>	<u>\$ 166,571</u>	<u>\$ 180,102</u>
Committed to:				
Industrial Park #2 Fund	\$ -	\$ -	\$ 186,984	\$ 186,984
Cafeteria Fund	-	-	118,363	118,363
City Sidewalks Fund	-	-	862	862
Highland Lake Catch Basin Fund	-	-	870	870
Capital Improvements Fund	-	-	84,414	84,414
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,493</u>	<u>\$ 391,493</u>
Unassigned:				
General Fund	\$ (1,205,348)	\$ -	\$ -	\$ (1,205,348)
Sewer Assessment Fund	-	(708,482)	-	(708,482)
Brownfield Pilot Fund	-	-	(3,048)	(3,048)
Redevelopment Fund	-	-	(179)	(179)
Total Unassigned	<u>\$ (1,205,348)</u>	<u>\$ (708,482)</u>	<u>\$ (3,227)</u>	<u>\$ (1,917,057)</u>

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

NOTE 5 - EMPLOYEE RETIREMENT PLAN

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 paid employees of the Town are eligible to join and contribute to the plan after six months of employment. Police officers are covered by CMERS; 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 as long as their contributions remain in the fund upon termination. Employees who retire at normal retirement (age 65; 5 years of service; or upon meeting the rule of 75 (age plus years of service = 75) receive a retirement benefit for life of 2% times years of credited service (maximum of 25 years for BOE; 35 years for all other employees) of the average of the three highest consecutive years of compensation out of the last 10 years prior to retirement. No cost of living adjustments are included. Members can withdraw or discontinue their contributions at any time during their service with the Town. They can re-join the plan after one year from the date the participant elected to withdraw or discontinue their contributions. Members' contributions are also returnable on termination or upon death while active. The balance of contributions are returnable after retirement (less any benefits paid) provided in each case that no death benefits are otherwise paid.

Plan membership consisted of the following at January 1, 2012, the date of the latest actuarial valuation:

Retirees, disabled and beneficiaries	
currently receiving benefits	44
Terminated employees entitled to benefits	
but not yet receiving them	2
Current Plan Members	<u>58</u>
Total plan participants	<u>104</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 Bank of America Merrill Lynch, sole Trustee, and are reported at fair value. Investment income is recognized as earned.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Contributions

Plan participants from the Board of Education are required to contribute 2.5% of their earnings up to the Social Security base and 5% of earnings over the Social Security base. All others must contribute 5% of earnings. The Town is required by its Charter to contribute the remaining amounts necessary to fund the Plan. For the year ended June 30, 2013, the Town's required contribution was \$421,725, which represents 15.1% of covered payroll.

Administrative costs of the plan are financed through investment earnings.

Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Town of Winchester Employee's Retirement Fund for the year ended June, 30 2013, were as follows:

	<u>6/30/2013</u>
Annual Required Contribution (ARC)	\$ 421,725
Interest on Net Pension Obligation	147,804
Adjustment to Annual Required Contributions	<u>(151,937)</u>
Annual Pension Cost	417,592
Contributions Made**	<u>167,311</u>
Increase in Net Pension Obligation	250,281
Net Pension Obligation, Beginning	<u>1,847,549</u>
Net Pension Obligation, Ending	<u>\$ 2,097,830</u>

** Contribution not made as of June 30, 2013.

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) an 8% investment rate of return and (b) 3% 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 remaining amortized period for benefit improvements as of January 1, 2012 is 30 years, open method, on a level-dollar basis.

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 462,902	\$ 197,367	42.6%	\$ 1,475,275
June 30, 2012	514,490	142,216 *	27.6%	1,847,549
June 30, 2013	417,592	167,311 *	40.1%	2,097,830

* Contributions not made as of June 30, 2013.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Funded Status and Funding Progress

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, is as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
1/1/2007	7,049,614	8,362,280	1,312,666	84.3%	2,554,129	51.4%
1/1/2008	7,564,943	8,931,372	1,366,429	84.7%	2,623,653	52.1%
1/1/2009	7,013,154	9,077,763	2,064,609	77.3%	2,650,649	77.9%
1/1/2010	7,145,859	9,582,672	2,436,813	74.6%	2,599,696	93.7%
1/1/2011	7,126,464	9,927,463	2,800,999	71.8%	2,639,621	106.1%
1/1/2012	6,956,843	9,524,425	2,567,582	73.0%	2,793,584	91.9%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage of APC Contributed
2008	332,328	76%
2009	330,629	0%
2010	460,970	0%
2011	465,608	43%
2012	517,790	28%
2013	421,725	40%

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 7.25% 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 10 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 10-183b (7).

The State's aggregate contribution to the plan for the fiscal year ended June 30, 2013 for all participating local governments was \$787,536,000. The State's contribution to the plan on behalf of the Town for the fiscal year ended June 30, 2013 was \$1,055,230 and is recognized in the governmental funds GAAP-basis statement of revenues, expenditures and changes in fund balances. For the year ended June 30, 2013, teachers of the Town contributed \$364,778 to the plan, and covered payroll for the year was \$5,031,421.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

Effective July 1, 1989, 1% of the mandatory 7.25% 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.

Municipal Employees' Retirement System

Plan Description

All Town employees not covered by the Town pension plan or the teacher retirement system participate in the Connecticut Municipal Employees' Retirement System (CMERS). CMERS is a cost-sharing, multiple employer public employee retirement system (PERS) defined-benefit plan established by the State of Connecticut 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. All benefits vest after 5 years of continuous service. Members who retire after age 55 or after 25 years of service are entitled to an annual retirement benefit, payable monthly for life. CMERS 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. CMERS 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.

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. Covered employees are required to contribute 2.5% of earnings upon which Social Security is paid, plus 5% of earnings on which no Social Security tax is paid. 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.

The Town of Winchester's contributions were as follows:

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2011	80,678	100%
6/30/2012	80,478	100%
6/30/2013	80,948	100%

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS

Annual OPEB Cost and Net OPEB Obligations

The Town's cost is calculated based on the annual required contributions (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Town allows certain retirees and their spouses to remain on the Town's health insurance plan. Premiums for police retirees are paid from the Retiree Insurance Fund. When no funds are left it is assumed that the retiree will pay 100% of the premiums. All other eligible employees pay 100% of the premiums. Non-certified BOE employees are not eligible to participate.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$ 623,424
Interest on net OPEB obligation	54,918
Adjustment to annual required contribution	<u>(71,704)</u>
Annual OPEB cost	606,638
Contributions made	<u>385,582</u>
Increase in net OPEB obligation	221,056
Net OPEB obligation, beginning of year	<u>1,220,409</u>
Net OPEB Obligation, End of Year	<u><u>\$ 1,441,465</u></u>

OPEB obligations are liquidated by monies from the General Fund.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below.

Fiscal Year Ended	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
June 30, 2011	711,533	459,000	64.5%	970,291
June 30, 2012	605,983	355,865	58.7%	1,220,409
June 30, 2013	606,638	385,582	63.6%	1,441,465

As of July 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$9.7 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$9.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9 million. For 2013, the UAAL was 107 % of the covered payroll.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements of 1% per year to an ultimate rate of 5% for 2016 and later. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll over a constant 30 year period.

NOTE 7 - OTHER INFORMATION

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, 2012 and 2013.

A schedule of changes in the claims liability for heart and hypertension judgments for the years ended June 30, 2013 and 2012, is presented below:

	Accrued Liability Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Accrued Liability Claim Payments	Accrued Liability End of Fiscal Year
2011-12	\$ 1,825,802	\$ -	\$ 182,260	\$ 1,643,542
2012-13	1,643,542	42,084	196,925	1,488,701

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 212 members in the Workers' Compensation Pool. CIRMA's Workers' Compensation Pool retains up to \$1,000,000 per occurrence. Claims over \$1,000,000 are reinsured. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, New Haven, CT.

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

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.

TOWN OF WINCHESTER, CONNECTICUT

Notes to the Financial Statements

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 the 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 note issues. The Town expects such amounts, if any, to be immaterial.

The Town participates in Regional Refuse District No. 1, a transfer station that was formally a landfill. The District has been informed that its landfill is on the Superfund list and has been named a potentially responsible party by the Environmental Protection Agency. The District has settled its liability for the Remedial Investigation/Feasibility Study, and the EPA has approved a long-term natural attenuation and monitoring program as the final remedy for the site. The annual financial obligation for this long-term work was funded by amounts obtained in grant funds and assessed to all PRP's and set aside in a trust fund for these activities. At this point, it is premature to estimate the final cost of the program, as the total cost of post closure care is an estimate and subject to changes resulting from inflation, deflation, technology, or changes in applicable laws and regulations. The towns served by the District are required to pay any shortfall in the District's budget. The Town of Winchester, CT is responsible for approximately 51% of any such shortfall.

NOTE 8 – ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

The Town adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, during the current fiscal year. The GASB considers deferred outflows of resources and deferred inflows of resources to be distinct from assets and liabilities, and as a result of this statement now requires distinct reporting of these elements in a Statement of Net Position. Prior to the implementation of GASB Statement No. 63, reporting standards required the Town to present a government-wide Statement of Net Assets that did not provide for those financial statement elements. Currently, the Town has no financial statement elements meeting the criteria to be reported as either deferred inflows of resources or deferred outflows of resources.

NOTE 9 – SUBSEQUENT EVENTS

The following events have been identified:

The Town's bond rating has been assigned a negative outlook, and subsequently withdrawn. The rationale stated for the downgrade was the loss of assets due to the embezzlement committed by a prior Finance Director and inadequate current financial information.

The Town has been unable to obtain renewals for bonding insurance covering several employees. Several insurance carriers have declined to offer coverage to the Town, citing result financial difficulties, past embezzlement, and the complaint against the Town regarding the Board of Education. The bonds are currently in place; however, the Town has received pre-notification of cancellation of the bonds in March 2015.

The prior Finance Director was convicted of misappropriation of funds. The loss reported in the current year is \$70,707 in the General Fund and \$13,615 in the Sewer Fund.

TOWN OF WINCHESTER, CONNECTICUT
Notes to the Financial Statements

The Town received ownership of the prior Finance Director's residence. The property is going to be held for sale with the proceeds going to the Town.

The Town received \$600,000 and \$500,000 in insurance proceeds in connection with the criminal charges that were filed against the prior Finance Director. The Town also received the prior Finance Directors pension totaling \$60,330.10, and was released from paying his compensated absences totaling \$126,475.

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**Required
Supplementary
Information**

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
REVENUES				
Taxes				
Property Taxes	\$ 20,511,734	\$ 20,511,734	\$ 20,366,546	\$ (145,188)
Property Taxes - Prior Years	425,000	425,000	348,003	(76,997)
Interest and Lien Fees	225,000	225,000	186,120	(38,880)
Total Taxes	<u>21,161,734</u>	<u>21,161,734</u>	<u>20,900,669</u>	<u>(261,065)</u>
Intergovernmental Revenue				
State of Connecticut - General Government	1,089,661	1,089,661	928,062	(161,599)
State of Connecticut - Board of Education	7,912,050	7,912,050	7,874,095	(37,955)
Total Fees, Fines, and Permits	<u>9,001,711</u>	<u>9,001,711</u>	<u>8,802,157</u>	<u>(199,554)</u>
Other local revenues				
Licenses, fees and permits				
Cemeteries	11,000	11,000	40,160	29,160
Town Clerk	150,000	150,000	122,163	(27,837)
Charges for services				
In lieu of taxes - Housing Authority	30,000	30,000	33,042	3,042
Building Department	138,500	138,500	90,624	(47,876)
Planning and Zoning	6,000	6,000	4,358	(1,642)
Inland Wetlands Commission	7,000	7,000	2,835	(4,165)
Zoning Board of Appeals	4,500	4,500	3,271	(1,229)
Police Department	28,000	28,000	25,958	(2,042)
Fire and ambulance	30,550	30,550	27,239	(3,311)
Sale of land and equipment	50,450	50,450	65,000	14,550
Park and Recreation Department	10,500	10,500	10,500	-
Rental Income	12,000	12,000	12,000	-
CIRMA Distribution	30,494	30,494	30,494	-
Interest and dividends	50,000	50,000	-	(50,000)
Landfill Recreation Fields Fund	190,000	190,000	193,039	3,039
Other	15,802	15,802	9,796	(6,006)
Total other local revenues	<u>764,796</u>	<u>764,796</u>	<u>670,479</u>	<u>(94,317)</u>
Other Financing Sources				
Transfers in	4,000	4,000	-	(4,000)
Total Revenues	<u>\$ 30,932,241</u>	<u>\$ 30,932,241</u>	<u>\$ 30,373,305</u>	<u>\$ (558,936)</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
EXPENDITURES				
General Government				
Board of Selectmen	\$ 34,970	\$ 34,970	\$ 31,338	\$ 3,632
Town Clerk	185,504	188,710	180,935	7,775
Treasurer	5,716	13,677	13,538	139
Accounting Department	165,051	333,542	332,973	569
Election Expenditures	54,838	57,567	56,741	826
Insurance	465,000	505,984	441,565	64,419
Town Counsel	77,000	72,710	71,242	1,468
Town Manager	188,712	175,361	170,579	4,782
Building Department	203,146	207,464	185,279	22,185
Assessor	220,244	228,376	260,316	(31,940)
Board of Tax Review	3,708	3,708	2,350	1,358
Tax Collector	90,365	114,223	106,823	7,400
Planning and Zoning	43,050	21,346	21,246	100
Building	182,239	162,347	150,826	11,521
Inland Wetland Commission	2,050	2,139	1,889	250
Zoning Board of Appeals	1,400	1,568	1,428	140
Laurel City Commission	2,700	3,750	3,750	-
Advisory Comm for the Disabled	1,000	1,000	-	1,000
Northwest Conservation District	1,656	1,656	1,656	-
Purchasing/Data Processing	180,941	186,643	179,827	6,816
Probate Court	7,035	7,035	5,984	1,051
Senior Citizens	169,937	171,107	159,503	11,604
Rural Transit District	2,094	2,094	2,094	-
Vacation and Sick Pay Accrual	20,000	41,088	41,087	1
Highland Lake	16,500	16,500	10,200	6,300
Economic Development Commission	700	1,008	377	631
School Crossing Guards	47,905	47,905	41,533	6,372
Judgements and Losses	1	1	-	1
Conservation Commission	300	300	-	300
Unemployment Compensation	5,000	47,931	27,859	20,072
Cemeteries	42,611	42,611	28,239	14,372
Soldiers Monument Commission	4,755	4,755	4,162	593
Planning and Community Development	62,309	73,922	70,144	3,778
Civil Service Commission	6,574	4,624	4,167	457
Housing Inspection	-	930	930	-
Friends of Main Street	11,250	11,250	11,250	-
Total General Government	2,506,261	2,789,802	2,621,830	167,972
Library	\$ 176,474	\$ 176,474	\$ 176,474	\$ -

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Miscellaneous	\$ 488,943	\$ 708,714	\$ 645,662	\$ 63,052
Waste Disposal and Recycling	<u>408,320</u>	<u>204,965</u>	<u>398,004</u>	<u>(193,039)</u>
Public Safety				
Police Department	2,679,857	2,462,922	2,432,912	30,010
Fire Department	386,503	376,574	305,497	71,077
Civil Preparedness	10,000	9,732	8,930	802
Winchester Fire Department	42,806	42,806	42,111	695
Ambulance	76,475	-	-	-
Dispatch	<u>303,944</u>	<u>279,113</u>	<u>266,374</u>	<u>12,739</u>
Total Public Safety	3,499,585	3,171,147	3,055,824	115,323
Public Works				
Public Works Department	1,598,661	1,529,384	1,414,029	115,355
Streetlighting	<u>132,000</u>	<u>134,566</u>	<u>134,565</u>	<u>1</u>
Total Public Works	1,730,661	1,663,950	1,548,594	115,356
Health				
Department of Health	116,278	116,279	116,279	-
Youth and Family Services	28,498	28,498	28,498	-
Paramedic	<u>150,500</u>	<u>150,500</u>	<u>150,426</u>	<u>74</u>
Total Health	295,276	295,277	295,203	74
Parks and Recreation				
Park and Recreation Department	<u>207,782</u>	<u>209,180</u>	<u>176,353</u>	<u>32,827</u>
Education				
Board of Education	<u>19,958,149</u>	<u>19,958,149</u>	<u>19,941,948</u>	<u>16,201</u>
Program and Project Expenses	<u>150,716</u>	<u>153,018</u>	<u>152,401</u>	<u>617</u>
Debt Service				
Principal Retirement	508,000	508,000	508,000	-
Interest	<u>202,821</u>	<u>202,821</u>	<u>202,821</u>	<u>-</u>
Total Debt Service	710,821	710,821	710,821	-
Capital Outlay	<u>759,891</u>	<u>820,784</u>	<u>320,450</u>	<u>500,334</u>
Total Expenditures	<u>\$ 30,892,879</u>	<u>\$ 30,862,281</u>	<u>\$ 30,043,564</u>	<u>\$ 818,717</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Revenues and Expenditures - Budget and Actual
 For the Year Ended June 30, 2013

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	<u>(Over)/Under</u>
Other Financing Uses				
Transfers out	\$ 39,362	\$ 39,362	\$ 39,362	\$ -
Loss on Assets	-	30,598	70,707	(40,109)
 Total	 <u>30,932,241</u>	 <u>30,932,241</u>	 <u>30,153,633</u>	 <u>778,608</u>
 Excess of Revenues over Expenditures	 \$ -	 \$ -	 \$ 219,672	 \$ 219,672

See accountant's report.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Budgetary Information and Accounting

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.

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.

Budgetary/GAAP Reconciliation

The Town of Winchester, CT prepares its annual budget on a basis (budget basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are presented in accordance with the District's method (budget basis) in the *Budgetary Comparison Schedule* to provide a meaningful comparison of actual results with the budget. The major differences between budget and GAAP basis are that certain interfund transfers are recorded as expenditures (budget) rather than operating transfers (GAAP). The budget as presented has been amended by the Board of Selectmen throughout the year.

Adjustments necessary to reconcile the budget basis to GAAP basis are presented below:

<i>General Fund</i>	<u>GAAP Basis</u>	<u>Perspective Differences</u>	<u>Basis Differences</u>	<u>Budgetary Basis</u>
Revenues	\$ 31,235,493	\$ 3	\$ (862,191)	\$ 30,373,305
Expenditures	<u>30,635,606</u>	<u>270,149</u>	<u>(862,191)</u>	<u>30,043,564</u>
Excess of Revenues Over / (Under) Expenditures	599,887	(270,146)	-	329,741
Other Financing Sources / (Uses)	<u>(310,596)</u>	<u>271,234</u>	-	<u>(39,362)</u>
Loss on Assets	<u>(70,707)</u>	<u>-</u>	<u>-</u>	<u>(70,707)</u>
Excess of Revenues and Other Sources Over Expenditures, Loss on Assets, and Other Uses	<u>\$ 218,584</u>	<u>\$ 1,088</u>	<u>\$ -</u>	<u>\$ 219,672</u>

Perspective Differences: Expenses for the Police Retiree Fund and Capital Improvements Fund are shown as a transfer for the GAAP statements and as an expense for budgetary purposes.

Basis Differences: The on-behalf payments made to the Connecticut Teachers Retirement Board are recognized as a GAAP adjustment to arrive at the Fund Financial Statements. Revenues and expenses relating to a credit issued by the Regional Refuse District No. 1 are shown as a budgetary adjustment to arrive at the Budgetary Statements.

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**Supplemental, Combining
Individual Nonmajor Fund
Statements, and Schedules**

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

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.

Homeless Shelter Fund - To account for the activities of the Town's homeless shelter.

Dog Fund – To account for 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.

City Sidewalks Fund - To account for revenues and expenditures relating to the maintenance of sidewalks.

Elderly Enrichment Part I Fund - To account for the revenues and expenditures relating to day services for developmentally disabled individuals.

Soldiers Monument Fund - To account for the revenues and expenditures relating to general maintenance of the soldiers monument park.

Police Retirees Benefit Fund - To account for the revenues and expenditures relating to the police officers contributions to a retirement fund to pay for medical benefits.

Cemetery Association Trust Fund - To account for the revenues and expenditures relating to the maintenance of the Forest View Cemetery.

Soldiers Monument Restoration Fund - To account for the revenues and expenditures relating to the renovation of the monument structure at the soldiers monument park.

Bullet Proof Vests Fund - To account for the revenue and expenditures for the purchase of bullet proof vests for the police department.

Highland Lake Catch Basin Fund - To account for the revenue and expenditures for the repairs to catch basins at the Highland Lake area.

PEEP Grant Fund - To account for the revenue and expenditures for a grant to assist families with medical care for children.

JAG Grant Fund - To account for revenues and expenditures of the Federal Justice Assistance grant.

EDC Donation Fund - To account for economic development commission donations and related expenditures.

Redevelopment Fund – Created by Ordinance Sec. 171 to exercise all powers set forth in CGS Chapter 130.

Capital Projects Fund

Capital Improvements Fund - To account for various long-term capital projects.

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.

Forest View Cemetery Chapel Trust Fund - This fund is used to account for the revenues and expenditures for the repairs and maintenance of the chapel located on the grounds of the Forest View Cemetery.

Crippled Children Trust Fund - This fund was established to provide funds for disabled children.

Winchester Memorial Park Fund - This fund was established to provide funds to make repairs and improvements to the Town of Winchester parks.

Jane A Nisbet Fund - This fund was established to accumulate interest with the income used for the operation and maintenance of the Forest View Cemetery.

Beverly Passbook Fund - This fund was established as a scholarship fund.

Local Town Improvements Fund - 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, 2013

	SPECIAL REVENUE FUNDS									
	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Homeless Shelter Fund	Dog Fund	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Police Retirees Benefit Fund
Assets										
Cash and cash equivalents	\$ -	\$ 62,392	\$ -	\$ 188	\$ 2,590	\$ 800	\$ 862	\$ 65,896	\$ 1,483	\$ 17,737
Receivables, net	-	55,971	172,548	-	50	115,259	-	-	-	-
Inventory	-	1,688	-	-	-	-	-	-	-	-
Due from other funds	340,114	-	-	-	8,109	1,500	-	-	-	-
Total Assets	\$ 340,114	\$ 120,051	\$ 172,548	\$ 188	\$ 10,749	\$ 117,559	\$ 862	\$ 65,896	\$ 1,483	\$ 17,737
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ 224	\$ 5,348	\$ -	\$ 12,512	\$ -	\$ -
Due to other funds	-	-	92,448	-	-	-	-	22,299	-	17,737
Due to other governments	153,130	-	-	-	8,571	-	-	-	-	-
Deferred revenue	-	-	80,100	-	-	-	-	-	-	-
Total Liabilities	153,130	-	172,548	-	8,795	5,348	-	34,811	-	17,737
Fund Balances:										
Nonspendable	-	1,688	-	-	-	115,259	-	-	-	-
Restricted	-	-	-	188	1,954	-	-	31,085	1,483	-
Committed	186,984	118,363	-	-	-	-	862	-	-	-
Unassigned	-	-	-	-	-	(3,048)	-	-	-	-
Total Fund Balances	186,984	120,051	-	188	1,954	112,211	862	31,085	1,483	-
Total Liabilities and Fund Balances	\$ 340,114	\$ 120,051	\$ 172,548	\$ 188	\$ 10,749	\$ 117,559	\$ 862	\$ 65,896	\$ 1,483	\$ 17,737

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	SPECIAL REVENUE FUNDS							CAPITAL FUNDS	PERMANENT FUNDS
	Cemetery Association Trust Fund	Soldiers Monument Restoration Fund	Bullet Proof Vests Fund	Highland Lake Catch Basin Fund	JAG Grant Fund	EDC Donation Fund	Redevelopment Fund	Capital Improvements Fund	Winchester School Trust Fund
Assets									
Cash and cash equivalents	\$ 672	\$ 6,001	\$ 1,923	\$ 4,736	\$ 1,401	\$ 249	\$ 3,059	\$ -	\$ 44,561
Receivables, net	-	-	-	-	-	-	-	399,556	-
Inventory	-	-	-	-	-	-	-	-	-
Due from other funds	-	100,000	-	-	4,906	-	-	503,459	33,817
Total Assets	\$ 672	\$ 106,001	\$ 1,923	\$ 4,736	\$ 6,307	\$ 249	\$ 3,059	\$ 903,015	\$ 78,378
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,238	\$ 239,005	\$ -
Due to other funds	-	-	-	3,866	-	-	-	579,596	-
Due to other governments	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	3,866	-	-	3,238	818,601	-
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	78,336
Restricted	672	106,001	1,923	-	6,307	249	-	-	42
Committed	-	-	-	870	-	-	-	84,414	-
Unassigned	-	-	-	-	-	-	(179)	-	-
Total Fund Balances	672	106,001	1,923	870	6,307	249	(179)	84,414	78,378
Total Liabilities and Fund Balances	\$ 672	\$ 106,001	\$ 1,923	\$ 4,736	\$ 6,307	\$ 249	\$ 3,059	\$ 903,015	\$ 78,378

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	PERMANENT FUNDS									<u>Total</u>
	Winchester Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Winchester Memorial Park Fund	Jane A Nisbet Fund	Beverly Passbook Fund	Local Town Improvements Fund	
Assets										
Cash and cash equivalents	\$ -	\$ 24,780	\$ 9,612	\$ -	\$ -	\$ -	\$ -	\$ 7,851	\$ 17	\$ 256,810
Receivables, net	-	-	-	-	-	-	-	-	-	743,384
Inventory	-	-	-	-	-	-	-	-	-	1,688
Due from other funds	18	113,512	28,807	629	445	14,061	7,784	-	155,997	1,313,158
Total Assets	\$ 18	\$ 138,292	\$ 38,419	\$ 629	\$ 445	\$ 14,061	\$ 7,784	\$ 7,851	\$ 156,014	\$ 2,315,040
Liabilities and Fund Balances										
Liabilities:										
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260,327
Due to other funds	-	-	-	-	-	-	-	-	-	715,946
Due to other governments	-	-	-	-	-	-	-	-	-	161,701
Deferred revenue	-	-	-	-	-	-	-	-	-	80,100
Total Liabilities	-	-	-	-	-	-	-	-	-	1,218,074
Fund Balances:										
Nonspendable	18	138,267	38,410	-	-	14,061	-	-	156,014	542,053
Restricted	-	25	9	629	445	-	7,784	7,851	-	166,647
Committed	-	-	-	-	-	-	-	-	-	391,493
Unassigned	-	-	-	-	-	-	-	-	-	(3,227)
Total Fund Balances	18	138,292	38,419	629	445	14,061	7,784	7,851	156,014	1,096,966
Total Liabilities and Fund Balances	\$ 18	\$ 138,292	\$ 38,419	\$ 629	\$ 445	\$ 14,061	\$ 7,784	\$ 7,851	\$ 156,014	\$ 2,315,040

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2013

SPECIAL REVENUE FUNDS

	Industrial Park #2 Fund	Cafeteria Fund	Federal and State Education Grants Fund	Homeless Shelter Fund	Dog Fund	Brownfields Pilot Program	City Sidewalks Fund	Elderly Enrichment Part I Fund	Soldiers Monument Fund	Police Retirees Benefit Fund
Revenues										
Intergovernmental revenues	\$ -	\$ 341,124	\$ 1,223,833	\$ -	\$ -	\$ 311,956	\$ -	\$ 224,690	\$ -	\$ -
Interest and dividends	-	-	-	-	-	-	1	-	1	-
Charges for services	-	105,548	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	15,257	-	-	-	-	-
Other revenue	-	4,384	-	-	-	-	-	-	-	27,795
Total Revenues	-	451,056	1,223,833	-	15,257	311,956	1	224,690	1	27,795
Expenditures										
General government	-	-	-	-	-	199,745	-	235,365	-	159,032
Public safety	-	-	-	-	52,665	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-
Education	-	439,677	1,223,833	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	439,677	1,223,833	-	52,665	199,745	-	235,365	-	159,032
Excess/(Deficiency) of Revenues Over Expenditures	-	11,379	-	-	(37,408)	112,211	1	(10,675)	1	(131,237)
Other Financing Sources/(Uses)										
Transfers in	-	-	-	-	39,362	-	-	-	-	131,237
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	39,362	-	-	-	-	131,237
Net change in fund balances	-	11,379	-	-	1,954	112,211	1	(10,675)	1	-
Fund Balances at Beginning of Year	186,984	108,672	-	188	-	-	861	41,760	1,482	-
Fund Balances at End of Year	<u>\$ 186,984</u>	<u>\$ 120,051</u>	<u>\$ -</u>	<u>\$ 188</u>	<u>\$ 1,954</u>	<u>\$ 112,211</u>	<u>\$ 862</u>	<u>\$ 31,085</u>	<u>\$ 1,483</u>	<u>\$ -</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	SPECIAL REVENUE FUNDS								CAPITAL PROJECTS FUND
	Cemetery Association Trust Fund	Soldiers Monument Restoration Fund	Bullet Proof Vests Fund	Highland Lake Catch Basin Fund	PEEP Grant Fund	JAG Grant Fund	EDC Donation Fund	Redevelopment Fund	Capital Improvements Fund
Revenues									
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ 444,947
Interest and dividends	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Licenses, fees and permits	-	-	-	-	-	-	-	-	-
Other revenue	-	1,675	-	-	-	-	25	4,900	-
Total Revenues	<u>-</u>	<u>1,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>25</u>	<u>4,900</u>	<u>444,947</u>
Expenditures									
General government	-	-	-	-	-	4,261	-	5,338	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	581,218
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,261</u>	<u>-</u>	<u>5,338</u>	<u>581,218</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	1,675	-	-	-	3,239	25	(438)	(136,271)
Other Financing Sources/(Uses)									
Transfers in	-	-	-	-	-	-	-	-	140,000
Transfers out	-	-	-	-	(3)	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
Net change in fund balances	-	1,675	-	-	(3)	3,239	25	(438)	3,729
Fund Balances at Beginning of Year	672	104,326	1,923	870	3	3,068	224	259	80,685
Fund Balances at End of Year	<u>\$ 672</u>	<u>\$ 106,001</u>	<u>\$ 1,923</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 6,307</u>	<u>\$ 249</u>	<u>\$ (179)</u>	<u>\$ 84,414</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

PERMANENT FUNDS

	Winchester School Trust Fund	Winchester Sinking Fund	Forest View Cemetery Fund	Winchester Center Cemetery Fund	Forest View Cemetery Chapel Trust Fund	Crippled Children Trust Fund	Winchester Memorial Park Fund	Jane A Nisbet Fund	Beverly Passbook Fund	Local Town Improvements Fund	Total
Revenues											
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,554,050
Interest and dividends	42	-	25	9	-	-	-	-	190	-	268
Charges for services	-	-	-	-	-	-	-	-	-	-	105,548
Licenses, fees and permits	-	-	-	-	-	-	-	-	-	-	15,257
Other revenue	3,096	-	-	-	-	-	-	-	-	-	41,875
Total Revenues	3,138	-	25	9	-	-	-	-	190	-	2,716,998
Expenditures											
General government	-	-	-	-	-	-	-	-	-	-	603,741
Public safety	-	-	-	-	-	-	-	-	-	-	52,665
Public works	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	1,663,510
Capital outlay	-	-	-	-	-	-	-	-	-	-	581,218
Total Expenditures	-	-	-	-	-	-	-	-	-	-	2,901,134
Excess/(Deficiency) of Revenues Over Expenditures	3,138	-	25	9	-	-	-	-	190	-	(184,136)
Other Financing Sources/(Uses)											
Transfers in	-	-	-	-	-	-	-	-	-	-	310,599
Transfers out	-	-	-	-	-	-	-	-	-	-	(3)
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-	310,596
Net change in fund balances	3,138	-	25	9	-	-	-	-	190	-	126,460
Fund Balances at Beginning of Year	75,240	18	138,267	38,410	629	445	14,061	7,784	7,661	156,014	970,506
Fund Balances at End of Year	<u>\$ 78,378</u>	<u>\$ 18</u>	<u>\$ 138,292</u>	<u>\$ 38,419</u>	<u>\$ 629</u>	<u>\$ 445</u>	<u>\$ 14,061</u>	<u>\$ 7,784</u>	<u>\$ 7,851</u>	<u>\$ 156,014</u>	<u>\$ 1,096,966</u>

See accountant's report.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments.

Agency Funds

Student Activities - To account for the Batcheller, Hinsdale and Pearson school activity funds.

Town Hall Employees - To account for funds set aside for employee celebrations

Employee Union - Refund of union dues for Town hall employees

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

TOWN OF WINCHESTER, CONNECTICUT
 Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Student Activities</u>				
Assets:				
Cash and cash equivalents	\$ 15,668	\$ 11,650	\$ 15,515	\$ 11,803
Total Assets	<u>15,668</u>	<u>11,650</u>	<u>15,515</u>	<u>11,803</u>
Liabilities:				
Fiduciary Deposits	15,668	11,650	15,515	11,803
Total Liabilities	<u>\$ 15,668</u>	<u>\$ 11,650</u>	<u>\$ 15,515</u>	<u>\$ 11,803</u>
<u>Town Hall Employees</u>				
Assets:				
Cash and cash equivalents	\$ 289	\$ 1	\$ -	\$ 290
Total Assets	<u>289</u>	<u>1</u>	<u>-</u>	<u>290</u>
Liabilities:				
Fiduciary Deposits	289	1	-	290
Total Liabilities	<u>\$ 289</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 290</u>
<u>Employee Union</u>				
Assets:				
Cash and cash equivalents	\$ 27,653	\$ 118	\$ -	\$ 27,771
Total Assets	<u>27,653</u>	<u>118</u>	<u>-</u>	<u>27,771</u>
Liabilities:				
Fiduciary Deposits	27,653	118	-	27,771
Total Liabilities	<u>\$ 27,653</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 27,771</u>
<u>Other</u>				
Assets:				
Cash and cash equivalents	\$ 20,835	\$ 7	\$ 245	\$ 20,597
Total Assets	<u>20,835</u>	<u>7</u>	<u>245</u>	<u>20,597</u>
Liabilities:				
Fiduciary Deposits	20,590	7	-	20,597
Accounts payable	245	-	245	-
Total Liabilities	<u>\$ 20,835</u>	<u>\$ 7</u>	<u>\$ 245</u>	<u>\$ 20,597</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 64,445	\$ 11,776	\$ 15,760	\$ 60,461
Total Assets	<u>64,445</u>	<u>11,776</u>	<u>15,760</u>	<u>60,461</u>
Liabilities				
Fiduciary Deposits	64,200	11,776	15,515	60,461
Accounts payable	245	-	245	-
Total Liabilities	<u>\$ 64,445</u>	<u>\$ 11,776</u>	<u>\$ 15,760</u>	<u>\$ 60,461</u>

See accountant's report.

Supplemental Schedules

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2013

	Outstanding <u>July 1, 2012</u>	Current <u>Levy</u>	<u>Lawful Corrections</u>		Transfers to <u>Suspense</u>	Collectible <u>Taxes</u>	Receipt of <u>Taxes</u>	Receipt of <u>Interest and Liens</u>	Total <u>Receipts</u>	Outstanding <u>June 30, 2013</u>
			<u>Additions</u>	<u>Deductions</u>						
List of <u>10/1:</u>										
2011		\$ 20,882,442	\$ 40,080	\$ 76,097	\$ (33,660)	\$ 20,812,765	\$ 20,315,733	\$ 105,959	\$ 20,421,692	\$ 497,032
2010	\$ 459,864	-	25,390	13,186	(62,421)	409,647	285,549	55,493	341,042	124,098
2009	121,108	-	1,863	7,920	(13,573)	101,478	52,311	18,512	70,823	49,167
2008	41,032	-	1,861	7,683	(12,817)	22,393	7,341	3,395	10,736	15,052
2007	25,518	-	-	6,861	(12,236)	6,421	2,454	1,096	3,550	3,967
2006	22,082	-	-	8,125	(8,268)	5,689	175	1,373	1,548	5,514
2005	17,921	-	-	7,905	(7,646)	2,370	58	87	145	2,312
2004	17,847	-	-	7,819	(7,708)	2,320	58	98	156	2,262
2003	8,425	-	-	-	(7,426)	999	53	101	154	946
2002	8,038	-	-	-	(7,081)	957	4	6	10	953
2001	8,338	-	-	-	(7,487)	851	-	-	-	851
2000	7,550	-	-	-	(7,166)	384	-	-	-	384
1999	6,640	-	-	-	(6,285)	355	-	-	-	355
1998	6,922	-	-	-	(6,323)	599	-	-	-	599
1997	5,995	-	-	-	(5,672)	323	-	-	-	323
	<u>\$ 757,280</u>	<u>\$ 20,882,442</u>	<u>\$ 69,194</u>	<u>\$ 135,596</u>	<u>\$ (205,769)</u>	<u>\$ 21,367,551</u>	<u>20,663,736</u>	<u>186,120</u>	<u>20,849,856</u>	<u>\$ 703,815</u>

Net Grand List- October 1, 2011

Tax Rate: 25.430 mills

Total Suspense Collections	<u>31,985</u>	<u>21,024</u>	<u>53,009</u>
Total Collections	<u>\$ 20,695,721</u>	<u>\$ 207,144</u>	<u>\$ 20,902,865</u>

See accountant's report.

TOWN OF WINCHESTER, CONNECTICUT
Schedule of Water and Sewer Rents Levied, Collected, and Outstanding
For the Year Ended June 30, 2013

Water Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2012	Lawful Corrections	Adjusted Levy and Uncollected Balance	Collections			Water Rents Receivable June 30, 2013
				Rents	Interest and Liens	Total	
2011	\$ 1,543,888	\$ 5,881	\$ 1,549,769	\$ 1,455,373	\$ 18,559	\$ 1,473,932	\$ 94,396
2010	106,939	(833)	106,106	92,640	23,109	115,749	13,466
2009	18,254	(500)	17,754	12,789	6,142	18,931	4,965
2008	5,550	87	5,637	2,878	1,312	4,190	2,759
2007	1,203	(9)	1,194	107	436	543	1,087
2005	1,099	(1,099)	-	-	-	-	-
2004	2,806	(2,806)	-	-	-	-	-
2003	645	(645)	-	-	-	-	-
1999	-	(108)	(108)	-	-	-	(108)
1998	-	73	73	-	-	-	73
1997	5	-	5	-	-	-	5
	\$ 1,680,389	\$ 41	\$ 1,680,430	\$ 1,563,787	\$ 49,558	\$ 1,613,345	\$ 116,643

Sewer Rents:

Levy as of July 1,	New Levy and Uncollected Balance, July 1, 2012	Lawful Corrections	Adjusted Levy and Uncollected Balance	Collections			Water Rents Receivable June 30, 2013
				Rents	Interest and Liens	Total	
2011	\$ 1,105,084	\$ 3,545	\$ 1,108,629	\$ 1,048,073	\$ 12,953	\$ 1,061,026	\$ 60,556
2010	70,784	69	70,853	61,107	17,613	78,720	9,746
2009	11,871	(415)	11,456	8,147	3,717	11,864	3,309
2008	3,713	(91)	3,622	1,777	1,092	2,869	1,845
2007	395	-	395	309	200	509	86
2005	169	(169)	-	-	-	-	-
2004	869	(869)	-	-	-	-	-
2003	166	(166)	-	-	-	-	-
1997	4	-	4	-	-	-	4
	\$ 1,193,055	\$ 1,904	\$ 1,194,959	\$ 1,119,413	\$ 35,575	\$ 1,154,988	\$ 75,546

See accountant's report.

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Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess economic conditions.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.)
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF WINCHESTER, CONNECTICUT
 Net Position By Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

Table 1

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 25,863,702	\$ 23,506,325	\$ 26,309,934	\$ 37,596,274	\$ 40,755,815	\$ 37,616,669	\$ 37,575,954	\$ 37,937,496	\$ 37,955,510	\$ 38,299,684
Restricted	418,871	423,589	429,610	432,864	503,576	504,466	522,003	524,258	2,523,523	2,694,119
Unrestricted	<u>3,599,311</u>	<u>5,142,363</u>	<u>1,135,393</u>	<u>4,630,810</u>	<u>1,328,438</u>	<u>1,349,394</u>	<u>(1,027,616)</u>	<u>(2,747,154)</u>	<u>(5,462,501)</u>	<u>(6,442,404)</u>
Total Governmental Activities Net Position	<u>\$ 29,881,884</u>	<u>\$ 29,072,277</u>	<u>\$ 27,874,937</u>	<u>\$ 42,659,948</u>	<u>\$ 42,587,829</u>	<u>\$ 39,470,529</u>	<u>\$ 37,070,341</u>	<u>\$ 35,714,600</u>	<u>\$ 35,016,532</u>	<u>\$ 34,551,399</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 25,895,701	\$ 26,117,487	\$ 27,630,867	\$ 31,606,447	\$ 31,481,209	\$ 34,073,572	\$ 33,299,371	\$ 32,869,701	\$ 32,508,601	\$ 32,182,934
Unrestricted	<u>1,363,735</u>	<u>1,419,937</u>	<u>884,603</u>	<u>882,617</u>	<u>509,720</u>	<u>(207,422)</u>	<u>(869,187)</u>	<u>(1,193,895)</u>	<u>(1,292,067)</u>	<u>(924,692)</u>
Total Business-type Activities Net Position	<u>\$ 27,259,436</u>	<u>\$ 27,537,424</u>	<u>\$ 28,515,470</u>	<u>\$ 32,489,064</u>	<u>\$ 31,990,929</u>	<u>\$ 33,866,150</u>	<u>\$ 32,430,184</u>	<u>\$ 31,675,806</u>	<u>\$ 31,216,534</u>	<u>\$ 31,258,242</u>
Primary Government										
Net Investment in Capital Assets	\$ 51,759,403	\$ 49,623,812	\$ 53,940,801	\$ 69,202,721	\$ 72,237,024	\$ 71,690,241	\$ 70,875,325	\$ 70,807,197	\$ 70,464,111	\$ 70,482,618
Restricted	418,871	423,589	429,610	432,864	503,576	504,466	522,003	524,258	2,523,523	2,694,119
Unrestricted	<u>4,963,046</u>	<u>6,562,300</u>	<u>2,019,996</u>	<u>5,513,427</u>	<u>1,838,158</u>	<u>1,141,972</u>	<u>(1,896,803)</u>	<u>(3,941,049)</u>	<u>(6,754,568)</u>	<u>(7,367,096)</u>
Total Primary Government Net Position	<u>\$ 57,141,320</u>	<u>\$ 56,609,701</u>	<u>\$ 56,390,407</u>	<u>\$ 75,149,012</u>	<u>\$ 74,578,758</u>	<u>\$ 73,336,679</u>	<u>\$ 69,500,525</u>	<u>\$ 67,390,406</u>	<u>\$ 66,233,066</u>	<u>\$ 65,809,641</u>

TOWN OF WINCHESTER, CONNECTICUT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
Education	\$ 18,848,278	\$ 19,134,392	\$ 20,428,332	\$ 21,551,084	\$ 26,648,882	\$ 23,531,203	\$ 23,545,291	\$ 23,668,453	\$ 22,869,216	\$ 23,083,862
Public safety	3,166,696	3,475,885	4,009,300	3,971,722	3,936,737	4,286,390	4,967,321	4,115,483	3,576,949	3,607,845
Public works	1,788,829	3,021,111	3,138,955	3,370,104	3,086,803	3,432,120	3,275,459	3,175,507	2,382,942	2,226,107
General government	2,466,584	3,044,126	3,550,359	2,571,804	3,143,876	4,343,136	3,342,550	3,358,796	3,617,443	3,881,057
Welfare	47,109	28,224	26,443	-	-	-	-	-	-	-
Health	187,641	218,918	275,401	284,419	269,570	313,813	287,221	289,932	365,698	332,349
Parks and recreation	300,769	270,071	265,436	315,423	280,558	268,004	263,574	244,723	512,726	199,271
Library	197,054	205,882	209,543	191,025	196,756	197,941	161,795	194,141	194,141	176,474
Waste disposal and recycling	477,669	407,666	482,881	327,548	355,293	363,464	360,824	335,869	405,320	204,965
Interest on long-term debt	244,728	227,614	183,875	150,320	254,313	305,566	301,724	283,729	270,484	202,821
Total Governmental Activities Expenses	<u>27,725,357</u>	<u>30,033,889</u>	<u>32,570,525</u>	<u>32,733,449</u>	<u>38,172,788</u>	<u>37,041,637</u>	<u>36,505,759</u>	<u>35,666,633</u>	<u>34,194,919</u>	<u>33,914,751</u>
Business-Type Activities										
Water	1,853,696	1,491,865	1,560,548	1,777,621	2,008,912	1,809,639	1,976,247	1,763,578	1,798,146	1,632,254
Sewer	1,724,658	1,621,403	1,703,944	1,741,196	1,808,430	1,751,541	2,309,850	1,880,397	1,776,674	1,698,684
Total Business-Type Activities Expenses	<u>3,578,354</u>	<u>3,113,268</u>	<u>3,264,492</u>	<u>3,518,817</u>	<u>3,817,342</u>	<u>3,561,180</u>	<u>4,286,097</u>	<u>3,643,975</u>	<u>3,574,820</u>	<u>3,330,938</u>
Total Primary Government Expenses	<u>\$ 31,303,711</u>	<u>\$ 33,147,157</u>	<u>\$ 35,835,017</u>	<u>\$ 36,252,266</u>	<u>\$ 41,990,130</u>	<u>\$ 40,602,817</u>	<u>\$ 40,791,856</u>	<u>\$ 39,310,608</u>	<u>\$ 37,769,739</u>	<u>\$ 37,245,689</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
Education	\$ -	\$ 231,521	\$ 473,193	\$ 202,715	\$ 217,359	\$ 224,163	\$ 211,054	\$ 171,398	\$ 191,980	\$ 117,548
Public safety	-	-	342,192	331,138	272,387	247,535	230,263	158,752	44,460	68,454
Public works	-	-	239,353	146,010	18,895	16,694	16,928	74,551	-	-
Health	-	-	-	-	-	-	-	-	21,680	40,105
General government	391,083	311,660	233,135	234,063	214,367	160,542	90,180	484,494	349,799	256,293
Parks and Recreation	-	21,000	-	-	55,578	7,726	52,606	28,493	10,500	10,500
Operating Grants and Contributions	8,407,231	8,563,656	9,507,076	10,203,048	14,018,112	12,036,009	12,122,738	11,374,639	12,213,309	11,969,905
Capital Grants and Contributions	640,055	733,878	378,290	1,330,607	1,430,470	753,033	778,542	932,659	364,085	483,407
Total Governmental Activities										
Program Revenues	<u>9,438,369</u>	<u>9,861,715</u>	<u>11,173,239</u>	<u>12,447,581</u>	<u>16,227,168</u>	<u>13,445,702</u>	<u>13,502,311</u>	<u>13,224,986</u>	<u>13,195,813</u>	<u>12,946,212</u>
Business-type Activities:										
Water:										
Charges for Services	1,771,612	1,865,882	1,591,516	1,561,408	1,564,815	1,542,744	1,497,962	1,513,425	1,600,046	1,694,717
Capital Grants and Contributions	-	-	1,123,379	100,727	-	94,396	-	-	-	-
Sewer:										
Charges for Services	1,300,159	1,283,045	1,300,972	1,214,181	1,259,016	1,137,164	1,133,761	1,171,571	1,347,344	1,439,621
Capital Grants and Contributions	-	-	-	-	266,251	2,234	-	2,685	2,714	-
Total Business-type Activities										
Program Revenues	<u>3,071,771</u>	<u>3,148,927</u>	<u>4,015,867</u>	<u>2,876,316</u>	<u>3,090,082</u>	<u>2,776,538</u>	<u>2,631,723</u>	<u>2,687,681</u>	<u>2,950,104</u>	<u>3,134,338</u>
Total Primary Government Program Revenues	<u>\$ 12,510,140</u>	<u>\$ 13,010,642</u>	<u>\$ 15,189,106</u>	<u>\$ 15,323,897</u>	<u>\$ 19,317,250</u>	<u>\$ 16,222,240</u>	<u>\$ 16,134,034</u>	<u>\$ 15,912,667</u>	<u>\$ 16,145,917</u>	<u>\$ 16,080,550</u>

(continued) (continued)

TOWN OF WINCHESTER, CONNECTICUT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Revenues (Expenses):										
Governmental Activities	\$ (18,286,988)	\$ (20,172,174)	\$ (21,397,286)	\$ (20,285,868)	\$ (21,945,620)	\$ (23,595,935)	\$ (23,003,448)	\$ (22,441,647)	\$ (20,999,106)	\$ (20,968,539)
Business-type Activities	<u>(506,583)</u>	<u>35,659</u>	<u>751,375</u>	<u>(642,501)</u>	<u>(727,260)</u>	<u>(784,642)</u>	<u>(1,654,374)</u>	<u>(956,294)</u>	<u>(624,716)</u>	<u>(196,600)</u>
Total Primary Government Net Expense	<u>\$ (18,793,571)</u>	<u>\$ (20,136,515)</u>	<u>\$ (20,645,911)</u>	<u>\$ (20,928,369)</u>	<u>\$ (22,672,880)</u>	<u>\$ (24,380,577)</u>	<u>\$ (24,657,822)</u>	<u>\$ (23,397,941)</u>	<u>\$ (21,623,822)</u>	<u>\$ (21,165,139)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 16,914,799	\$ 17,629,149	\$ 18,954,951	\$ 19,416,214	\$ 20,563,030	\$ 20,168,038	\$ 20,094,437	\$ 20,820,308	\$ 20,828,728	\$ 20,720,481
Grants and Contributions Not Retriected to Specific Programs	814,095	1,030,388	773,402	847,448	860,523	1,008,005	656,303	622,394	-	-
Unrestricted Investment Earnings	65,183	74,540	333,180	396,785	116,768	10,581	18,379	44,360	3,451	268
Miscellaneous	1,324,515	867,740	364,529	213,563	556,727	348,863	303,654	449,522	84,106	105,287
Transfers	<u>(233,825)</u>	<u>(233,825)</u>	<u>(226,116)</u>	<u>(218,408)</u>	<u>(223,547)</u>	<u>(215,838)</u>	<u>(218,408)</u>	<u>(215,838)</u>	<u>(213,269)</u>	<u>(251,923)</u>
Total Governmental Activities	<u>18,884,767</u>	<u>19,367,992</u>	<u>20,199,946</u>	<u>20,655,602</u>	<u>21,873,501</u>	<u>21,319,649</u>	<u>20,854,365</u>	<u>21,720,746</u>	<u>20,703,016</u>	<u>20,574,113</u>
Business-type Activities:										
Unrestricted Investment Earnings	7,772	8,504	555	13,447	5,578	154	-	-	-	-
Transfers	<u>233,825</u>	<u>233,825</u>	<u>226,116</u>	<u>218,408</u>	<u>223,547</u>	<u>215,838</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>	<u>251,923</u>
Total Business-type Activities	<u>241,597</u>	<u>242,329</u>	<u>226,671</u>	<u>231,855</u>	<u>229,125</u>	<u>215,992</u>	<u>218,408</u>	<u>215,838</u>	<u>213,269</u>	<u>251,923</u>
Total Primary Government	<u>\$ 19,126,364</u>	<u>\$ 19,610,321</u>	<u>\$ 20,426,617</u>	<u>\$ 20,887,457</u>	<u>\$ 22,102,626</u>	<u>\$ 21,535,641</u>	<u>\$ 21,072,773</u>	<u>\$ 21,936,584</u>	<u>\$ 20,916,285</u>	<u>\$ 20,826,036</u>
Loss on Assets:										
Governmental Activities	-	-	-	-	-	-	-	484,079	401,978	70,707
Business-type activities	<u>\$ -</u>	<u>\$ 52,992</u>	<u>\$ 47,825</u>	<u>\$ 13,615</u>						
Total Primary Government	<u>\$ -</u>	<u>\$ 537,071</u>	<u>\$ 449,803</u>	<u>\$ 84,322</u>						
Change in Net Position										
Governmental Activities	\$ 597,779	\$ (804,182)	\$ (1,197,340)	\$ 369,734	\$ (72,119)	\$ (2,276,286)	\$ (2,149,083)	\$ (1,204,980)	\$ (698,068)	\$ (465,133)
Business-type Activities	<u>(264,986)</u>	<u>277,988</u>	<u>978,046</u>	<u>(410,646)</u>	<u>(498,135)</u>	<u>(568,650)</u>	<u>(1,435,966)</u>	<u>(793,448)</u>	<u>(459,272)</u>	<u>41,708</u>
Total Primary Government	<u>\$ 332,793</u>	<u>\$ (526,194)</u>	<u>\$ (219,294)</u>	<u>\$ (40,912)</u>	<u>\$ (570,254)</u>	<u>\$ (2,844,936)</u>	<u>\$ (3,585,049)</u>	<u>\$ (1,998,428)</u>	<u>\$ (1,157,340)</u>	<u>\$ (423,425)</u>

TOWN OF WINCHESTER, CONNECTICUT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011**</u>	<u>2012</u>	<u>2013</u>
General Fund:										
Reserved	\$ 79,770	\$ 278,101	\$ 86,833	\$ 298,934	\$ 85,163	\$ 125,094	\$ 50,556	\$ -	\$ -	\$ -
Unreserved	<u>623,576</u>	<u>544,693</u>	<u>1,255,876</u>	<u>1,335,002</u>	<u>1,124,767</u>	<u>865,410</u>	<u>711,143</u>	-	-	-
Nonspendable									3,050	-
Committed									-	-
Assigned								52,034	-	-
Unassigned								<u>(510,943)</u>	<u>(1,426,982)</u>	<u>(1,205,348)</u>
Total General Fund	<u>\$ 703,346</u>	<u>\$ 822,794</u>	<u>\$ 1,342,709</u>	<u>\$ 1,633,936</u>	<u>\$ 1,209,930</u>	<u>\$ 990,504</u>	<u>\$ 761,699</u>	<u>\$ (458,909)</u>	<u>\$ (1,423,932)</u>	<u>\$ (1,205,348)</u>
All Other Governmental Funds										
Reserved	\$ 418,871	\$ 423,589	\$ 429,610	\$ 432,864	\$ 503,576	\$ 692,921	\$ 588,576	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	861,087	707,598	420,389	612,716	223,163	128,123	(194,593)	-	-	-
Capital Projects Funds	-	-	(1,384,871)	(4,161,383)	(6,025,566)	(127,346)	(133,789)	-	-	-
Permanent Funds	<u>55,424</u>	<u>55,424</u>	<u>56,654</u>	<u>60,017</u>	<u>15,861</u>	<u>16,009</u>	<u>16,185</u>	-	-	-
Nonspendable								507,907	2,508,983	2,679,098
Restricted								237,487	238,638	180,102
Committed								308,806	376,093	391,493
Assigned								-	-	-
Unassigned								<u>1,545,024</u>	<u>(624,456)</u>	<u>(711,709)</u>
Total All Other Governmental Funds	<u>\$ 1,335,382</u>	<u>\$ 1,186,611</u>	<u>\$ (478,218)</u>	<u>\$ (3,055,786)</u>	<u>\$ (5,282,966)</u>	<u>\$ 709,707</u>	<u>\$ 276,379</u>	<u>\$ 2,599,224</u>	<u>\$ 2,499,258</u>	<u>\$ 2,538,984</u>

Note:

The change in the classification of fund balance amounts in 2011 is discussed in the notes to the 2011 Financial Statements

** Prior year amounts have not been restated for the implementation of Statement 54.

TOWN OF WINCHESTER, CONNECTICUT
 Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Table 4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Property Taxes, Interest and Lien Fees	\$ 17,132,182	\$ 17,927,617	\$ 19,108,386	\$ 19,601,927	\$ 20,388,059	\$ 20,403,777	\$ 20,170,995	\$ 20,736,727	\$ 20,667,970	\$ 20,900,669
Intergovernmental Revenue	10,106,349	10,558,291	11,131,132	12,626,070	16,537,291	14,009,909	13,516,197	12,921,397	12,520,941	12,411,437
Other local revenues	1,780,781	1,521,060	1,758,185	1,524,274	1,589,592	1,016,074	1,058,662	1,419,863	873,307	808,282
Total Revenues	<u>29,019,312</u>	<u>30,006,968</u>	<u>31,997,703</u>	<u>33,752,271</u>	<u>38,514,942</u>	<u>35,429,760</u>	<u>34,745,854</u>	<u>35,077,987</u>	<u>34,062,218</u>	<u>34,120,388</u>
Expenditures										
Current:										
Education	\$ 18,575,281	\$ 18,843,705	\$ 20,176,258	\$ 21,488,430	\$ 26,571,531	\$ 23,302,950	\$ 23,406,821	\$ 23,493,166	\$ 22,320,536	\$ 22,660,688
Program and Project Expenses	166,940	271,113	383,711	234,527	389,932	780,930	589,488	302,286	161,960	155,109
Public Safety	2,773,315	2,907,800	2,980,556	3,150,570	3,223,021	3,439,359	3,246,833	3,277,314	3,281,243	3,108,489
Public Works	1,608,201	1,718,970	1,974,790	1,887,870	2,250,074	2,097,788	2,025,162	1,959,313	1,731,088	1,548,594
Miscellaneous	296,146	525,500	566,482	366,864	496,431	660,180	327,692	583,544	555,000	514,425
General Government	2,408,979	2,661,931	2,921,405	2,790,524	3,033,420	3,311,289	2,699,466	2,665,573	3,050,201	3,226,659
Welfare	43,030	25,792	-	-	-	-	-	-	-	-
Health	176,959	201,516	249,080	280,759	269,570	313,813	287,221	289,932	297,473	295,203
Parks and Recreation	194,856	204,951	240,303	244,475	236,411	208,524	224,152	206,805	219,716	176,353
Library	185,836	189,516	189,516	191,025	196,756	197,941	161,795	194,141	194,141	176,474
Waste Disposal and Recycling	450,476	375,260	436,730	327,548	355,293	363,464	360,824	335,869	405,320	204,965
Debt Service:										
Principal	375,000	375,000	375,000	375,000	350,000	330,000	425,000	425,000	508,000	508,000
Interest	245,818	220,390	187,145	153,591	257,365	213,230	308,131	290,134	270,484	202,821
Capital Outlay	1,461,133	1,281,022	3,140,511	4,355,994	3,543,774	620,756	1,168,114	1,320,985	1,516,798	761,668
Total Expenditures	<u>28,961,970</u>	<u>29,802,466</u>	<u>33,821,487</u>	<u>35,847,177</u>	<u>41,173,578</u>	<u>35,840,224</u>	<u>35,230,699</u>	<u>35,344,062</u>	<u>34,511,960</u>	<u>33,539,448</u>
Excess (Deficiency) of Revenues Over Expenditures	57,342	204,502	(1,823,784)	(2,094,906)	(2,658,636)	(410,464)	(484,845)	(266,075)	(449,742)	580,940
Other Financing Sources (Uses)										
Issuance of Bonds	-	-	-	-	-	6,316,000	-	-	-	-
Issuance of Capital Lease	221,996	-	904,986	26,973	230,996	33,337	41,120	415,000	-	-
Transfers In	97,606	149,746	167,578	336,030	184,390	59,530	161,836	-	305,556	310,602
Transfers Out	(331,431)	(383,571)	(393,694)	(554,438)	(407,937)	(275,368)	(380,244)	(215,838)	(518,825)	(562,525)
Total Other Financing Sources (Uses)	<u>(11,829)</u>	<u>(233,825)</u>	<u>678,870</u>	<u>(191,435)</u>	<u>7,449</u>	<u>6,133,499</u>	<u>(177,288)</u>	<u>199,162</u>	<u>(213,269)</u>	<u>(251,923)</u>
Loss on Assets	-	-	-	-	-	-	-	484,079	401,977	70,707
Net Change in Fund Balances	<u>45,513</u>	<u>(29,323)</u>	<u>(1,144,914)</u>	<u>(2,286,341)</u>	<u>(2,651,187)</u>	<u>5,723,035</u>	<u>(662,133)</u>	<u>(550,992)</u>	<u>(1,064,988)</u>	<u>258,310</u>
Fund Balance at Beginning of Year	<u>1,993,216</u>	<u>2,038,729</u>	<u>2,009,406</u>	<u>864,492</u>	<u>(1,421,849)</u>	<u>(4,022,824)</u>	<u>1,700,211</u>	<u>2,691,307</u>	<u>2,140,314</u>	<u>1,075,326</u>
Fund Balance at End of Year	<u>\$ 2,038,729</u>	<u>\$ 2,009,406</u>	<u>\$ 864,492</u>	<u>\$ (1,421,849)</u>	<u>\$ (4,073,036)</u>	<u>\$ 1,700,211</u>	<u>\$ 1,038,078</u>	<u>\$ 2,140,315</u>	<u>\$ 1,075,326</u>	<u>\$ 1,333,636</u>
Debt Service as a Percentage to Noncapital Expenditures	2.26%	2.09%	1.83%	1.68%	1.61%	1.54%	2.15%	2.10%	2.36%	2.17%

Note: A \$1,653,229 prior period adjustment was recorded and 2011 beginning fund balance was restated.

TOWN OF WINCHESTER, CONNECTICUT
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (In Thousands)

Table 5

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					
2004	\$ 377,110	\$ 62,470	\$ 56,165	\$ 77,371	\$ 13,118	\$ 559,998	30.12	\$ 799,997	70%
2005	380,056	61,152	54,294	76,011	10,856	560,657	31.20	800,939	70%
2006	383,948	61,571	58,667	76,673	8,773	572,086	32.98	817,266	70%
2007	392,177	62,891	59,924	78,316	8,960	584,348	33.34	834,783	70%
2008	394,682	63,293	60,307	78,816	9,017	588,080	24.67	840,114	70%
2009	596,351	107,992	60,472	85,917	9,245	814,487	24.67	1,163,553	70%
2010	570,237	108,160	60,566	86,051	9,259	815,755	24.67	1,165,364	70%
2011	568,892	107,905	60,423	85,848	9,237	813,831	24.43	1,162,616	70%
2012	610,247	115,968	61,615	25,183	82,994	813,013	25.43	1,161,447	70%
2013	611,083	115,870	64,760	26,502	82,663	818,215	25.43	1,168,879	70%

Source: Assessor's Office - Town of Winchester, Connecticut

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

Table 6

Principal Property Taxpayers
Current Year and Nine Years Ago

	2013				2004		
	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List		Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Connecticut Light and Power Co.	\$ 12,024,101	1	1.47%	Howmet Turbine	9,854,273	1	2.05%
Howmet Casting and Services	9,600,723	2	1.17%	Connecticut Light and Power Co	5,361,740	2	1.21%
Winrock LLC	9,477,370	3	1.16%	Ledgebrook LLC Trustee	4,432,060	3	1.00%
Yankee Gas	5,810,596	4	0.71%	Winsted Precision Ball	4,253,302	4	0.96%
Litchfield Gardens Association	3,310,020	5	0.40%	Yankee Gas	3,303,280	5	0.75%
BNB Manufacturing	3,015,731	6	0.37%	Homer D Bronson Co	2,209,870	6	0.50%
Barden Corporation *	2,709,945	7	0.33%	Litchfield Gardens Associations	2,197,530	7	0.50%
Litchfield Heights Apartments	1,921,850	8	0.23%	Electric Motion Company Inc	1,867,660	8	0.42%
SKF USA Inc	1,823,546	9	0.22%	BNB Manufacturing	1,771,880	9	0.40%
Adam L & Deannie K Reeder	1,773,980	10	0.22%	Arrows/SI Inc	1,523,550	10	0.34%
	<u>\$ 51,467,862</u>		<u>6.29%</u>		<u>\$ 36,775,145</u>		<u>8.13%</u>

Source: Town Assessor's office

* Formerly Winsted Precision Ball

TOWN OF WINCHESTER, CONNECTICUT
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 7

Fiscal Year	Tax Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	17,015,152	16,368,576	96.20%	532,529	16,901,105	99.33%
2005	17,648,739	17,172,223	97.30%	354,959	17,527,182	99.31%
2006	18,941,101	18,498,146	97.66%	366,480	18,864,626	99.60%
2007	19,521,627	19,016,468	97.41%	427,573	19,444,041	99.60%
2008	20,275,676	19,734,037	97.33%	383,395	20,117,432	99.22%
2009	20,193,362	19,716,097	97.64%	322,623	20,038,720	99.23%
2010	20,100,013	19,592,274	97.47%	397,412	19,989,686	99.45%
2011	20,613,265	20,198,358	97.99%	351,820	20,550,178	99.69%
2012	20,735,196	20,224,636	97.54%	285,549	20,510,185	98.91%
2013	20,882,442	20,315,733	97.29%		20,315,733	97.29%

Source: Town Assessor's office and Finance office

TOWN OF WINCHESTER, CONNECTICUT
 Ratios of Net General Bonded Debt to
 Assessed Value and Net General Bonded Debt per Capita
 Last Ten Fiscal Years

Table 8

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt		Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Total Debt per Capita
	General Obligation Bonds	Notes	Capital Leases	Notes	General Obligation Bonds	Notes				
2004	1,805,000	-	672,949	-	11,085,000	-	\$ 13,562,949	5.51%	1.70%	\$ 1,246
2005	1,430,000	-	453,620	-	10,155,000	-	\$ 12,038,620	4.91%	1.50%	\$ 1,109
2006	1,055,000	4,515,000	1,273,302	-	9,185,000	-	\$ 16,028,302	6.54%	1.96%	\$ 1,476
2007	680,000	6,399,000	935,290	-	8,235,000	-	\$ 16,249,290	6.63%	1.95%	\$ 1,497
2008	330,000	6,151,000	844,498	-	7,880,000	-	\$ 15,205,498	6.20%	1.81%	\$ 1,401
2009	6,316,000	-	703,615	-	6,916,995	-	\$ 13,936,610	5.68%	1.20%	\$ 1,284
2010	5,891,000	-	376,359	-	5,954,573	-	\$ 12,221,932	4.30%	1.05%	\$ 1,087
2011	5,466,000	-	144,614	-	5,141,598	-	\$ 10,752,212	3.53%	0.92%	\$ 956
2012	5,041,000	332,000	85,092	-	4,348,057	-	\$ 9,806,149	3.08%	0.84%	\$ 866
2013	4,616,000	249,000	856	-	3,558,940	-	\$ 8,424,796	2.59%	0.72%	\$ 751

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ See Table 5 for taxable property value data

² See Table 11 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

TOWN OF WINCHESTER, CONNECTICUT
 Schedule of Debt Limitation
 June 30, 2013

TABLE 9

Total Tax Collection, Including Interest and Lien Fees for Current Fiscal Year		\$	20,902,865
Reimbursement for Revenue Loss on:			
Tax Relief for Elderly and Disabled			66,283
Private Property Tax Exemptions			<u>120,694</u>
		\$	<u><u>21,089,842</u></u>

Base

	General Long-Term Debt			
	General Purposes	Schools	Urban 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	<u>\$ 47,452,145</u>	<u>\$ 94,904,289</u>	<u>\$ 68,541,987</u>	<u>\$ 79,086,908</u>
Indebtedness:				
Bonds Payable	4,616,000			3,100,000
Clean Water Fund Loans	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,940</u>
Total Indebtedness	<u>4,616,000</u>	<u>-</u>	<u>-</u>	<u>3,558,940</u>
Debt Limitation in Excess of Debt*	<u>\$ 42,836,145</u>	<u>\$ 94,904,289</u>	<u>\$ 68,541,987</u>	<u>\$ 75,527,968</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$147,628,894

TOWN OF WINCHESTER, CONNECTICUT
 Legal Debt Margin Information
 Last Ten Fiscal Years

Table 10

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limitation	\$ 123,193,056	\$ 130,083,548	\$ 137,419,520	\$ 140,903,455	\$ 147,133,637	\$ 148,287,965	\$ 144,552,366	\$ 148,714,174	\$ 147,073,122	\$ 147,628,894
Total net debt applicable to limit	<u>\$ 12,890,000</u>	<u>\$ 11,585,000</u>	<u>\$ 14,755,000</u>	<u>\$ 17,236,317</u>	<u>\$ 16,159,953</u>	<u>\$ 13,936,610</u>	<u>\$ 11,845,575</u>	<u>\$ 11,022,599</u>	<u>\$ 9,389,057</u>	<u>\$ 8,174,940</u>
Legal debt margin	<u>\$ 110,303,056</u>	<u>\$ 118,498,548</u>	<u>\$ 122,664,520</u>	<u>\$ 123,667,138</u>	<u>\$ 130,973,684</u>	<u>\$ 134,351,355</u>	<u>\$ 132,706,791</u>	<u>\$ 137,691,575</u>	<u>\$ 137,684,065</u>	<u>\$ 139,453,954</u>
Total net debt applicable to the limit as a percentage of debt limit	10.46%	8.91%	10.74%	12.23%	10.98%	9.40%	8.19%	7.41%	6.38%	5.54%

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 base. The calculation of the 2013 debt limit can be found on Table 9 of this Report.

TOWN OF WINCHESTER, CONNECTICUT

Table 11

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)
2004	10,889	\$ 245,972	\$ 22,589	40	12+	1,130	6.4
2005	10,857	245,249	22,589	40	12+	1,118	5.9
2006	10,857	245,249	22,589	40	12+	1,080	4.9
2007	10,857	245,249	22,589	40	12+	1,071	4.9
2008	10,857	245,249	22,589	40	12+	991	4.9
2009	10,857	245,249	22,589	40	12+	996	8.9
2010	11,242	284,321	25,291	40	12+	979	8.7
2011	11,242	304,220	27,061	40	12+	948	8.6
2012	11,328	317,875	28,061	44	12+	715	8.1
2013	11,216	325,758	29,044	43	12+	654	8.6

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 Eight
Years Ago

Table 12

Employer	2013			2005		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Town Employment
Town of Winchester	199	1	3.49%	268	1	4.70%
Howmet Corporation	185	2	3.25%	185	2	3.25%
Electric Motion	149	3	2.62%	140	3	2.46%
NW CT Community College	100	4	1.76%	100	4	1.75%
Foothills Visiting Nurse/Home Care	65	5	1.14%	65	7	1.14%
ICS	55	6	0.97%	55	8	0.96%
Sterling Sintered Technologies	49	7	0.86%	55	9	0.96%
Northwest Community Bank	46	8	0.81%	85	5	1.49%
Superior Energy	32	9	0.56%	40	10	0.70%
Homer D Bronson Co	15	10	0.26%	70	6	1.23%

Source: Assessor's Office - Town of Winchester, Connecticut

TOWN OF WINCHESTER, CONNECTICUT
 Full-Time Equivalent Government Employees By Function/ Program
 Last Ten Fiscal Years

Table 13

	FISCAL YEAR									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>General Government</u>										
Management Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
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
Building	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other	8.0	9.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<u>Public Safety</u>										
Officers	17.0	18.0	20.0	21.0	23.0	23.0	23.0	23.0	23.0	23.0
Civilians	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<u>Public Works</u>										
	9.0	12.0	13.0	15.0	17.0	17.0	17.0	17.0	17.0	17.0
<u>Parks and Recreation</u>										
	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<u>Water and Sewer Authority</u>										
	10.0	9.0	7.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
<u>Human Services</u>										
	-	-	-	-	-	-	-	-	-	-
<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	67.0	62.0	67.0	99.0	99.0	99.0	99.0	99.0	101.0	102.0
Noncertified	71.0	82.0	71.0	93.0	93.0	93.0	93.0	93.0	89.0	87.0
Total	<u>199.0</u>	<u>209.0</u>	<u>207.0</u>	<u>266.0</u>	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>	<u>270.0</u>	<u>268.0</u>	<u>267.0</u>

Sources: Various Town departments

Notes: a full-time employee is scheduled to work a minimum 1,820 hours per year (including vacation and sick leave).

TOWN OF WINCHESTER, CONNECTICUT
 Operating Indicators By Function/Program
 Last Ten Fiscal Years

Table 14

	FISCAL YEAR									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government										
Workers Compensation										
Claims Processed	31	35	39	46	47	45	48	47	41	24
General Liability										
Claims Processed	17	9	27	34	32	31	32	40	35	40
Marriage Licenses Recorded	99	88	100	78	79	80	101	60	58	75
Birth Certificates Recorded	83	115	100	101	121	120	119	79	100	113
Death Certificates Recorded	125	130	128	122	110	108	109	145	142	134
Boards and Agencies										
Registered Voters	6,815	6,815	6,825	6,732	6,718	6,720	6,716	6,826	6,893	6,849
Elections and Referendums	7	3	2	2	3	5	7	4	4	7
Planning and Development										
Building Permits Issued	639	705	704	733	768	852	848	916	977	900
Rental Certificate of										
Occupancy Issued	66	90	239	142	140	138	70	163	128	100
Value of Building Permits	5,628,905	7,791,834	4,353,375	15,766,459	16,745,859	13,744,459	20,382,953	20,702,306	17,396,002	15,022,193
Public Safety										
Arrests	487	556	935	972	975	875	925	595	461	555
Parking Violations	872	1,197	1,200	1,289	1,400	1,689	1,773	1,602	1,704	1,653
Traffic Accidents	393	400	390	410	425	450	477	424	469	438
Traffic Stops	1,438	2,162	2,289	2,390	2,488	2,548	2,612	2,457	2,419	2,115
Police Calls	10,436	11,581	12,790	12,978	12,365	11,956	12,186	11,533	10,192	9,612
Animal Control Calls	307	409	550	499	504	480	545	275	313	222
Fire Dispatched	269	489	648	298	300	290	300	283	271	249
Ambulance Requests	1,357	1,737	1,569	1,532	1,468	1,466	1,375	559	940	1,052
Public Works										
Miles of Roads Maintained	81	81	81	81	81	81	81	81	81	81
Parks and Recreation										
Community Event Participants	1,538	1,750	1,250	3,278	3,670	3,670	3,800	3,750	3,380	1,350
Recreation Program Participants	1,468	1,520	1,595	2,198	2,100	2,100	2,000	2,100	2,263	2,143
Annual Participants	3,006	3,270	2,845	5,476	5,770	5,770	5,800	5,850	5,643	3,493

TOWN OF WINCHESTER, CONNECTICUT
Operating Indicators By Function/Program
Last Ten Fiscal Years

Table 14

Public Libraries										
Volumes in Collection	46,884	48,982	59,745	77,466	77,466	77,466	77,840	77,612	86,766	77,818
Collection Size	52,098	44,291	53,979	61,045	61,045	610,454	60,044	59,804	59,078	57,389
Senior Citizens										
Meals on Wheels										
Provided - Anually	37,802	37,802	37,600	36,750	36,000	36,000	36,000	36,000	35,875	35,700
Meals at Senior Center										
Provided - Anually	7,172	7,172	7,000	9,800	10,000	10,000	10,000	10,000	9,800	9,825
Van Rides Provided to										
Seniors - Anually	6,504	6,504	6,000	11,000	11,000	11,000	11,000	11,000	10,600	10,500
Senior Mini-Bus Trips -										
number of senior anually	793	793	850	1,000	1,000	1,000	1,000	1,000	990	975
Education										
Workers Compensations										
Claims Processed	22	17	13	14	13	13	13	14	25	14
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										
	1	1	1	1	1	1	2	2	2	2
Water										
New Connections	1	-	4	9	10	17	17	10	11	8
Water Main Breaks	3	4	7	5	6	3	3	5	6	7
Average Daily Consumption (million of gallons)	0.85	0.85	0.98	0.95	0.90	0.88	0.93	0.97	0.93	0.90
Peak Daily Consumption (million of gallons)	1.17	1.22	1.29	1.12	1.10	1.16	1.12	1.21	1.21	1.28
Sewer										
Average Daily Sewage Treatment (mil. of gallons)	1.43	1.64	3	3	3	3	3	3	3	3

Source(s): Various Town Departments

n/a - information not available

TOWN OF WINCHESTER, CONNECTICUT
 Capital Asset Statistics By Function/Program
 Last Ten Fiscal Years

Table 15

	FISCAL YEAR									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<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	12	6	9	11	11	11	11	10	9	8
Fire Vehicles	9	8	8	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	54	54	54	54	54	54	52	52	53
<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	4	4	4	4	4	4	4	4	4	4
<u>Water</u>										
Water Mains (miles)	40	40	40	40	40	40	40	40	40	40
Fire Hydrants	350	350	350	350	350	350	350	346	347	342
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 gallon)	3	3	3	3	3	3	3	3	3	3

Sources: Various Town Departments